

COMPREHENSIVE ANNUAL FINANCIAL
REPORT

OF

**J. STERLING MORTON HIGH SCHOOL
DISTRICT 201**

As of and for the Year Ended June 30, 2016

Officials Issuing Report

Mr. Ron O'Connor, Chief Financial Officer

Department Issuing Report

Business Office

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

	<u><i>Page(s)</i></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 - 50
Required Supplementary Information	
Illinois Municipal Retirement Fund - Schedule of Changes in the District's Net Pension Liability and Related Ratios	51
Illinois Municipal Retirement Fund - Schedule of District Contributions	52
Teachers' Retirement System - Schedule of the District's Proportionate Share of the Collective Net Pension Liability and Schedule of District Contributions	53
Schedule of Funding Progress For Retirees' Health Plan	54

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

Page(s)

Required Supplementary Information - (Continued)

General and Major Special Revenue Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

General Fund - Non-GAAP Budgetary Basis	55 - 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

Major Debt Service and Major Capital Projects Funds - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual

Debt Service Fund	71
Fire Prevention and Life Safety Fund	72
General Fund - Combining Balance Sheet	73
General Fund - Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	74
<u>General Fund Accounts - Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual</u>	
Educational Accounts - Non-GAAP Budgetary Basis	75 - 84
Working Cash Accounts	85
Operating Cost and Tuition Charge	86

Other Information

Schedule of Changes in Assets and Liabilities - Agency Funds	87
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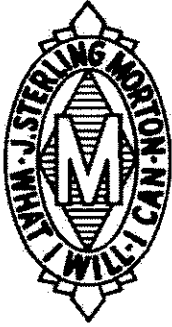
Statistical Section

Net Position by Component	88 - 89
Changes in Net Position	90 - 91
Fund Balances of Governmental Funds	92 - 93
Changes in Fund Balances, Governmental Funds	94 - 95
Assessed Valuation and Estimated Actual Value of Taxable Property	96
Property Tax Rates - All Direct and Overlapping Governments	97 - 98
Principal Property Taxpayers in the District	99
Property Tax Levies and Collections	100 - 101
Ratio of Outstanding Debt by Type	102

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

TABLE OF CONTENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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



J. STERLING MORTON HIGH SCHOOLS

5041 WEST 31ST STREET, CICERO, IL 60804, (708) 780-2800

October 12, 2016

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, 2016. 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 2016 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 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 2016) is 6.4% compared to 6.5% reported last year. This compares to U.S. rates of 4.9% and 5.3% for the same periods, respectively.

THE DISTRICT AND ITS FACILITIES

The School District served approximately 8,321 students during the 2016 fiscal year housed in four facilities, with an additional 178 being outplaced. The enrollments per school, excluding private placements, were as follows:

<u>School</u>	<u>Grades</u>	<u>Enrollment</u>
Morton Freshman Center	9	1,233
Morton East	10-12	3,427
Morton West	9-12	3,577
Alternative School	9-12	84

MAJOR INITIATIVES

- The District has completed the remodeling of Science and Culinary Arts Labs at both East and West.
- The District has implemented phase two of our 'One to One' program continuing with the new incoming freshman class. This will continue in the following two years until all students have been provided a district device.
- Major infrastructure upgrades included higher bandwidth capacity to support our One to One program.
- The District received School Improvement Grant (SIG) for the Morton East High School in order to improve learning and instruction.
- 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 2016.

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, 2016. 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, 2015. The Certificate of Excellence is a prestigious national award recognizing conformance with the highest standards for preparation of state and 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 Award
is presented to**

J. Sterling Morton High School District 201

**for its Comprehensive Annual Financial Report (CAFR)
for the Fiscal Year Ended June 30, 2015**

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



Brenda Burkett

Brenda R. Burkett, CPA, CSBA, SFO
President

John D. Musso

John D. Musso, CAE, RSBA
Executive Director

J. Sterling Morton High School District No. 201
5041 West 31st Street
Cicero, IL 60804

Officers and Officials

As of June 30, 2016

Board of Education

		<u>Term Expires</u>
Mr. Jeffry Pesek	President	April 2019
Mr. Kasumba Lwanga	Vice President	April 2017
Ms. Jessica Jaramillo-Flores	Secretary	April 2017
Mr. Sandra Tomschin	Member	April 2017
Mr. Mark Kraft	Member	April 2019
Mr. Lido Manetti	Member	April 2019
Dr. Margaret Kelly	Member	April 2017

District Administration

Dr. Michael Kuzniewski	Superintendent
Mr. Timothy Truesdale	Asst. Superintendent of Curriculum & Inst.
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

INDEPENDENT AUDITORS' REPORT

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

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, 2016, 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, 2016 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, 2016 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, 2016 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, 2016, 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, 2016.

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, 2015 (not presented herein), and have issued our report thereon dated October 7, 2015, 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, 2015 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 2015 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 2015 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, 2015.

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 such as the introductory and statistical section, 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 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, 2015 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 7, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015, 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 12, 2016 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 Vuchan Krause, LLP

Oak Brook, Illinois
October 12, 2016

J. Sterling Morton High School District No. 201

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2016 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, 2016. 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 inflows of the School District exceeded its liabilities and deferred outflows at June 30, 2016 by \$59,635,088 (*net position*). During the year, net position increased by \$12,093,815 from ordinary activities.
- General revenues accounted for \$90,976,278 or 70% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$39,823,344 or 30% of total revenues of \$130,799,622.
- The School District had \$118,705,807 in expenses. Of these expenses, only \$39,823,344 was offset by program specific charges for services, grants or contributions. Current year general revenues (primarily property taxes and general state aid) totaled \$90,976,278, which provided for the \$78,882,463 net cost for these programs, with the \$12,093,815 remainder increasing net position for the year.
- Among governmental funds, the General Fund had \$93,645,251 in revenues, \$92,988,959 in expenditures, and \$115,456 in other financing uses for a net increase in fund balance of \$540,836.

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, 2016
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 2016?” 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, 2016 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 2016 and 2015. The School District's assets and deferred outflows exceeded liabilities and deferred inflows by \$59.6 million (*net position*) on June 30, 2016. As shown in Table 2 (on page 8), governmental activities resulted in a \$12.1 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 invested in capital assets, net of related debt (\$82.9 million). This component increased by \$5.4 million from the prior year.

An additional portion (\$9.7 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 remained comparable to the prior year because the annual debt service payments and related levies are substantially unchanged from the prior year and there was no significant addition to or use of the resources restricted for fire prevention and safety projects.

J. Sterling Morton High School District No. 201

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

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 (-\$33.0 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 \$68.1 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>2015</u>	<u>2016</u>
Assets:		
Current and other assets	\$ 88.8	\$ 93.1
Capital Assets	<u>77.4</u>	<u>83.0</u>
Total assets	<u>166.2</u>	<u>176.1</u>
Total deferred outflows of resources	<u>4.9</u>	<u>11.9</u>
Liabilities:		
Current liabilities	6.3	8.5
Long-term debt outstanding	<u>92.8</u>	<u>95.8</u>
Total liabilities	<u>99.1</u>	<u>104.3</u>
Total deferred inflows of resources	<u>24.5</u>	<u>24.1</u>
Net position:		
Net investment in capital assets	77.5	82.9
Restricted	8.8	9.7
Unrestricted	<u>(38.8)</u>	<u>(33.0)</u>
Total net position	<u>\$ 47.5</u>	<u>\$ 59.6</u>

Table 2 on the next page shows the changes in total net position from governmental activities for fiscal years 2016 and 2015.

J. Sterling Morton High School District No. 201

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2016

Unaudited

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

	<u>2015</u>	<u>2016</u>
Revenues:		
<i>Program revenues:</i>		
Charges for services	\$ 1.9	\$ 2.1
Operating grants & contributions	39.9	37.7
Capital grants & contributions	-	-
<i>General revenues:</i>		
Taxes	50.0	50.1
General state aid	37.2	40.7
Other	0.1	0.2
Total revenues	<u>129.1</u>	<u>130.8</u>
Expenses:		
Instruction	70.0	72.5
Pupil & instructional staff services	12.1	12.4
Administration & business	9.3	9.9
Transportation	3.5	3.0
Operations & maintenance	12.8	13.1
Other	7.3	7.8
Total expenses	<u>115.0</u>	<u>118.7</u>
Increase (decrease) in net position	<u>\$ 14.1</u>	<u>\$ 12.1</u>

Governmental activities increased the District's net position by \$12.1 million for fiscal year 2016. The major source of revenues for governmental activities of the School District was local property taxes, which provided 38% and 39% of the School District's revenues in fiscal years 2016 and 2015, respectively. State and federal funding in the form of grants and entitlements provided another significant source of revenues to the School District, providing 60% of revenues in both fiscal year 2016 and 2015. The remainder of revenues was derived from charges for services, investment earnings and other miscellaneous revenues, which provided 2% and 1% of revenues in fiscal year 2016 and 2015, respectively. 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, 2016 Unaudited

The major category of governmental activities provided by the School District is its instructional programs, which comprised 61% of total governmental program expenses in both 2016 and 2015. Support services activities comprised another 35% of governmental program expenses in both 2016 and 2015 with financing activities comprising the remaining 4% in both 2016 and 2015.

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 \$59.8 million as of June 30, 2016. The balances and transactions of the School District's major funds are summarized below.

The General Fund had \$93.6 million in revenues and \$93.0 million in expenditures for a net increase in fund balance of \$0.5 million for fiscal 2016. The General Fund ended the year with a fund balance of \$48.4 million at June 30, 2016.

The Transportation Fund had approximately \$2.9 million in revenues and \$3.0 million in expenditures for a net decrease in fund balance of \$0.1 million for fiscal 2016. The Transportation Fund ended the year with a fund balance of \$0.5 million at June 30, 2016.

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 \$.10 million during fiscal 2016. The fund balance at June 30, 2016 totaled \$6.3 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, 2016 was budgeted to decline by \$417,627. The fund actual results showed an increase of \$540,836, largely due to actual expenditures for capital outlay being below budget.

J. Sterling Morton High School District No. 201

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2016
Unaudited

CAPITAL ASSETS

Table 3 Capital Assets (net of depreciation) (in millions of dollars)		
	<u>2015</u>	<u>2016</u>
Land	\$ 13.6	\$ 13.6
Construction in Progress	-	2.3
Land improvements	1.1	1.0
Buildings	48.0	50.6
Improvements	5.9	6.8
Equipment	8.7	8.7
Total	<u>\$ 77.4</u>	<u>\$ 83.0</u>

Table 3 shows fiscal year 2016 balances compared to fiscal year 2015. At the end of fiscal year 2016, the School District had \$83.0 million invested in land, 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 \$5.6 million. The School District invested \$6.8 million in capital asset additions during the year and, recorded \$3.5 million in depreciation expense, resulting in the net increase in capital assets (net of depreciation) for fiscal year 2016.

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

DEBT ADMINISTRATION

At June 30, 2016, the School District had \$62,698,614 in capital appreciation long-term debt outstanding; of the total, \$9,195,000 is due within one year. Table 4 summarizes debt outstanding:

Table 4 Outstanding Long-Term Debt (in millions of dollars)		
	<u>2015</u>	<u>2016</u>
Capital appreciation bonds	\$ 67.2	\$ 62.7
Unamortized premium	6.0	5.4
Capital leases	.2	.1
Other post-employment benefits	2.9	2.2
Net pension liability	15.8	24.7
EPA loans	.1	.1
Compensated absences	.6	.6
Total	<u>\$ 92.8</u>	<u>\$ 95.8</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, 2016
Unaudited

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

The Board of Education will face many challenges over the next few school years. In FY2015, the School District experienced an 89% proration in General State Aid. Keeping the reduction of GSA in mind, the FY2016 budget was developed in a manner that was conservative in its revenue projections and frugal in its expenditure allocations to non-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	0.20	
	4.00	3.80	Recognition

The School District's ranking remained Recognition for fiscal year 2016. The District's Days Cash on Hand (DCOH) slightly increased from 199.05 to 204.70 days. The Fund Balance to Revenue Ratio (FBRR) decreased from .523 to .512. 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, 2016
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, 5041 W. 31ST Street. Cicero, IL 60804.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

STATEMENT OF NET POSITION

AS OF JUNE 30, 2016

	GOVERNMENTAL ACTIVITIES
Assets	
Cash and investments	\$ 59,026,170
Receivables (net of allowance for uncollectibles):	
Property taxes	23,172,817
Replacement taxes	1,074,791
Intergovernmental	3,246,026
Other	17,000
Inventory	110,632
Prepays	564,222
Restricted investments	5,890,507
Capital assets:	
Land	13,629,003
Construction in progress	2,312,747
Depreciable buildings, property and equipment, net	<u>67,079,034</u>
Total assets	<u>176,122,949</u>
Deferred outflows of resources	
Deferred outflows related to pensions	<u>11,896,932</u>
Total deferred outflows of resources	<u>11,896,932</u>
Liabilities	
Accounts payable	6,755,785
Salaries and wages payable	10,760
Due to other governments	759,289
Health claims payable	966,480
Long-term liabilities:	
Other long-term liabilities - due within one year	9,353,158
Other long-term liabilities - due after one year	<u>86,448,964</u>
Total liabilities	<u>104,294,436</u>
Deferred inflows of resources	
Property taxes levied for future periods	23,172,817
Deferred inflows related to pensions	<u>917,540</u>
Total deferred inflows of resources	<u>24,090,357</u>
Net position	
Net investment in capital assets	82,907,613
Restricted for:	
Operations and maintenance	184,551
Student transportation	637,495
Debt service	6,277,482
Capital projects	2,655,522
Unrestricted	<u>(33,027,575)</u>
Total net position	<u>\$ 59,635,088</u>

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2016

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		NET (EXPENSES)
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	REVENUE AND
				GOVERNMENTAL
				CHANGES IN NET POSITION
Governmental activities				
Instruction:				
Regular programs	\$ 33,615,215	\$ 1,070,163	\$ 2,348,948	\$ (30,196,104)
Special programs	14,533,039	-	8,999,943	(5,533,096)
Other instructional programs	5,210,917	347,886	910,167	(3,952,864)
State retirement contributions	19,122,886	-	19,122,886	-
Support Services:				
Pupils	7,569,307	-	-	(7,569,307)
Instructional staff	4,835,915	-	180,561	(4,655,354)
General administration	2,418,910	-	-	(2,418,910)
School administration	2,431,157	-	-	(2,431,157)
Business	5,060,848	631,824	3,618,423	(810,601)
Transportation	3,015,933	-	2,501,391	(514,542)
Operations and maintenance	13,060,773	91,152	-	(12,969,621)
Central	2,650,080	-	-	(2,650,080)
Other supporting services	609,834	-	-	(609,834)
Community services	345,267	-	-	(345,267)
Payments to other districts and gov't units - excluding special education	35,981	-	-	(35,981)
Interest and fees	4,189,745	-	-	(4,189,745)
Total governmental activities	\$ 118,705,807	\$ 2,141,025	\$ 37,682,319	(78,882,463)

General revenues:

Taxes:

Real estate taxes, levied for general purposes	25,038,738
Real estate taxes, levied for specific purposes	10,571,376
Real estate taxes, levied for debt service	9,281,278
Personal property replacement taxes	5,210,151
State aid-formula grants	40,659,477
Investment income	154,801
Miscellaneous	60,457
Total general revenues	90,976,278

Change in net position	12,093,815
Net position, beginning of year	47,541,273
Net position, end of year	<u>\$ 59,635,088</u>

See Notes to Basic Financial Statements

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

GOVERNMENTAL FUNDS

BALANCE SHEET

AS OF JUNE 30, 2016

WITH COMPARATIVE TOTALS AS OF JUNE 30, 2015

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Assets				
Cash and investments	\$ 48,701,162	\$ 5,446,282	\$ 897,380	\$ 938,849
Receivables (net allowance for uncollectibles):				
Property taxes	13,463,752	2,951,741	537,882	1,366,624
Replacement taxes	1,074,791	-	-	-
Intergovernmental	2,618,244	-	627,782	-
Other	17,000	-	-	-
Inventory	110,632	-	-	-
Prepays	360,337	184,551	9,713	-
Restricted investments	-	-	-	-
Total assets	<u>\$ 66,345,918</u>	<u>\$ 8,582,574</u>	<u>\$ 2,072,757</u>	<u>\$ 2,305,473</u>
Liabilities, deferred inflows of resources, and fund balance				
Liabilities				
Accounts payable	\$ 1,773,064	\$ 4,650,122	\$ 332,599	\$ -
Salaries and wages payable	-	10,760	-	-
Due to other governments	759,289	-	-	-
Health claims payable	<u>966,480</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>3,498,833</u>	<u>4,660,882</u>	<u>332,599</u>	<u>-</u>
Deferred inflows of resources				
Property taxes levied for future periods	13,463,752	2,951,741	537,882	1,366,624
Unavailable state and federal aid receivable	<u>971,541</u>	<u>-</u>	<u>627,782</u>	<u>-</u>
Total deferred inflows of resources	<u>14,435,293</u>	<u>2,951,741</u>	<u>1,165,664</u>	<u>1,366,624</u>
Fund balance				
Nonspendable	470,969	184,551	9,713	-
Restricted	-	-	-	938,849
Assigned	-	785,400	564,781	-
Unassigned	<u>47,940,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balance	<u>48,411,792</u>	<u>969,951</u>	<u>574,494</u>	<u>938,849</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 66,345,918</u>	<u>\$ 8,582,574</u>	<u>\$ 2,072,757</u>	<u>\$ 2,305,473</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
		2016	2015
\$ 386,975	\$ 2,655,522	\$ 59,026,170	\$ 54,707,765
4,852,818	-	23,172,817	23,385,138
-	-	1,074,791	1,070,376
-	-	3,246,026	3,016,307
-	-	17,000	-
-	-	110,632	110,632
9,621	-	564,222	753,379
<u>5,890,507</u>	<u>-</u>	<u>5,890,507</u>	<u>5,735,011</u>
<u>\$ 11,139,921</u>	<u>\$ 2,655,522</u>	<u>\$ 93,102,165</u>	<u>\$ 88,778,608</u>

\$ -	\$ -	\$ 6,755,785	\$ 5,274,729
-	-	10,760	165,325
-	-	759,289	-
<u>-</u>	<u>-</u>	<u>966,480</u>	<u>883,333</u>
<u>-</u>	<u>-</u>	<u>8,492,314</u>	<u>6,323,387</u>

4,852,818	-	23,172,817	23,385,138
<u>-</u>	<u>-</u>	<u>1,599,323</u>	<u>-</u>
<u>4,852,818</u>	<u>-</u>	<u>24,772,140</u>	<u>23,385,138</u>

9,621	-	674,854	864,011
6,277,482	2,655,522	9,871,853	9,637,804
-	-	1,350,181	1,302,558
<u>-</u>	<u>-</u>	<u>47,940,823</u>	<u>47,265,710</u>
<u>6,287,103</u>	<u>2,655,522</u>	<u>59,837,711</u>	<u>59,070,083</u>
<u>\$ 11,139,921</u>	<u>\$ 2,655,522</u>	<u>\$ 93,102,165</u>	<u>\$ 88,778,608</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION AS OF JUNE 30, 2016

Total fund balances - governmental funds		\$ 59,837,711
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.		83,020,784
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:		
State and federal aid	\$ 1,599,323	1,599,323
Deferred outflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		11,896,932
Deferred inflows of resources related to pensions do not relate to current financial resources and are not included in the Governmental Funds Balance Sheet.		(917,540)
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, 2016 are:		
Bonds payable	\$ (62,698,614)	
Unamortized bond premium	(5,439,091)	
Net other post employment obligation	(2,129,950)	
Net pension liability	(24,705,360)	
Loans payable	(94,023)	
Capital leases	(113,171)	
Compensated absences	(621,913)	
		<u>(95,802,122)</u>
Net position of governmental activities		<u>\$ 59,635,088</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, 2016

WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015

	GENERAL FUND	OPERATIONS AND MAINTENANCE FUND	TRANSPORTATION FUND	MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
Revenues				
Property taxes	\$ 25,038,738	\$ 6,810,440	\$ 1,063,667	\$ 2,700,051
Corporate personal property replacement taxes	4,610,151	-	-	600,000
State aid	50,111,355	13,044,240	1,873,609	-
Federal aid	11,713,269	-	-	-
Investment income	142,970	4,380	1,978	2,946
Other	<u>2,028,768</u>	<u>172,714</u>	<u>-</u>	<u>-</u>
Total revenues	<u>93,645,251</u>	<u>20,031,774</u>	<u>2,939,254</u>	<u>3,302,997</u>
Expenditures				
Current:				
Instruction:				
Regular programs	30,126,486	-	-	333,810
Special programs	12,773,217	-	-	330,550
Other instructional programs	4,833,949	-	-	128,941
State retirement contributions	19,122,886	-	-	-
Support Services:				
Pupils	7,079,936	-	-	305,504
Instructional staff	4,521,280	-	-	135,030
General administration	2,061,779	-	-	116,619
School administration	2,210,480	-	-	125,638
Business	4,746,182	-	-	395,517
Transportation	2,719	-	2,896,475	12,676
Operations and maintenance	-	10,964,248	-	1,118,723
Central	2,547,415	-	-	110,819
Other supporting services	798,712	518,097	-	-
Community services	306,356	-	-	31,523
Payments to other districts and gov't units	938,128	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other	-	-	-	-
Capital outlay	<u>919,434</u>	<u>8,498,793</u>	<u>60,293</u>	<u>-</u>
Total expenditures	<u>92,988,959</u>	<u>19,981,138</u>	<u>2,956,768</u>	<u>3,145,350</u>
Excess (deficiency) of revenues over expenditures	<u>656,292</u>	<u>50,636</u>	<u>(17,514)</u>	<u>157,647</u>
Other financing sources (uses)				
Transfers in	-	-	-	-
Transfers (out)	<u>(115,456)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(115,456)</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net change in fund balance	540,836	636	(17,514)	157,647
Fund balance, beginning of year	<u>47,870,956</u>	<u>969,315</u>	<u>592,008</u>	<u>781,202</u>
Fund balance, end of year	<u>\$ 48,411,792</u>	<u>\$ 969,951</u>	<u>\$ 574,494</u>	<u>\$ 938,849</u>

See Notes to Basic Financial Statements

DEBT SERVICE FUND	FIRE PREVENTION AND LIFE SAFETY FUND	TOTAL	
		2016	2015
\$ 9,281,278	\$ (2,782)	\$ 44,891,392	\$ 43,536,650
-	-	5,210,151	6,520,552
-	-	65,029,204	66,723,666
-	-	11,713,269	10,333,532
2,527	-	154,801	137,644
-	-	2,201,482	1,929,877
<u>9,283,805</u>	<u>(2,782)</u>	<u>129,200,299</u>	<u>129,181,921</u>
-	-	30,460,296	27,279,066
-	-	13,103,767	12,056,249
-	-	4,962,890	4,577,915
-	-	19,122,886	22,567,450
-	-	7,385,440	7,275,782
-	-	4,656,310	4,747,549
-	-	2,178,398	1,919,418
-	-	2,336,118	2,254,948
-	-	5,141,699	5,014,114
-	-	2,911,870	3,398,068
-	-	12,082,971	12,271,307
-	-	2,658,234	2,154,107
-	-	1,316,809	997,803
-	-	337,879	315,655
-	-	938,128	992,336
9,346,659	-	9,346,659	9,340,458
13,797	-	13,797	19,998
-	-	9,478,520	9,725,737
<u>9,360,456</u>	<u>-</u>	<u>128,432,671</u>	<u>126,907,960</u>
<u>(76,651)</u>	<u>(2,782)</u>	<u>767,628</u>	<u>2,273,961</u>
165,456	-	165,456	165,456
-	-	(165,456)	(165,456)
<u>165,456</u>	<u>-</u>	<u>-</u>	<u>-</u>
88,805	(2,782)	767,628	2,273,961
<u>6,198,298</u>	<u>2,658,304</u>	<u>59,070,083</u>	<u>56,796,122</u>
<u>\$ 6,287,103</u>	<u>\$ 2,655,522</u>	<u>\$ 59,837,711</u>	<u>\$ 59,070,083</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, 2016

Net change in fund balances - total governmental funds	\$	767,628
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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.		5,544,786
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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:

State and federal aid	\$ 1,599,323	1,599,323
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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	42,672	
Repayment of capital lease principal	108,987	
Accretion on bonds	<u>(4,768,152)</u>	
		5,170,713

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:

Compensated absences	\$ 17,529	
Other post employment benefits	706,975	
Net pension liability	(8,926,886)	
Deferred outflows of resources due to pensions	7,042,721	
Deferred inflows of resources due to pensions	<u>171,026</u>	
		<u>(988,635)</u>

Change in net position of governmental activities	\$	<u>12,093,815</u>
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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, 2016

	AGENCY FUND
<hr/>	
Assets	
Cash and investments	\$ 996,962
Total assets	<u>\$ 996,962</u>
 Liabilities	
Due to student groups	\$ 996,962
Total liabilities	<u>\$ 996,962</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, 2016

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, 2016

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 Fund - 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, 2016

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

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.

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.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

Property Tax Revenues

The District must file its tax levy resolution by the last Tuesday in December of each year. The District's 2015 levy resolution was approved during the December 9, 2015 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 2015 and 2014 tax levies were 0.8% and 1.5%, 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 2015 property tax levy is recognized as a receivable in fiscal 2016, net of estimated uncollectible amounts approximating 2.0% and less amounts already received. The District considers that the first installment of the 2015 levy that is received by June 30, 2016 is to be used to finance operations in fiscal 2016. The District has determined that the remaining uncollected portion of the 2015 levy is to be used to finance operations in fiscal 2017 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, 2016

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, 2016 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, 2016

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, 2016

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, 2016 are as follows:

The nonspendable fund balance in the General Fund is comprised of \$110,632 for inventory and \$360,337 for prepaid items. The nonspendable balances in the Operations and Maintenance Fund, Transportation Fund, and Debt Service Fund were \$184,551, \$9,713, and \$9,621, 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, 2015, 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, 2016, expenditures exceeded budget in the Operations and Maintenance Fund by \$4,735,736, which was offset by revenues exceeding budget by \$4,719,655 and by available fund balance. Expenditures exceeded budget in the Transportation Fund by \$2,834, which was offset by revenues exceeding budget by \$355,248.

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

In February 2015, the GASB issued statement No. 72 - *Fair Value Measurement and Application*. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes as well as to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard was implemented effective July 1, 2015.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS

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

	Government- wide	Fiduciary	Total
Cash and investments	\$ 59,026,170	\$ 996,962	\$ 60,023,132
Restricted cash and investments	<u>5,890,507</u>	<u>-</u>	<u>5,890,507</u>
Total	<u>\$ 64,916,677</u>	<u>\$ 996,962</u>	<u>\$ 65,913,639</u>

The restricted cash and investments represents holdings at The Bank of New York Mellon which 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:

	Cash and investments
Cash on hand	\$ 7,500
Deposits with financial institutions	32,342,292
ISDLAF+	15,351,062
Other investments	<u>18,212,785</u>
Total	<u>\$ 65,913,639</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 detailed in the interest rate risk table below are measured using the market valuation method and Level 2 valuation inputs.

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:

	Fair Value	Investment Maturity (In Years)				More than 10
		Less than one	1-5	5-10		
Negotiable CD's	\$ 4,972,508	\$ 2,236,043	\$ 2,736,465	\$ -	\$ -	
FNMA	1,250,365	-	1,250,365	-	-	
FHLMC	3,748,879	2,199,292	1,549,587	-	-	
Municipal bonds	2,573,668	1,023,240	1,550,428	-	-	
ISDLAF + Term Series	<u>4,000,000</u>	<u>4,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total	<u>\$ 16,545,420</u>	<u>\$ 9,458,575</u>	<u>\$ 7,086,845</u>	<u>\$ -</u>	<u>\$ -</u>	

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4 - DEPOSITS AND INVESTMENTS - (CONTINUED)

Redemption Notice Period. Investments in ISDLAF's Term Series may be redeemed upon seven days' advance notice. Redemption prior to maturity may result in the realization of a loss on the investment, including a penalty in an amount necessary to recoup the Term Series penalty charges, losses and other costs attributable to the early redemption.

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 ISDLAF + Term Series Investments are not rated. 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 AAAM 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 AAAM 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 - 29.9%, Federal National Mortgage Association Note - 10.0%, La Cross Wisconsin Taxable General Obligation Bonds - 8.2%.

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, 2016, the bank balance of the District's deposit with financial institutions totaled \$32,358,693; of this amount, \$3,986,859 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.

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 also transferred \$115,456 from the General Fund (Educational Accounts) to the Debt Service Fund for payment of interest and principal on the capital lease.

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, 2016

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the District for the year ended June 30, 2016, 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>89,992</u>	<u>2,312,747</u>	<u>89,992</u>	<u>2,312,747</u>
Total capital assets not being depreciated	<u>13,718,995</u>	<u>2,312,747</u>	<u>89,992</u>	<u>15,941,750</u>
<u>Capital assets being depreciated:</u>				
Land improvements	1,042,424	69,117	-	1,111,541
Buildings	78,798,045	4,106,272	-	82,904,317
Building improvements	7,415,853	1,277,722	-	8,693,575
Equipment	<u>27,283,971</u>	<u>1,395,038</u>	<u>-</u>	<u>28,679,009</u>
Total capital assets being depreciated	<u>114,540,293</u>	<u>6,848,149</u>	<u>-</u>	<u>121,388,442</u>
<u>Less Accumulated Depreciation for:</u>				
Land improvements	26,061	53,850	-	79,911
Buildings	30,668,796	1,633,483	-	32,302,279
Building improvements	1,510,742	402,737	-	1,913,479
Equipment	<u>18,577,691</u>	<u>1,436,048</u>	<u>-</u>	<u>20,013,739</u>
Total accumulated depreciation	<u>50,783,290</u>	<u>3,526,118</u>	<u>-</u>	<u>54,309,408</u>
Net capital assets being depreciated	<u>63,757,003</u>	<u>3,322,031</u>	<u>-</u>	<u>67,079,034</u>
Net governmental activities capital assets	<u>\$ 77,475,998</u>	<u>\$ 5,634,778</u>	<u>\$ 89,992</u>	<u>\$ 83,020,784</u>

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

<i>Governmental Activities</i>	<i>Depreciation</i>
Regular programs	\$ 2,397,760
Special programs	282,089
Pupils	17,631
Instructional staff	35,261
General administration	17,631
School administration	35,261
Business	17,631
Transportation	105,784
Operations and maintenance	581,809
Central	<u>35,261</u>
Total depreciation expense - governmental activities	<u>\$ 3,526,118</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2016:

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions</i>	<i>Ending Balance</i>	<i>Due Within One Year</i>
Capital appreciation bonds	\$ 67,125,462	\$ 4,768,152	\$ 9,195,000	\$ 62,698,614	\$ 9,195,000
Unamortized premium	<u>6,031,297</u>	<u>-</u>	<u>592,206</u>	<u>5,439,091</u>	<u>-</u>
Total bonds payable	<u>73,156,759</u>	<u>4,768,152</u>	<u>9,787,206</u>	<u>68,137,705</u>	<u>9,195,000</u>
Net Pension Liability	15,778,474	8,926,886	-	24,705,360	-
Capital leases	222,158	-	108,987	113,171	113,171
Other Post Employment Benefits	2,836,925	573,559	1,280,534	2,129,950	-
EPA Loans	136,695	-	42,672	94,023	44,987
Compensated absences	<u>639,442</u>	<u>15,740</u>	<u>33,269</u>	<u>621,913</u>	<u>-</u>
Total long-term liabilities - governmental activities	<u>\$ 92,770,453</u>	<u>\$ 14,284,337</u>	<u>\$ 11,252,668</u>	<u>\$ 95,802,122</u>	<u>\$ 9,353,158</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.

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	\$ 10,587,864
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	17,100,000	15,860,481
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	49,950,000	31,120,068
Series 2005C Capital Appreciation Limited Tax School Bonds dated December 1, 2005 are due in annual installments through December 1, 2025	5.0%	<u>2,035,598</u>	<u>11,560,000</u>	<u>5,130,201</u>
Total		<u>\$ 50,414,322</u>	<u>\$ 91,270,000</u>	<u>\$ 62,698,614</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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>Total</i>
2017	\$ 9,195,000	\$ 9,195,000
2018	9,195,000	9,195,000
2019	9,195,000	9,195,000
2020	9,195,000	9,195,000
2021	9,195,000	9,195,000
2022 - 2026	<u>45,295,000</u>	<u>45,295,000</u>
Total	<u>\$ 91,270,000</u>	<u>\$ 91,270,000</u>

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, 2016, the statutory debt limit for the District was \$96,175,785, providing a debt margin of \$68,163,433.

Capital Leases. The District has entered into a lease agreement as lessee for financing the acquisition of technology equipment. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2016, \$525,645 of amounts included in capital assets were acquired via capital leases. The obligations for the capital leases will be repaid from the Debt Service Fund through a transfer from the General Fund (Educational Accounts). The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2016, are as follows:

	<i>Amount</i>
2017	\$ <u>115,456</u>
Total minimum lease payments	115,456
Less: amount representing interest	<u>(2,285)</u>
Present value of minimum lease payments	<u>\$ 113,171</u>

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 lease payments as of June 30, 2016, are as follows:

	<i>Amount</i>
2017	\$ 50,000
2018	<u>50,000</u>
Total minimum lease payments	100,000
Less: amount representing interest	<u>(5,977)</u>
Present value of minimum lease payments	<u>\$ 94,023</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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 \$6,350,351 in the aggregate, as provided by stop-loss provisions incorporated in the plan.

At June 30, 2016, total unpaid claims, including an estimate of claims that have been incurred but not reported to the administrative agent, totaled \$966,480. 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, 2015 and June 30, 2016, 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 2015	<u>\$ 1,004,886</u>	<u>\$ 6,811,479</u>	<u>\$ 6,933,032</u>	<u>\$ 883,333</u>
Fiscal Year 2016	<u>\$ 883,333</u>	<u>\$ 8,544,950</u>	<u>\$ 8,461,803</u>	<u>\$ 966,480</u>

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). Annuityants not enrolled in Medicare may participate in the state-administered participating provider option plan or choose from several managed care options. Annuityants who are enrolled in Medicare Parts A and B may be eligible to enroll in a Medicare Advantage plan.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$421,850, and the District recognized revenues and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2015 and June 30, 2014 were 1.02 and 0.97 percent of pay, respectively. For these years, state contributions on behalf of District employees were \$380,466 and \$369,304, respectively.

Employer Contributions to THIS Fund. The District also makes contributions to THIS Fund. The District's THIS Fund contribution was 0.80 percent during the year ended June 30, 2016 and 0.76 and 0.72 percent during the years ended June 30, 2015 and 2014, respectively. For the years ended June 30, 2016, 2015 and 2014 the District paid \$315,402, \$283,485 and \$274,122 to the THIS Fund, respectively, 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:

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.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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.

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.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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

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, 2016

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, 2016

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, 2016

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>(1,280,534)</u>
Increase in net OPEB obligation (asset)	(706,975)
Net OPEB Obligation (Asset) - Beginning of Year	<u>2,836,925</u>
Net OPEB Obligation (Asset) - End of Year	<u><u>\$ 2,129,950</u></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, 2016 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, 2016	\$ 573,559	223.26 %	\$ 2,129,950
June 30, 2015	682,128	215.76 %	2,836,925
June 30, 2014	682,128	226.28 %	3,626,553

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><u>\$ 8,318,569</u></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, 2016

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, 2016 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://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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. 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, 2016, 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 \$18,701,036 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, 2016, were \$267,051, and are deferred because they were paid after the June 30, 2015 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, 2016

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

For the year ended June 30, 2016, the District pension contribution was 36.06 percent of salaries paid from federal and special trust funds. Contributions for the year ended June 30, 2016, were \$666,059, which was equal to the District's required contribution. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Salary increases over 6 percent. The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. For the year ended June 30, 2016, the District paid \$11,146 to TRS for employer contributions due on salary increases in excess of 6 percent.

TRS Fiduciary Net Position. Detailed information about the TRS's fiduciary net position as of June 30, 2015 is available in the separately issued TRS Comprehensive Annual Financial Report.

Net Pension Liability. At June 30, 2016, 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	\$ 14,794,286
State's proportionate share of the collective net pension liability associated with the District	<u>228,260,631</u>
Total	<u>\$ 243,054,917</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. 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, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015 and 2014, the District's proportion was 0.02258322 percent and 0.01644128 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, 2015 actuarial valuation included (a) 7.50% 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 3.00%.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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.

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. large cap	18.00 %	7.53 %
Global equity excluding U.S.	18.00 %	7.88 %
Aggregate bonds	16.00 %	1.57 %
U.S. TIPS	2.00 %	2.82 %
NCREIF	11.00 %	5.11 %
Opportunistic real estate	4.00 %	9.09 %
ARS	8.00 %	2.57 %
Risk parity	8.00 %	4.87 %
Diversified inflation strategy	1.00 %	3.26 %
Private equity	14.00 %	12.33 %

Discount Rate. At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47 percent, which was a change from the June 30, 2014 rate of 7.50 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, 2015 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.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Discount Rate Sensitivity. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47 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 (6.47 percent) or 1-percentage-point higher (8.47 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the collective net pension liability	\$ 18,282,110	\$ 14,794,286	\$ 11,934,176

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended June 30, 2016, the District recognized pension expense of \$2,127,611 and on-behalf revenue and expenditures of \$18,701,036 for support provided by the state. At June 30, 2016, 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	\$ 5,498	\$ 16,217
Net difference between projected and actual earnings on pension plan investments	292,991	518,046
Assumption changes	204,590	-
Changes in proportion and differences between District contributions and proportionate share of contributions	3,539,045	-
District contributions subsequent to the measurement date	<u>933,110</u>	<u>-</u>
Total	<u>\$ 4,975,234</u>	<u>\$ 534,263</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, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$3,507,861) will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2017	\$ 877,943
2018	877,943
2019	877,943
2020	<u>874,032</u>
Total	<u>\$ 3,507,861</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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 affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained on-line 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, 2015, the measurement date, membership of the plan was as follows:

Retirees and beneficiaries	276
Inactive, non-retired members	358
Active members	350
Total	<u>984</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 2015 was 12.48 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, 2016

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Net Pension Liability/(Asset). The net pension liability/(asset) was measured as of December 31, 2015, 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, 2015 annual actuarial valuation included (a) 7.48% 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 2014). 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 2014). 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 2014). 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 %	8.85 %	7.39 %
International equities	17.00 %	9.55 %	7.59 %
Fixed income	27.00 %	3.05 %	3.00 %
Real estate	8.00 %	7.20 %	6.00 %
Alternatives	9.00 %		
Private equity		13.15 %	8.15 %
Hedge funds		5.55 %	5.25 %
Commodities		4.40 %	2.75 %
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, 2016

NOTE 10 - RETIREMENT SYSTEMS - (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability for IMRF was 7.48%. The discount rate calculated using the December 31, 2014 measurement date was 7.49%. 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 not to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of 7.50% was blended with the index rate of 3.57% for tax exempt 20-year general obligation municipal bonds with an average AA credit rating at December 31, 2015 to arrive at a discount rate of 7.48 used to determine the total pension liability. The year ending December 31, 2086 is the last year in the 2016 to 2115 projection period for which projected benefit payments are fully funded.

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 7.48% 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 (6.48%) or 1 percentage point higher (8.48%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 80,453,787	\$ 71,323,957	\$ 63,812,992
Plan fiduciary net position	<u>61,412,883</u>	<u>61,412,883</u>	<u>61,412,883</u>
Net pension liability/(asset)	<u>\$ 19,040,904</u>	<u>\$ 9,911,074</u>	<u>\$ 2,400,109</u>

Changes in Net Pension Liability/(Asset). The District's changes in net pension liability/(asset) for the calendar year ended December 31, 2015 was as follows:

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (a) - (b)
Balances at December 31, 2014	\$ 67,621,770	\$ 61,849,177	\$ 5,772,593
Service cost	1,376,234	-	1,376,234
Interest on total pension liability	4,972,352	-	4,972,352
Differences between expected and actual experience of the total pension liability	1,116,133	-	1,116,133
Change of assumptions	84,159	-	84,159
Benefit payments, including refunds of employee contributions	(3,846,691)	(3,846,691)	-
Contributions - employer	-	1,599,287	(1,599,287)
Contributions - employee	-	604,868	(604,868)
Net investment income	-	305,140	(305,140)
Other (net transfer)	<u>-</u>	<u>901,102</u>	<u>(901,102)</u>
Balances at December 31, 2015	<u>\$ 71,323,957</u>	<u>\$ 61,412,883</u>	<u>\$ 9,911,074</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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, 2016, the District recognized pension expense of \$2,057,319. 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	\$ 823,223	\$ 383,277
Assumption changes	1,363,276	-
Net difference between projected and actual earnings on pension plan investments	3,938,590	-
Contributions subsequent to the measurement date	<u>796,609</u>	<u>-</u>
Total	<u>\$ 6,921,698</u>	<u>\$ 383,277</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, 2017. The remaining amounts reported as deferred outflows and inflows of resources related to pensions (\$5,741,812) will be recognized in pension expense as follows:

<i>Year Ending December 31,</i>	<i>Amount</i>
2016	\$ 1,825,588
2017	1,773,958
2018	1,281,117
2019	<u>861,149</u>
Total	<u>\$ 5,741,812</u>

NOTE 11 - CONSTRUCTION COMMITMENTS

As of June 30, 2016, the District is committed to approximately \$3,380,131 in expenditures in the upcoming years for various construction projects. These expenditures will be paid through the available fund balances and building bonds already issued.

NOTE 12 - 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 13 - SUBSEQUENT EVENTS

At the August 10, 2016 Board meeting, the District held a public hearing regarding a plan to issue an amount not to exceed \$50,000,000 of General Obligation Limited School Bonds, Series 2016. The proceeds of the Bonds will be used for the purpose of creating or increasing the Working Cash Account and enabling the District to have in its treasury at all times sufficient money to meet demands thereon for ordinary and necessary expenditures for corporate purposes and paying certain costs thereof.

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

NOTE 14 - EFFECT OF NEW ACCOUNTING STANDARDS ON CURRENT-PERIOD FINANCIAL STATEMENTS

The Governmental Accounting Standards Board (GASB) has approved GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, GASB Statement No. 77, *Tax Abatement Disclosures*, GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, GASB Statement No. 80, *Blending Requirements for Certain Component Units* an amendment of *GASB Statement No. 14*, GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, and GASB Statement No. 82, *Pension Issues* an amendment of *GASB Statements No. 67, No. 68, and No. 73*. Application of these standards may restate portions of these financial statements.

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

	<u>2016</u>	<u>2015</u>
Total pension liability		
Service cost	\$ 1,376,234	\$ 1,497,870
Interest	4,972,352	4,656,933
Differences between expected and actual experience	1,116,133	(788,111)
Changes of assumptions	84,159	2,675,593
Benefit payments, including refunds of member contributions	<u>(3,846,691)</u>	<u>(3,528,043)</u>
Net change in total pension liability	3,702,187	4,514,242
Total pension liability - beginning	<u>67,621,770</u>	<u>63,107,528</u>
Total pension liability - ending (a)	<u>\$ 71,323,957</u>	<u>\$ 67,621,770</u>
Plan fiduciary net position		
Employer contributions	\$ 1,599,287	\$ 1,487,656
Employee contributions	604,868	575,577
Net investment income	305,140	3,603,786
Benefit payments, including refunds of member contributions	(3,846,691)	(3,528,043)
Other (net transfer)	<u>901,102</u>	<u>(100,662)</u>
Net change in plan fiduciary net position	(436,294)	2,038,314
Plan fiduciary net position - beginning	<u>61,849,177</u>	<u>59,810,863</u>
Plan fiduciary net position - ending (b)	<u>\$ 61,412,883</u>	<u>\$ 61,849,177</u>
Employer's net pension liability - ending (a) - (b)	<u>\$ 9,911,074</u>	<u>\$ 5,772,593</u>
Plan fiduciary net position as a percentage of the total pension liability	86.10%	91.46%
Covered-employee payroll	\$ 12,813,680	\$ 12,113,794
Employer's net pension liability as a percentage of covered-employee payroll	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.

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

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

	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 1,533,797	\$ 1,466,980
Contributions in relation to the actuarially determined contribution	<u>(1,599,287)</u>	<u>(1,487,656)</u>
Contribution deficiency (excess)	<u>\$ (65,490)</u>	<u>\$ (20,676)</u>
Covered-employee payroll	\$ 12,813,680	\$ 12,113,794
Contributions as a percentage of covered-employee payroll	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	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	5-Year Smoothed Market
Inflation	3.00%
Salary increases	4.40% to 16.00% 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-2000 CHBCA

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 Two Most Recent Fiscal Years

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

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

Notes to Schedule:

Amounts reported in 2016 reflect an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases that vary by service credit. In 2015, assumptions used were an investment rate of return of 7.5 percent, an inflation rate of 3.0 percent and real return of 4.5 percent, and salary increases of 5.75 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

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, 2016

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 25,062,914	\$ 24,622,992	\$ (439,922)	\$ 24,033,084
Special education levy	415,243	415,746	503	405,115
Corporate personal property replacement taxes	6,004,560	4,610,151	(1,394,409)	6,270,552
Summer school - tuition from pupils or parents (in state)	125,000	130,028	5,028	114,982
Adult - tuition from pupils or parents (in state)	175,000	204,658	29,658	171,778
Investment income	112,199	142,970	30,771	131,145
Sales to pupils - lunch	118,631	174,527	55,896	155,320
Sales to pupils - breakfast	2,711	5,331	2,620	7,771
Sales to pupils - a la carte	486,226	296,094	(190,132)	304,097
Sales to adults	116,830	132,238	15,408	118,829
Other food service	52,038	23,634	(28,404)	36,067
Admissions - athletic	22,300	21,776	(524)	14,945
Admissions - other	15,200	8,981	(6,219)	6,718
Fees	150,929	141,423	(9,506)	140,582
Book store sales	556,575	593,090	36,515	442,901
Other pupil activity revenue	22,650	149,026	126,376	9,419
Sales - regular textbook	31,789	27,748	(4,041)	30,993
Contributions and donations from private sources	-	-	-	80
Services provided other LEA's	42,000	-	(42,000)	61,440
Refund of prior years' expenditures	10,000	59,278	49,278	38,970
Payments of surplus monies from TIF districts	1,407	1,179	(228)	556
Driver's education fees	18,950	13,200	(5,750)	15,213
Payment from other LEA's	85,000	-	(85,000)	-
Sale of vocational projects	12,000	-	(12,000)	-
Other local fees	659,603	-	(659,603)	-
Other	36,200	46,557	10,357	69,410
Total local sources	34,335,955	31,820,627	(2,515,328)	32,579,967
State sources				
General state aid	29,328,786	25,951,518	(3,377,268)	22,344,374
General state aid hold harmless/supplemental	-	1,663,719	1,663,719	-
Special education - private facility tuition	1,534,202	1,046,015	(488,187)	1,406,649
Special education - extraordinary	1,200,000	898,550	(301,450)	1,143,766
Special education - personnel	991,819	725,729	(266,090)	948,690
Special education - summer school	80,000	74,819	(5,181)	77,056
CTE - Secondary program improvement	261,016	213,299	(47,717)	219,998
Bilingual education - downstate - TPI	247,794	100,414	(147,380)	123,425
State free lunch & breakfast	6,285	20,625	14,340	29,754
Driver education	75,000	75,324	324	66,767
Truant alternative/optional education	-	125,000	125,000	250,850
Early childhood - block grant	86,227	88,528	2,301	84,627
Other restricted revenue from state sources	1,797,390	4,929	(1,792,461)	700,952
Total state sources	35,608,519	30,988,469	(4,620,050)	27,396,908

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 2,486,623	\$ 2,765,411	\$ 278,788	\$ 2,717,368
School breakfast program	255,980	295,010	39,030	286,050
Child care commodity/SFS 13-adult day care	146,000	190,499	44,499	137,998
Fresh fruits & vegetables	-	84,807	84,807	51,457
Food service - other	-	252,492	252,492	209,671
Title I - Low income	2,750,587	3,686,947	936,360	2,395,850
Title I - Other	2,179,101	-	(2,179,101)	-
Federal - special education - IDEA - flow-through/low incident	1,889,696	1,067,836	(821,860)	1,053,910
CTE - Perkins - Title III E - tech. prep.	435,345	339,918	(95,427)	394,073
Emergency immigrant assistance	8,500	8,232	(268)	-
Title III - English language acquisition	166,982	121,536	(45,446)	42,582
Title II - Teacher quality	263,163	180,561	(82,602)	234,911
Medicaid matching funds - administrative outreach	300,000	237,637	(62,363)	331,352
Medicaid matching funds - fee-for-service program	270,000	271,375	1,375	270,708
Other restricted revenue from federal sources	<u>313,495</u>	<u>2,211,008</u>	<u>1,897,513</u>	<u>2,207,602</u>
Total federal sources	<u>11,465,472</u>	<u>11,713,269</u>	<u>247,797</u>	<u>10,333,532</u>
Total revenues	<u>81,409,946</u>	<u>74,522,365</u>	<u>(6,887,581)</u>	<u>70,310,407</u>
Expenditures				
Instruction				
Regular programs				
Salaries	23,691,955	23,075,655	616,300	21,670,460
Employee benefits	6,497,618	6,118,104	379,514	4,376,661
Purchased services	127,954	80,445	47,509	35,584
Supplies and materials	1,078,346	841,007	237,339	872,730
Capital outlay	55,000	84,691	(29,691)	29,463
Other objects	13,150	11,275	1,875	4,710
Non-capitalized equipment	<u>1,905</u>	<u>-</u>	<u>1,905</u>	<u>4,226</u>
Total	<u>31,465,928</u>	<u>30,211,177</u>	<u>1,254,751</u>	<u>26,993,834</u>
Special education programs				
Salaries	5,667,305	5,643,428	23,877	5,437,013
Employee benefits	1,342,722	1,393,804	(51,082)	1,400,186
Purchased services	174,600	46,737	127,863	27,494
Supplies and materials	70,400	48,057	22,343	37,058
Capital outlay	82,111	49,738	32,373	33,789
Other objects	<u>2,000</u>	<u>2,513</u>	<u>(513)</u>	<u>975</u>
Total	<u>7,339,138</u>	<u>7,184,277</u>	<u>154,861</u>	<u>6,936,515</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Remedial and supplemental programs K - 12				
Salaries	\$ 618,433	\$ 593,686	\$ 24,747	\$ 425,475
Employee benefits	331,081	363,213	(32,132)	236,714
Purchased services	289,894	286,305	3,589	261,660
Supplies and materials	<u>936,634</u>	<u>2,039,669</u>	<u>(1,103,035)</u>	<u>640,502</u>
Total	<u>2,176,042</u>	<u>3,282,873</u>	<u>(1,106,831)</u>	<u>1,564,351</u>
Adult/continuing education programs				
Salaries	165,058	179,890	(14,832)	200,282
Employee benefits	2,474	7,087	(4,613)	2,702
Purchased services	143	-	143	2
Supplies and materials	<u>4,506</u>	<u>2,458</u>	<u>2,048</u>	<u>5,296</u>
Total	<u>172,181</u>	<u>189,435</u>	<u>(17,254)</u>	<u>208,282</u>
CTE programs				
Salaries	1,741,856	1,637,197	104,659	1,551,232
Employee benefits	297,917	325,924	(28,007)	317,670
Purchased services	38,365	25,029	13,336	26,151
Supplies and materials	306,532	258,766	47,766	216,025
Capital outlay	316,236	211,243	104,993	195,511
Other objects	5,663	9,836	(4,173)	3,190
Non-capitalized equipment	<u>5,000</u>	<u>80</u>	<u>4,920</u>	<u>-</u>
Total	<u>2,711,569</u>	<u>2,468,075</u>	<u>243,494</u>	<u>2,309,779</u>
Interscholastic programs				
Salaries	855,163	747,728	107,435	717,882
Employee benefits	24,843	33,315	(8,472)	27,457
Purchased services	246,900	247,425	(525)	216,709
Supplies and materials	149,296	128,238	21,058	163,999
Capital outlay	30,000	23,100	6,900	30,580
Other objects	<u>700</u>	<u>116</u>	<u>584</u>	<u>266</u>
Total	<u>1,306,902</u>	<u>1,179,922</u>	<u>126,980</u>	<u>1,156,893</u>
Summer school programs				
Salaries	227,740	387,229	(159,489)	262,103
Employee benefits	24,855	35,619	(10,764)	24,129
Purchased services	2,400	-	2,400	-
Supplies and materials	1,582	3,225	(1,643)	-
Capital outlay	<u>2,418</u>	<u>-</u>	<u>2,418</u>	<u>2,418</u>
Total	<u>258,995</u>	<u>426,073</u>	<u>(167,078)</u>	<u>288,650</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Gifted programs				
Driver's education programs				
Salaries	\$ 47,000	\$ 16,833	\$ 30,167	\$ 10,758
Employee benefits	646	234	412	144
Purchased services	22,400	5,030	17,370	10,731
Supplies and materials	11,295	1,514	9,781	2,513
Total	81,341	23,611	57,730	24,146
Bilingual programs				
Salaries	863,738	606,755	256,983	562,615
Employee benefits	145,461	121,702	23,759	105,144
Purchased services	11,430	673	10,757	-
Supplies and materials	16,394	14,646	1,748	3,395
Total	1,037,023	743,776	293,247	671,154
Truant's alternative and optional programs				
Salaries	49,175	23,801	25,374	22,129
Employee benefits	640	318	322	286
Purchased services	1,700	1,456	244	2,152
Supplies and materials	12,360	11,028	1,332	6,285
Capital outlay	3,000	5,211	(2,211)	1,977
Non-capitalized equipment	900	797	103	418
Total	67,775	42,611	25,164	33,247
Special education programs K -12 - private tuition				
Other objects	3,000,000	2,355,805	644,195	3,243,999
Total	3,000,000	2,355,805	644,195	3,243,999
Total instruction	49,616,894	48,107,635	1,509,259	43,430,850
Support services				
Pupils				
Attendance and social work services				
Salaries	2,052,123	2,023,374	28,749	1,977,975
Employee benefits	590,214	516,381	73,833	539,875
Purchased services	44,899	3,793	41,106	8,241
Supplies and materials	70,637	63,066	7,571	54,764
Capital outlay	20,000	4,585	15,415	23,690
Total	2,777,873	2,611,199	166,674	2,604,545

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Guidance services				
Salaries	\$ 2,229,412	\$ 2,201,585	\$ 27,827	\$ 2,115,761
Employee benefits	496,062	482,181	13,881	462,382
Purchased services	34,083	16,500	17,583	13,881
Supplies and materials	19,902	17,352	2,550	21,423
Other objects	<u>250</u>	<u>1,012</u>	<u>(762)</u>	<u>30</u>
Total	<u>2,779,709</u>	<u>2,718,630</u>	<u>61,079</u>	<u>2,613,477</u>
Health services				
Salaries	391,867	378,775	13,092	392,182
Employee benefits	120,962	109,204	11,758	118,154
Purchased services	305,170	352,355	(47,185)	329,184
Supplies and materials	6,283	5,867	416	5,036
Capital outlay	21,800	12,426	9,374	2,200
Other objects	2,500	283	2,217	-
Non-capitalized equipment	<u>955</u>	<u>955</u>	<u>-</u>	<u>131</u>
Total	<u>849,537</u>	<u>859,865</u>	<u>(10,328)</u>	<u>846,887</u>
Psychological services				
Salaries	298,460	304,385	(5,925)	278,685
Employee benefits	67,121	59,118	8,003	53,471
Supplies and materials	<u>1,000</u>	<u>1,195</u>	<u>(195)</u>	<u>-</u>
Total	<u>366,581</u>	<u>364,698</u>	<u>1,883</u>	<u>332,156</u>
Speech pathology and audiology services				
Salaries	255,601	200,380	55,221	242,234
Employee benefits	<u>60,642</u>	<u>49,344</u>	<u>11,298</u>	<u>59,259</u>
Total	<u>316,243</u>	<u>249,724</u>	<u>66,519</u>	<u>301,493</u>
Other support services - pupils				
Salaries	268,767	275,580	(6,813)	265,176
Employee benefits	12,542	14,402	(1,860)	26,907
Purchased services	800	600	200	901
Supplies and materials	3,100	1,259	1,841	1,275
Other objects	<u>1,910</u>	<u>990</u>	<u>920</u>	<u>710</u>
Total	<u>287,119</u>	<u>292,831</u>	<u>(5,712)</u>	<u>294,969</u>
Total pupils	<u>7,377,062</u>	<u>7,096,947</u>	<u>280,115</u>	<u>6,993,527</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Instructional staff				
Improvement of instructional services				
Salaries	\$ 2,217,940	\$ 2,184,322	\$ 33,618	\$ 2,277,313
Employee benefits	730,679	846,090	(115,411)	861,294
Purchased services	627,274	310,580	316,694	347,548
Supplies and materials	83,185	20,884	62,301	18,577
Capital outlay	100,180	111,212	(11,032)	127,596
Other objects	5,775	165	5,610	1,753
Total	<u>3,765,033</u>	<u>3,473,253</u>	<u>291,780</u>	<u>3,634,081</u>
Educational media services				
Salaries	562,201	557,461	4,740	555,344
Employee benefits	199,797	212,106	(12,309)	199,716
Purchased services	74,321	30,447	43,874	44,424
Supplies and materials	247,583	203,265	44,318	216,018
Capital outlay	5,995	9,648	(3,653)	52,731
Non-capitalized equipment	10,007	91,989	(81,982)	21,385
Total	<u>1,099,904</u>	<u>1,104,916</u>	<u>(5,012)</u>	<u>1,089,618</u>
Assessment and testing				
Salaries	37,535	41,483	(3,948)	55,167
Employee benefits	345	574	(229)	739
Purchased services	35,255	21,877	13,378	-
Supplies and materials	4,951	37	4,914	10,049
Other objects	-	-	-	650
Total	<u>78,086</u>	<u>63,971</u>	<u>14,115</u>	<u>66,605</u>
Total instructional staff	<u>4,943,023</u>	<u>4,642,140</u>	<u>300,883</u>	<u>4,790,304</u>
General administration				
Board of education services				
Salaries	295,643	222,430	73,213	206,404
Employee benefits	39,248	45,340	(6,092)	42,470
Purchased services	487,769	390,484	97,285	309,177
Supplies and materials	47,977	8,766	39,211	3,493
Capital outlay	45,000	-	45,000	-
Other objects	39,350	41,157	(1,807)	44,457
Non-capitalized equipment	-	760	(760)	-
Total	<u>954,987</u>	<u>708,937</u>	<u>246,050</u>	<u>606,001</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Executive administration services				
Salaries	\$ 381,907	\$ 358,459	\$ 23,448	\$ 336,102
Employee benefits	62,827	75,824	(12,997)	66,378
Purchased services	82,350	74,435	7,915	24,237
Supplies and materials	34,500	14,449	20,051	20,470
Capital outlay	8,200	2,214	5,986	3,787
Other objects	12,850	12,297	553	14,408
Total	582,634	537,678	44,956	465,382
Special area administration services				
Salaries	638,098	639,169	(1,071)	584,620
Employee benefits	118,165	169,624	(51,459)	150,246
Purchased services	9,401	8,342	1,059	4,578
Supplies and materials	249	243	6	224
Capital outlay	-	1,547	(1,547)	-
Total	765,913	818,925	(53,012)	739,668
Total general administration	2,303,534	2,065,540	237,994	1,811,051
School administration				
Office of the principal services				
Salaries	1,697,688	1,753,517	(55,829)	1,698,847
Employee benefits	377,575	364,270	13,305	347,240
Purchased services	74,314	56,331	17,983	61,457
Supplies and materials	23,765	27,102	(3,337)	10,943
Capital outlay	6,000	791	5,209	4,979
Other objects	13,173	9,260	3,913	9,914
Non-capitalized equipment	-	-	-	664
Total	2,192,515	2,211,271	(18,756)	2,134,044
Total school administration	2,192,515	2,211,271	(18,756)	2,134,044
Business				
Direction of business support services				
Salaries	133,900	120,075	13,825	130,200
Employee benefits	27,163	17,391	9,772	24,472
Total	161,063	137,466	23,597	154,672
Fiscal services				
Salaries	539,300	529,023	10,277	505,397
Employee benefits	139,574	100,059	39,515	97,880
Purchased services	2,505,466	282,817	2,222,649	170,382
Supplies and materials	18,000	21,475	(3,475)	18,453
Capital outlay	2,500	2,845	(345)	3,192
Other objects	6,142	3,485	2,657	2,519
Non-capitalized equipment	1,000	-	1,000	214
Total	3,211,982	939,704	2,272,278	798,037

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Pupil transportation services				
Purchased services	\$ 7,403	\$ 2,719	\$ 4,684	\$ 2,597
Capital outlay	55,000	44,018	10,982	-
Total	62,403	46,737	15,666	2,597
Food services				
Salaries	1,289,121	1,195,782	93,339	1,155,962
Employee benefits	365,452	286,592	78,860	277,259
Purchased services	237,900	501,382	(263,482)	419,342
Supplies and materials	1,463,456	1,324,968	138,488	1,374,221
Capital outlay	116,004	86,159	29,845	53,096
Other objects	3,000	180	2,820	650
Non-capitalized equipment	17,000	29,698	(12,698)	18,370
Total	3,491,933	3,424,761	67,172	3,298,900
Internal services				
Salaries	261,808	245,251	16,557	277,163
Employee benefits	62,942	37,882	25,060	61,803
Purchased services	(186,000)	-	(186,000)	-
Supplies and materials	190,186	50,122	140,064	108,528
Total	328,936	333,255	(4,319)	447,494
Total business	7,256,317	4,881,923	2,374,394	4,701,700
Central				
Direction of central support services				
Salaries	94,500	89,500	5,000	23,000
Purchased services	374,741	396,841	(22,100)	460,000
Total	469,241	486,341	(17,100)	483,000
Information services				
Salaries	28,959	26,034	2,925	23,886
Employee benefits	18,007	7,095	10,912	4,691
Purchased services	247,450	209,042	38,408	176,196
Capital outlay	4,000	-	4,000	-
Total	298,416	242,171	56,245	204,773
Staff services				
Salaries	57,446	27,925	29,521	59,974
Employee benefits	16,129	10,510	5,619	12,553
Purchased services	9,650	-	9,650	1,430
Supplies and materials	3,141	-	3,141	-
Total	86,366	38,435	47,931	73,957

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Data processing services				
Salaries	\$ 600,058	\$ 504,675	\$ 95,383	\$ 510,860
Employee benefits	125,252	128,784	(3,532)	126,083
Purchased services	1,330,260	1,109,331	220,929	629,540
Supplies and materials	58,500	37,678	20,822	16,836
Capital outlay	2,838,793	270,006	2,568,787	539,075
Non-capitalized equipment	-	-	-	905
Total	<u>4,952,863</u>	<u>2,050,474</u>	<u>2,902,389</u>	<u>1,823,299</u>
Total central	<u>5,806,886</u>	<u>2,817,421</u>	<u>2,989,465</u>	<u>2,585,029</u>
Other supporting services				
Purchased services	760,147	788,647	(28,500)	672,173
Supplies and materials	4,473	9,109	(4,636)	527
Other objects	20,000	956	19,044	(40,185)
Total	<u>784,620</u>	<u>798,712</u>	<u>(14,092)</u>	<u>632,515</u>
Total support services	<u>30,663,957</u>	<u>24,513,954</u>	<u>6,150,003</u>	<u>23,648,170</u>
Community services				
Salaries	178,628	161,604	17,024	152,171
Employee benefits	50,892	38,923	11,969	42,857
Purchased services	91,227	96,136	(4,909)	84,701
Supplies and materials	20,239	9,693	10,546	5,815
Total community services	<u>340,986</u>	<u>306,356</u>	<u>34,630</u>	<u>285,544</u>
Payments to other districts and governmental units				
Payments for regular programs				
Purchased services	-	-	-	34,001
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,001</u>
Payments for CTE programs				
Other objects	40,280	35,981	4,299	3,715
Total	<u>40,280</u>	<u>35,981</u>	<u>4,299</u>	<u>3,715</u>
Payments for special education programs - tuition				
Other objects	1,050,000	902,147	147,853	954,620
Total	<u>1,050,000</u>	<u>902,147</u>	<u>147,853</u>	<u>954,620</u>
Total payments to other districts and governmental units	<u>1,090,280</u>	<u>938,128</u>	<u>152,152</u>	<u>992,336</u>
Total expenditures	<u>81,712,117</u>	<u>73,866,073</u>	<u>7,846,044</u>	<u>68,356,900</u>
Excess (deficiency) of revenues over expenditures	<u>(302,171)</u>	<u>656,292</u>	<u>958,463</u>	<u>1,953,507</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, 2016****WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015**

	2016			2015
	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	\$ (108,987)	\$ (108,987)	\$ -	\$ (104,981)
Transfer to debt service fund to pay interest on capital leases	(6,469)	(6,469)	-	(10,475)
Total other financing sources (uses)	(115,456)	(115,456)	-	(115,456)
Net change in fund balance	<u>\$ (417,627)</u>	540,836	<u>\$ 958,463</u>	1,838,051
Fund balance, beginning of year		<u>47,870,956</u>		<u>46,032,905</u>
Fund balance, end of year		<u>\$ 48,411,792</u>		<u>\$ 47,870,956</u>

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 6,809,163	\$ 6,810,440	\$ 1,277	\$ 6,181,577
Investment income	2,791	4,380	1,589	2,326
Rentals	81,952	91,152	9,200	101,351
Other	<u>68,213</u>	<u>81,562</u>	<u>13,349</u>	<u>88,455</u>
Total local sources	<u>6,962,119</u>	<u>6,987,534</u>	<u>25,415</u>	<u>6,373,709</u>
State sources				
General state aid	<u>8,350,000</u>	<u>13,044,240</u>	<u>4,694,240</u>	<u>13,702,912</u>
Total state sources	<u>8,350,000</u>	<u>13,044,240</u>	<u>4,694,240</u>	<u>13,702,912</u>
Total revenues	<u>15,312,119</u>	<u>20,031,774</u>	<u>4,719,655</u>	<u>20,076,621</u>
Expenditures				
Support services				
Business				
Facilities acquisition and construction service				
Purchased services	41,500	250	41,250	4,867
Supplies and materials	10,000	1,200	8,800	1,640
Capital outlay	<u>1,146,405</u>	<u>4,297,534</u>	<u>(3,151,129)</u>	<u>7,665,536</u>
Total	<u>1,197,905</u>	<u>4,298,984</u>	<u>(3,101,079)</u>	<u>7,672,043</u>
Operation and maintenance of plant services				
Salaries	6,148,908	5,832,020	316,888	5,885,968
Employee benefits	1,527,149	1,372,498	154,651	1,383,139
Purchased services	3,396,107	1,767,423	1,628,684	1,778,271
Supplies and materials	2,098,444	1,985,374	113,070	2,053,645
Capital outlay	339,000	4,201,259	(3,862,259)	749,777
Other objects	-	-	-	365
Non-capitalized equipment	<u>12,062</u>	<u>5,483</u>	<u>6,579</u>	<u>4,926</u>
Total	<u>13,521,670</u>	<u>15,164,057</u>	<u>(1,642,387)</u>	<u>11,856,091</u>
Total business	<u>14,719,575</u>	<u>19,463,041</u>	<u>(4,743,466)</u>	<u>19,528,134</u>
Other supporting services				
Purchased services	<u>525,827</u>	<u>518,097</u>	<u>7,730</u>	<u>365,288</u>
Total	<u>525,827</u>	<u>518,097</u>	<u>7,730</u>	<u>365,288</u>
Total support services	<u>15,245,402</u>	<u>19,981,138</u>	<u>(4,735,736)</u>	<u>19,893,422</u>
Total expenditures	<u>15,245,402</u>	<u>19,981,138</u>	<u>(4,735,736)</u>	<u>19,893,422</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Excess (deficiency) of revenues over expenditures	<u>\$ 66,717</u>	<u>50,636</u>	<u>\$ (16,081)</u>	<u>183,199</u>
Other financing sources (uses)				
Transfer to debt service fund to pay principal on EPA loan	(42,672)	(42,672)	-	(40,477)
Transfer to debt service fund to pay interest on EPA loan	<u>(7,328)</u>	<u>(7,328)</u>	<u>-</u>	<u>(9,523)</u>
Total other financing sources (uses)	<u>(50,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>(50,000)</u>
Net change in fund balance	<u>\$ 16,717</u>	636	<u>\$ (16,081)</u>	133,199
Fund balance, beginning of year		<u>969,315</u>		<u>836,116</u>
Fund balance, end of year		<u>\$ 969,951</u>		<u>\$ 969,315</u>

See Auditors' Report and Notes to Required Supplementary Information

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, 2016
 WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 960,288	\$ 1,063,667	\$ 103,379	\$ 1,035,752
Investment income	-	1,978	1,978	1,381
Total local sources	<u>960,288</u>	<u>1,065,645</u>	<u>105,357</u>	<u>1,037,133</u>
State sources				
General state aid	-	-	-	1,100,000
Transportation - regular/vocational	1,000	1,009	9	780
Transportation - special education	<u>2,250,000</u>	<u>1,872,600</u>	<u>(377,400)</u>	<u>1,955,616</u>
Total state sources	<u>2,251,000</u>	<u>1,873,609</u>	<u>(377,391)</u>	<u>3,056,396</u>
Total revenues	<u>3,211,288</u>	<u>2,939,254</u>	<u>(272,034)</u>	<u>4,093,529</u>
Expenditures				
Support Services				
Business				
Pupil transportation services				
Salaries	71,235	65,633	5,602	81,584
Employee benefits	54,359	40,450	13,909	41,042
Purchased services	2,815,314	2,786,325	28,989	3,249,101
Supplies and materials	12,826	3,237	9,589	7,084
Capital outlay	-	60,293	(60,293)	206,340
Other objects	<u>200</u>	<u>830</u>	<u>(630)</u>	<u>282</u>
Total	<u>2,953,934</u>	<u>2,956,768</u>	<u>(2,834)</u>	<u>3,585,433</u>
Total business	<u>2,953,934</u>	<u>2,956,768</u>	<u>(2,834)</u>	<u>3,585,433</u>
Total support services	<u>2,953,934</u>	<u>2,956,768</u>	<u>(2,834)</u>	<u>3,585,433</u>
Total expenditures	<u>2,953,934</u>	<u>2,956,768</u>	<u>(2,834)</u>	<u>3,585,433</u>
Net change in fund balance	<u>\$ 257,354</u>	(17,514)	<u>\$ (274,868)</u>	508,096
Fund balance, beginning of year		<u>592,008</u>		<u>83,912</u>
Fund balance, end of year		<u>\$ 574,494</u>		<u>\$ 592,008</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 1,381,890	\$ 1,352,049	\$ (29,841)	\$ 1,315,359
Social security/medicare only levy	1,381,890	1,348,002	(33,888)	1,312,987
Corporate personal property replacement taxes	600,000	600,000	-	250,000
Investment income	<u>2,705</u>	<u>2,946</u>	<u>241</u>	<u>2,526</u>
Total local sources	<u>3,366,485</u>	<u>3,302,997</u>	<u>(63,488)</u>	<u>2,880,872</u>
Total revenues	<u>3,366,485</u>	<u>3,302,997</u>	<u>(63,488)</u>	<u>2,880,872</u>
Expenditures				
Instruction				
Regular programs	329,959	333,810	(3,851)	314,695
Pre-K programs	13,855	-	13,855	-
Special education programs	387,831	316,218	71,613	336,007
Remedial and supplemental programs K - 12	16,850	14,332	2,518	9,166
Adult/continuing education programs	4,850	4,339	511	5,299
CTE programs	63,780	58,797	4,983	53,438
Interscholastic programs	36,152	38,114	(1,962)	35,079
Summer school programs	16,465	18,321	(1,856)	13,774
Driver's education programs	743	243	500	154
Bilingual programs	9,764	8,763	1,001	8,136
Truant's alternative and optional programs	<u>1,640</u>	<u>364</u>	<u>1,276</u>	<u>370</u>
Total instruction	<u>881,889</u>	<u>793,301</u>	<u>88,588</u>	<u>776,118</u>
Support services				
Pupils				
Attendance and social work services	181,636	164,860	16,776	162,271
Guidance services	52,597	49,599	2,998	49,049
Health services	75,213	72,703	2,510	77,285
Psychological services	4,375	4,434	(59)	4,028
Speech pathology and audiology services	3,671	2,854	817	3,488
Other support services - pupils	<u>12,194</u>	<u>11,054</u>	<u>1,140</u>	<u>12,024</u>
Total pupils	<u>329,686</u>	<u>305,504</u>	<u>24,182</u>	<u>308,145</u>
Instructional staff				
Improvement of instructional staff	39,720	66,205	(26,485)	64,002
Educational media services	59,764	68,240	(8,476)	72,779
Assessment and testing	<u>193</u>	<u>585</u>	<u>(392)</u>	<u>791</u>
Total instructional staff	<u>99,677</u>	<u>135,030</u>	<u>(35,353)</u>	<u>137,572</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
General administration				
Board of education services	\$ 34,472	\$ 43,163	\$ (8,691)	\$ 41,189
Executive administration services	16,298	25,611	(9,313)	22,273
Special area administration services	<u>50,888</u>	<u>47,845</u>	<u>3,043</u>	<u>48,692</u>
Total general administration	<u>101,658</u>	<u>116,619</u>	<u>(14,961)</u>	<u>112,154</u>
School administration				
Office of the principal services	<u>128,384</u>	<u>125,638</u>	<u>2,746</u>	<u>125,883</u>
Total school administration	<u>128,384</u>	<u>125,638</u>	<u>2,746</u>	<u>125,883</u>
Business				
Direction of business support services	2,102	28,587	(26,485)	1,878
Fiscal services	129,702	102,058	27,644	98,737
Operations and maintenance of plant services	1,243,125	1,118,723	124,402	1,158,486
Pupil transportation services	18,637	12,676	5,961	16,378
Food services	218,104	219,181	(1,077)	219,313
Internal services	<u>45,566</u>	<u>45,691</u>	<u>(125)</u>	<u>51,371</u>
Total business	<u>1,657,236</u>	<u>1,526,916</u>	<u>130,320</u>	<u>1,546,163</u>
Central				
Direction of central support services	17,622	7,449	10,173	334
Information services	7,524	5,095	2,429	4,799
Staff services	898	405	493	805
Data processing services	<u>94,385</u>	<u>97,870</u>	<u>(3,485)</u>	<u>102,215</u>
Total central	<u>120,429</u>	<u>110,819</u>	<u>9,610</u>	<u>108,153</u>
Total support services	<u>2,437,070</u>	<u>2,320,526</u>	<u>116,544</u>	<u>2,338,070</u>
Community services	<u>32,984</u>	<u>31,523</u>	<u>1,461</u>	<u>30,111</u>
Total expenditures	<u>3,351,943</u>	<u>3,145,350</u>	<u>206,593</u>	<u>3,144,299</u>
Net change in fund balance	<u>\$ 14,542</u>	157,647	<u>\$ 143,105</u>	(263,427)
Fund balance, beginning of year		<u>781,202</u>		<u>1,044,629</u>
Fund balance, end of year		<u>\$ 938,849</u>		<u>\$ 781,202</u>

See Auditors' Report and Notes to Required Supplementary Information

J. STERLING MORTON HIGH SCHOOL DISTRICT 201

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2016

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	\$ 74,522,365	\$ 73,866,073
To adjust for on-behalf payments received	19,122,886	-
To adjust for on-behalf payments made	-	19,122,886
General Fund GAAP Basis	<u>\$ 93,645,251</u>	<u>\$ 92,988,959</u>

Excess of Expenditures over Budget

For the year ended June 30, 2016, expenditures exceeded budget in the Operations and Maintenance Fund by \$4,735,736, which was offset by revenues exceeding budget by \$4,719,655, and by available fund balance. Expenditures exceeded budget in the Transportation Fund by \$2,834, which was offset by available fund balance.

See Auditors' Report

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 9,570,634	\$ 9,281,278	\$ (289,356)	\$ 9,255,730
Investment income	<u>422</u>	<u>2,527</u>	<u>2,105</u>	<u>266</u>
Total local sources	<u>9,571,056</u>	<u>9,283,805</u>	<u>(287,251)</u>	<u>9,255,996</u>
Total revenues	<u>9,571,056</u>	<u>9,283,805</u>	<u>(287,251)</u>	<u>9,255,996</u>
Expenditures				
Debt services				
Payments on long term debt				
Interest on long term debt	5,052,977	13,797	5,039,180	19,998
Principal payments on long term debt	<u>4,307,479</u>	<u>9,346,659</u>	<u>(5,039,180)</u>	<u>9,340,458</u>
Total	<u>9,360,456</u>	<u>9,360,456</u>	<u>-</u>	<u>9,360,456</u>
Total debt services	<u>9,360,456</u>	<u>9,360,456</u>	<u>-</u>	<u>9,360,456</u>
Total expenditures	<u>9,360,456</u>	<u>9,360,456</u>	<u>-</u>	<u>9,360,456</u>
Excess (deficiency) of revenues over expenditures	<u>210,600</u>	<u>(76,651)</u>	<u>(287,251)</u>	<u>(104,460)</u>
Other financing sources (uses)				
Transfer to debt service to pay principal on capital leases	108,987	108,987	-	145,458
Transfer to debt service to pay interest on capital leases	6,469	6,469	-	19,998
Transfer to debt service to pay principal on EPA loan	42,672	42,672	-	-
Transfer to debt service to pay interest on EPA loan	<u>7,328</u>	<u>7,328</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>165,456</u>	<u>165,456</u>	<u>-</u>	<u>165,456</u>
Net change in fund balance	<u>\$ 376,056</u>	88,805	<u>\$ (287,251)</u>	60,996
Fund balance, beginning of year		<u>6,198,298</u>		<u>6,137,302</u>
Fund balance, end of year		<u>\$ 6,287,103</u>		<u>\$ 6,198,298</u>

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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
General levy	\$ -	\$ (2,782)	\$ (2,782)	\$ (2,954)
Total local sources	-	(2,782)	(2,782)	(2,954)
Total revenues	-	(2,782)	(2,782)	(2,954)
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	(2,782)	\$ (2,782)	(2,954)
Fund balance, beginning of year		2,658,304		2,661,258
Fund balance, end of year		\$ 2,655,522		\$ 2,658,304

J. STERLING MORTON HIGH SCHOOL DISTRICT 201**GENERAL FUND****COMBINING BALANCE SHEET****AS OF JUNE 30, 2016**

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Assets			
Cash	\$ 40,819,723	\$ 7,881,439	\$ 48,701,162
Receivables (net allowance for uncollectibles):			
Property taxes	13,463,752	-	13,463,752
Replacement taxes	1,074,791	-	1,074,791
Intergovernmental	2,618,244	-	2,618,244
Other	17,000	-	17,000
Inventory	110,632	-	110,632
Prepays	360,337	-	360,337
Total assets	<u>\$ 58,464,479</u>	<u>\$ 7,881,439</u>	<u>\$ 66,345,918</u>
Liabilities, deferred inflows of resources, and fund balance			
Liabilities			
Accounts payable	\$ 1,773,064	\$ -	\$ 1,773,064
Due to other governments	759,289	-	759,289
Health claims payable	966,480	-	966,480
Total liabilities	<u>3,498,833</u>	<u>-</u>	<u>3,498,833</u>
Deferred inflows of resources			
Property taxes levied for future periods	13,463,752	-	13,463,752
Deferred revenue	971,541	-	971,541
Total deferred inflows of resources	<u>14,435,293</u>	<u>-</u>	<u>14,435,293</u>
Fund balance			
Nonspendable	470,969	-	470,969
Unassigned	40,059,384	7,881,439	47,940,823
Total fund balance	<u>40,530,353</u>	<u>7,881,439</u>	<u>48,411,792</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 58,464,479</u>	<u>\$ 7,881,439</u>	<u>\$ 66,345,918</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, 2016

	EDUCATIONAL ACCOUNTS	WORKING CASH ACCOUNTS	TOTAL
Revenues			
Property taxes	\$ 25,038,738	\$ -	\$ 25,038,738
Corporate personal property replacement taxes	4,610,151	-	4,610,151
State aid	50,111,355	-	50,111,355
Federal aid	11,713,269	-	11,713,269
Investment income	124,395	18,575	142,970
Other	<u>2,028,768</u>	<u>-</u>	<u>2,028,768</u>
Total revenues	<u>93,626,676</u>	<u>18,575</u>	<u>93,645,251</u>
Expenditures			
Current:			
Instruction:			
Regular programs	30,126,486	-	30,126,486
Special programs	12,773,217	-	12,773,217
Other instructional programs	4,833,949	-	4,833,949
State retirement contributions	19,122,886	-	19,122,886
Support Services:			
Pupils	7,079,936	-	7,079,936
Instructional staff	4,521,280	-	4,521,280
General administration	2,061,779	-	2,061,779
School administration	2,210,480	-	2,210,480
Business	4,746,182	-	4,746,182
Transportation	2,719	-	2,719
Central	2,547,415	-	2,547,415
Other supporting services	798,712	-	798,712
Community services	306,356	-	306,356
Payments to other districts and gov't units	938,128	-	938,128
Capital outlay	<u>919,434</u>	<u>-</u>	<u>919,434</u>
Total expenditures	<u>92,988,959</u>	<u>-</u>	<u>92,988,959</u>
Excess (deficiency) of revenues over expenditures	<u>637,717</u>	<u>18,575</u>	<u>656,292</u>
Other financing sources (uses)			
Transfers (out)	<u>(115,456)</u>	<u>-</u>	<u>(115,456)</u>
Total other financing sources (uses)	<u>(115,456)</u>	<u>-</u>	<u>(115,456)</u>
Net change in fund balance	522,261	18,575	540,836
Fund balance, beginning of year	<u>40,008,092</u>	<u>7,862,864</u>	<u>47,870,956</u>
Fund balance, end of year	<u>\$ 40,530,353</u>	<u>\$ 7,881,439</u>	<u>\$ 48,411,792</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Revenues				
Local sources				
General levy	\$ 25,062,914	\$ 24,622,992	\$ (439,922)	\$ 24,033,084
Special education levy	415,243	415,746	503	405,115
Corporate personal property replacement taxes	6,004,560	4,610,151	(1,394,409)	6,270,552
Summer school - tuition from pupils or parents (in state)	125,000	130,028	5,028	114,982
Adult - tuition from pupils or parents (in state)	175,000	204,658	29,658	171,778
Investment income	100,000	124,395	24,395	114,074
Sales to pupils - lunch	118,631	174,527	55,896	155,320
Sales to pupils - breakfast	2,711	5,331	2,620	7,771
Sales to pupils - a la carte	486,226	296,094	(190,132)	304,097
Sales to adults	116,830	132,238	15,408	118,829
Other food service	52,038	23,634	(28,404)	36,067
Admissions - athletic	22,300	21,776	(524)	14,945
Admissions - other	15,200	8,981	(6,219)	6,718
Fees	150,929	141,423	(9,506)	140,582
Book store sales	556,575	593,090	36,515	442,901
Other pupil activity revenue	22,650	149,026	126,376	9,419
Sales - regular textbook	31,789	27,748	(4,041)	30,993
Contributions and donations from private sources	-	-	-	80
Services provided other LEA's	42,000	-	(42,000)	61,440
Refund of prior years' expenditures	10,000	59,278	49,278	38,970
Payments of surplus monies from TIF districts	1,407	1,179	(228)	556
Driver's education fees	18,950	13,200	(5,750)	15,213
Payment from other LEA's	85,000	-	(85,000)	-
Sale of vocational projects	12,000	-	(12,000)	-
Other local fees	659,603	-	(659,603)	-
Other	36,200	46,557	10,357	69,410
Total local sources	<u>34,323,756</u>	<u>31,802,052</u>	<u>(2,521,704)</u>	<u>32,562,896</u>
State sources				
General state aid	29,328,786	25,951,518	(3,377,268)	22,344,374
General state aid hold harmless/supplemental	-	1,663,719	1,663,719	-
Special education - private facility tuition	1,534,202	1,046,015	(488,187)	1,406,649
Special education - extraordinary	1,200,000	898,550	(301,450)	1,143,766
Special education - personnel	991,819	725,729	(266,090)	948,690
Special education - summer school	80,000	74,819	(5,181)	77,056
CTE - Secondary program improvement	261,016	213,299	(47,717)	219,998
Bilingual education - downstate - TPI	247,794	100,414	(147,380)	123,425
State free lunch & breakfast	6,285	20,625	14,340	29,754
Driver education	75,000	75,324	324	66,767
Truant alternative/optional education	-	125,000	125,000	250,850
Early childhood - block grant	86,227	88,528	2,301	84,627
Other restricted revenue from state sources	<u>1,797,390</u>	<u>4,929</u>	<u>(1,792,461)</u>	<u>700,952</u>
Total state sources	<u>35,608,519</u>	<u>30,988,469</u>	<u>(4,620,050)</u>	<u>27,396,908</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Federal sources				
National school lunch program	\$ 2,486,623	\$ 2,765,411	\$ 278,788	\$ 2,717,368
School breakfast program	255,980	295,010	39,030	286,050
Child care commodity/SFS 13-adult day care	146,000	190,499	44,499	137,998
Fresh fruits & vegetables	-	84,807	84,807	51,457
Food service - other	-	252,492	252,492	209,671
Title I - Low income	2,750,587	3,686,947	936,360	2,395,850
Title I - Other	2,179,101	-	(2,179,101)	-
Federal - special education - IDEA - flow-through/low incident	1,889,696	1,067,836	(821,860)	1,053,910
CTE - Perkins - Title III E - tech. prep.	435,345	339,918	(95,427)	394,073
Emergency immigrant assistance	8,500	8,232	(268)	-
Title III - English language acquisition	166,982	121,536	(45,446)	42,582
Title II - Teacher quality	263,163	180,561	(82,602)	234,911
Medicaid matching funds - administrative outreach	300,000	237,637	(62,363)	331,352
Medicaid matching funds - fee-for-service program	270,000	271,375	1,375	270,708
Other restricted revenue from federal sources	<u>313,495</u>	<u>2,211,008</u>	<u>1,897,513</u>	<u>2,207,602</u>
Total federal sources	<u>11,465,472</u>	<u>11,713,269</u>	<u>247,797</u>	<u>10,333,532</u>
Total revenues	<u>81,397,747</u>	<u>74,503,790</u>	<u>(6,893,957)</u>	<u>70,293,336</u>
Expenditures				
Instruction				
Regular programs				
Salaries	23,691,955	23,075,655	616,300	21,670,460
Employee benefits	6,497,618	6,118,104	379,514	4,376,661
Purchased services	127,954	80,445	47,509	35,584
Supplies and materials	1,078,346	841,007	237,339	872,730
Capital outlay	55,000	84,691	(29,691)	29,463
Other objects	13,150	11,275	1,875	4,710
Non-capitalized equipment	<u>1,905</u>	<u>-</u>	<u>1,905</u>	<u>4,226</u>
Total	<u>31,465,928</u>	<u>30,211,177</u>	<u>1,254,751</u>	<u>26,993,834</u>
Special education programs				
Salaries	5,667,305	5,643,428	23,877	5,437,013
Employee benefits	1,342,722	1,393,804	(51,082)	1,400,186
Purchased services	174,600	46,737	127,863	27,494
Supplies and materials	70,400	48,057	22,343	37,058
Capital outlay	82,111	49,738	32,373	33,789
Other objects	<u>2,000</u>	<u>2,513</u>	<u>(513)</u>	<u>975</u>
Total	<u>7,339,138</u>	<u>7,184,277</u>	<u>154,861</u>	<u>6,936,515</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Remedial and supplemental programs K - 12				
Salaries	\$ 618,433	\$ 593,686	\$ 24,747	\$ 425,475
Employee benefits	331,081	363,213	(32,132)	236,714
Purchased services	289,894	286,305	3,589	261,660
Supplies and materials	<u>936,634</u>	<u>2,039,669</u>	<u>(1,103,035)</u>	<u>640,502</u>
Total	<u>2,176,042</u>	<u>3,282,873</u>	<u>(1,106,831)</u>	<u>1,564,351</u>
Adult/continuing education programs				
Salaries	165,058	179,890	(14,832)	200,282
Employee benefits	2,474	7,087	(4,613)	2,702
Purchased services	143	-	143	2
Supplies and materials	<u>4,506</u>	<u>2,458</u>	<u>2,048</u>	<u>5,296</u>
Total	<u>172,181</u>	<u>189,435</u>	<u>(17,254)</u>	<u>208,282</u>
CTE programs				
Salaries	1,741,856	1,637,197	104,659	1,551,232
Employee benefits	297,917	325,924	(28,007)	317,670
Purchased services	38,365	25,029	13,336	26,151
Supplies and materials	306,532	258,766	47,766	216,025
Capital outlay	316,236	211,243	104,993	195,511
Other objects	5,663	9,836	(4,173)	3,190
Non-capitalized equipment	<u>5,000</u>	<u>80</u>	<u>4,920</u>	<u>-</u>
Total	<u>2,711,569</u>	<u>2,468,075</u>	<u>243,494</u>	<u>2,309,779</u>
Interscholastic programs				
Salaries	855,163	747,728	107,435	717,882
Employee benefits	24,843	33,315	(8,472)	27,457
Purchased services	246,900	247,425	(525)	216,709
Supplies and materials	149,296	128,238	21,058	163,999
Capital outlay	30,000	23,100	6,900	30,580
Other objects	<u>700</u>	<u>116</u>	<u>584</u>	<u>266</u>
Total	<u>1,306,902</u>	<u>1,179,922</u>	<u>126,980</u>	<u>1,156,893</u>
Summer school programs				
Salaries	227,740	387,229	(159,489)	262,103
Employee benefits	24,855	35,619	(10,764)	24,129
Purchased services	2,400	-	2,400	-
Supplies and materials	1,582	3,225	(1,643)	-
Capital outlay	<u>2,418</u>	<u>-</u>	<u>2,418</u>	<u>2,418</u>
Total	<u>258,995</u>	<u>426,073</u>	<u>(167,078)</u>	<u>288,650</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Gifted programs				
Driver's education programs				
Salaries	\$ 47,000	\$ 16,833	\$ 30,167	\$ 10,758
Employee benefits	646	234	412	144
Purchased services	22,400	5,030	17,370	10,731
Supplies and materials	11,295	1,514	9,781	2,513
Total	81,341	23,611	57,730	24,146
Bilingual programs				
Salaries	863,738	606,755	256,983	562,615
Employee benefits	145,461	121,702	23,759	105,144
Purchased services	11,430	673	10,757	-
Supplies and materials	16,394	14,646	1,748	3,395
Total	1,037,023	743,776	293,247	671,154
Truant's alternative and optional programs				
Salaries	49,175	23,801	25,374	22,129
Employee benefits	640	318	322	286
Purchased services	1,700	1,456	244	2,152
Supplies and materials	12,360	11,028	1,332	6,285
Capital outlay	3,000	5,211	(2,211)	1,977
Non-capitalized equipment	900	797	103	418
Total	67,775	42,611	25,164	33,247
Special education programs K -12 - private tuition				
Other objects	3,000,000	2,355,805	644,195	3,243,999
Total	3,000,000	2,355,805	644,195	3,243,999
Total instruction	49,616,894	48,107,635	1,509,259	43,430,850
Support services				
Pupils				
Attendance and social work services				
Salaries	2,052,123	2,023,374	28,749	1,977,975
Employee benefits	590,214	516,381	73,833	539,875
Purchased services	44,899	3,793	41,106	8,241
Supplies and materials	70,637	63,066	7,571	54,764
Capital outlay	20,000	4,585	15,415	23,690
Total	2,777,873	2,611,199	166,674	2,604,545

(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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Guidance services				
Salaries	\$ 2,229,412	\$ 2,201,585	\$ 27,827	\$ 2,115,761
Employee benefits	496,062	482,181	13,881	462,382
Purchased services	34,083	16,500	17,583	13,881
Supplies and materials	19,902	17,352	2,550	21,423
Other objects	<u>250</u>	<u>1,012</u>	<u>(762)</u>	<u>30</u>
Total	<u>2,779,709</u>	<u>2,718,630</u>	<u>61,079</u>	<u>2,613,477</u>
Health services				
Salaries	391,867	378,775	13,092	392,182
Employee benefits	120,962	109,204	11,758	118,154
Purchased services	305,170	352,355	(47,185)	329,184
Supplies and materials	6,283	5,867	416	5,036
Capital outlay	21,800	12,426	9,374	2,200
Other objects	2,500	283	2,217	-
Non-capitalized equipment	<u>955</u>	<u>955</u>	<u>-</u>	<u>131</u>
Total	<u>849,537</u>	<u>859,865</u>	<u>(10,328)</u>	<u>846,887</u>
Psychological services				
Salaries	298,460	304,385	(5,925)	278,685
Employee benefits	67,121	59,118	8,003	53,471
Supplies and materials	<u>1,000</u>	<u>1,195</u>	<u>(195)</u>	<u>-</u>
Total	<u>366,581</u>	<u>364,698</u>	<u>1,883</u>	<u>332,156</u>
Speech pathology and audiology services				
Salaries	255,601	200,380	55,221	242,234
Employee benefits	<u>60,642</u>	<u>49,344</u>	<u>11,298</u>	<u>59,259</u>
Total	<u>316,243</u>	<u>249,724</u>	<u>66,519</u>	<u>301,493</u>
Other support services - pupils				
Salaries	268,767	275,580	(6,813)	265,176
Employee benefits	12,542	14,402	(1,860)	26,907
Purchased services	800	600	200	901
Supplies and materials	3,100	1,259	1,841	1,275
Other objects	<u>1,910</u>	<u>990</u>	<u>920</u>	<u>710</u>
Total	<u>287,119</u>	<u>292,831</u>	<u>(5,712)</u>	<u>294,969</u>
Total pupils	<u>7,377,062</u>	<u>7,096,947</u>	<u>280,115</u>	<u>6,993,527</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Instructional staff				
Improvement of instructional services				
Salaries	\$ 2,217,940	\$ 2,184,322	\$ 33,618	\$ 2,277,313
Employee benefits	730,679	846,090	(115,411)	861,294
Purchased services	627,274	310,580	316,694	347,548
Supplies and materials	83,185	20,884	62,301	18,577
Capital outlay	100,180	111,212	(11,032)	127,596
Other objects	5,775	165	5,610	1,753
Total	<u>3,765,033</u>	<u>3,473,253</u>	<u>291,780</u>	<u>3,634,081</u>
Educational media services				
Salaries	562,201	557,461	4,740	555,344
Employee benefits	199,797	212,106	(12,309)	199,716
Purchased services	74,321	30,447	43,874	44,424
Supplies and materials	247,583	203,265	44,318	216,018
Capital outlay	5,995	9,648	(3,653)	52,731
Non-capitalized equipment	10,007	91,989	(81,982)	21,385
Total	<u>1,099,904</u>	<u>1,104,916</u>	<u>(5,012)</u>	<u>1,089,618</u>
Assessment and testing				
Salaries	37,535	41,483	(3,948)	55,167
Employee benefits	345	574	(229)	739
Purchased services	35,255	21,877	13,378	-
Supplies and materials	4,951	37	4,914	10,049
Other objects	-	-	-	650
Total	<u>78,086</u>	<u>63,971</u>	<u>14,115</u>	<u>66,605</u>
Total instructional staff	<u>4,943,023</u>	<u>4,642,140</u>	<u>300,883</u>	<u>4,790,304</u>
General administration				
Board of education services				
Salaries	295,643	222,430	73,213	206,404
Employee benefits	39,248	45,340	(6,092)	42,470
Purchased services	487,769	390,484	97,285	309,177
Supplies and materials	47,977	8,766	39,211	3,493
Capital outlay	45,000	-	45,000	-
Other objects	39,350	41,157	(1,807)	44,457
Non-capitalized equipment	-	760	(760)	-
Total	<u>954,987</u>	<u>708,937</u>	<u>246,050</u>	<u>606,001</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Executive administration services				
Salaries	\$ 381,907	\$ 358,459	\$ 23,448	\$ 336,102
Employee benefits	62,827	75,824	(12,997)	66,378
Purchased services	82,350	74,435	7,915	24,237
Supplies and materials	34,500	14,449	20,051	20,470
Capital outlay	8,200	2,214	5,986	3,787
Other objects	<u>12,850</u>	<u>12,297</u>	<u>553</u>	<u>14,408</u>
Total	<u>582,634</u>	<u>537,678</u>	<u>44,956</u>	<u>465,382</u>
Special area administration services				
Salaries	638,098	639,169	(1,071)	584,620
Employee benefits	118,165	169,624	(51,459)	150,246
Purchased services	9,401	8,342	1,059	4,578
Supplies and materials	249	243	6	224
Capital outlay	<u>-</u>	<u>1,547</u>	<u>(1,547)</u>	<u>-</u>
Total	<u>765,913</u>	<u>818,925</u>	<u>(53,012)</u>	<u>739,668</u>
Total general administration	<u>2,303,534</u>	<u>2,065,540</u>	<u>237,994</u>	<u>1,811,051</u>
School administration				
Office of the principal services				
Salaries	1,697,688	1,753,517	(55,829)	1,698,847
Employee benefits	377,575	364,270	13,305	347,240
Purchased services	74,314	56,331	17,983	61,457
Supplies and materials	23,765	27,102	(3,337)	10,943
Capital outlay	6,000	791	5,209	4,979
Other objects	13,173	9,260	3,913	9,914
Non-capitalized equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>664</u>
Total	<u>2,192,515</u>	<u>2,211,271</u>	<u>(18,756)</u>	<u>2,134,044</u>
Total school administration	<u>2,192,515</u>	<u>2,211,271</u>	<u>(18,756)</u>	<u>2,134,044</u>
Business				
Direction of business support services				
Salaries	133,900	120,075	13,825	130,200
Employee benefits	<u>27,163</u>	<u>17,391</u>	<u>9,772</u>	<u>24,472</u>
Total	<u>161,063</u>	<u>137,466</u>	<u>23,597</u>	<u>154,672</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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Fiscal services				
Salaries	\$ 539,300	\$ 529,023	\$ 10,277	\$ 505,397
Employee benefits	139,574	100,059	39,515	97,880
Purchased services	2,505,466	282,817	2,222,649	170,382
Supplies and materials	18,000	21,475	(3,475)	18,453
Capital outlay	2,500	2,845	(345)	3,192
Other objects	6,142	3,485	2,657	2,519
Non-capitalized equipment	1,000	-	1,000	214
Total	3,211,982	939,704	2,272,278	798,037
Pupil transportation services				
Purchased services	7,403	2,719	4,684	2,597
Capital outlay	55,000	44,018	10,982	-
Total	62,403	46,737	15,666	2,597
Food services				
Salaries	1,289,121	1,195,782	93,339	1,155,962
Employee benefits	365,452	286,592	78,860	277,259
Purchased services	237,900	501,382	(263,482)	419,342
Supplies and materials	1,463,456	1,324,968	138,488	1,374,221
Capital outlay	116,004	86,159	29,845	53,096
Other objects	3,000	180	2,820	650
Non-capitalized equipment	17,000	29,698	(12,698)	18,370
Total	3,491,933	3,424,761	67,172	3,298,900
Internal services				
Salaries	261,808	245,251	16,557	277,163
Employee benefits	62,942	37,882	25,060	61,803
Purchased services	(186,000)	-	(186,000)	-
Supplies and materials	190,186	50,122	140,064	108,528
Total	328,936	333,255	(4,319)	447,494
Total business	7,256,317	4,881,923	2,374,394	4,701,700
Central				
Direction of central support services				
Salaries	94,500	89,500	5,000	23,000
Purchased services	374,741	396,841	(22,100)	460,000
Total	469,241	486,341	(17,100)	483,000
Information services				
Salaries	28,959	26,034	2,925	23,886
Employee benefits	18,007	7,095	10,912	4,691
Purchased services	247,450	209,042	38,408	176,196
Capital outlay	4,000	-	4,000	-
Total	298,416	242,171	56,245	204,773

(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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Staff services				
Salaries	\$ 57,446	\$ 27,925	\$ 29,521	\$ 59,974
Employee benefits	16,129	10,510	5,619	12,553
Purchased services	9,650	-	9,650	1,430
Supplies and materials	3,141	-	3,141	-
Total	86,366	38,435	47,931	73,957
Data processing services				
Salaries	600,058	504,675	95,383	510,860
Employee benefits	125,252	128,784	(3,532)	126,083
Purchased services	1,330,260	1,109,331	220,929	629,540
Supplies and materials	58,500	37,678	20,822	16,836
Capital outlay	2,838,793	270,006	2,568,787	539,075
Non-capitalized equipment	-	-	-	905
Total	4,952,863	2,050,474	2,902,389	1,823,299
Total central	5,806,886	2,817,421	2,989,465	2,585,029
Other supporting services				
Purchased services	760,147	788,647	(28,500)	672,173
Supplies and materials	4,473	9,109	(4,636)	527
Other objects	20,000	956	19,044	(40,185)
Total	784,620	798,712	(14,092)	632,515
Total support services	30,663,957	24,513,954	6,150,003	23,648,170
Community services				
Salaries	178,628	161,604	17,024	152,171
Employee benefits	50,892	38,923	11,969	42,857
Purchased services	91,227	96,136	(4,909)	84,701
Supplies and materials	20,239	9,693	10,546	5,815
Total community services	340,986	306,356	34,630	285,544
Payments to other districts and governmental units				
Payments for regular programs				
Purchased services	-	-	-	34,001
Total	-	-	-	34,001
Payments for CTE programs				
Other objects	40,280	35,981	4,299	3,715
Total	40,280	35,981	4,299	3,715

(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, 2016

WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016			2015
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET	ACTUAL
Payments for special education programs - tuition				
Other objects	\$ 1,050,000	\$ 902,147	\$ 147,853	\$ 954,620
Total	1,050,000	902,147	147,853	954,620
Total payments to other districts and governmental units	1,090,280	938,128	152,152	992,336
Total expenditures	81,712,117	73,866,073	7,846,044	68,356,900
Excess (deficiency) of revenues over expenditures	(314,370)	637,717	952,087	1,936,436
Other financing sources (uses)				
Transfer to debt service fund to pay principal on capital leases	(108,987)	(108,987)	-	(104,981)
Transfer to debt service fund to pay interest on capital leases	(6,469)	(6,469)	-	(10,475)
Total other financing sources (uses)	(115,456)	(115,456)	-	(115,456)
Net change in fund balance	\$ (429,826)	522,261	\$ 952,087	1,820,980
Fund balance, beginning of year		40,008,092		38,187,112
Fund balance, end of year		\$ 40,530,353		\$ 40,008,092

(Concluded)

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, 2016
WITH COMPARATIVE ACTUAL AMOUNTS FOR THE YEAR ENDED JUNE 30, 2015

	2016		VARIANCE WITH FINAL BUDGET	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
Revenues				
Local sources				
Investment income	\$ 12,199	\$ 18,575	\$ 6,376	\$ 17,071
Total local sources	12,199	18,575	6,376	17,071
Total revenues	12,199	18,575	6,376	17,071
Expenditures				
Total expenditures	-	-	-	-
Net change in fund balance	\$ 12,199	18,575	\$ 6,376	17,071
Fund balance, beginning of year		7,862,864		7,845,793
Fund balance, end of year		\$ 7,881,439		\$ 7,862,864

J. STERLING MORTON HIGH SCHOOL DISTRICT 201OPERATING COST AND TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
Operating Cost Per Pupil		
Average Daily Attendance (ADA):	<u>7,171</u>	<u>7,103</u>
Operating Costs:		
Educational	\$ 73,866,073	\$ 68,356,900
Operations and maintenance	19,981,138	19,893,422
Debt service	9,360,456	9,360,456
Transportation	2,956,768	3,585,433
Municipal retirement/social security	<u>3,145,350</u>	<u>3,144,299</u>
Subtotal	<u>109,309,785</u>	<u>104,340,510</u>
Less Revenues/Expenditures of Nonregular Programs:		
Tuition	2,355,805	3,243,999
Adult education	193,774	213,581
Summer school	444,394	300,006
Capital outlay	9,478,520	9,725,737
Non-capitalized equipment	129,762	51,239
Debt principal retired	9,346,659	9,340,458
Community services	337,879	315,655
Payments to other districts & governmental units	<u>938,128</u>	<u>992,336</u>
Subtotal	<u>23,224,921</u>	<u>24,183,011</u>
Operating costs	<u>\$ 86,084,864</u>	<u>\$ 80,157,499</u>
Operating Cost Per Pupil - Based on ADA	<u>\$ 12,005</u>	<u>\$ 11,285</u>
Tuition Charge		
Operating Costs	\$ 86,084,864	\$ 80,157,499
Less - revenues from specific programs, such as special education or lunch programs	<u>18,536,602</u>	<u>18,688,268</u>
Net operating costs	67,548,262	61,469,231
Depreciation allowance	<u>4,995,873</u>	<u>3,184,916</u>
Allowable Tuition Costs	<u>\$ 72,544,135</u>	<u>\$ 64,654,147</u>
Tuition Charge Per Pupil - based on ADA	<u>\$ 10,117</u>	<u>\$ 9,102</u>

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, 2016**

	BALANCE JULY 1, 2015	ADDITIONS	DELETIONS	BALANCE JUNE 30, 2016
Assets				
Cash and Investments	\$ 863,788	\$ 934,866	\$ 801,692	\$ 996,962
Total assets	<u>\$ 863,788</u>	<u>\$ 934,866</u>	<u>\$ 801,692</u>	<u>\$ 996,962</u>
Liabilities				
Due to activity fund organizations:				
District Office	\$ 391,807	\$ 336,584	\$ 247,428	\$ 480,963
Morton East	170,608	271,265	235,067	206,806
Morton West	275,747	307,950	297,030	286,667
Freshmen Center	<u>25,626</u>	<u>19,067</u>	<u>22,167</u>	<u>22,526</u>
Total liabilities	<u>863,788</u>	<u>934,866</u>	<u>801,692</u>	<u>996,962</u>
Total Activity Accounts	<u>\$ 863,788</u>	<u>\$ 934,866</u>	<u>\$ 801,692</u>	<u>\$ 996,962</u>

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.

Contents

Page

Financial Trends

88 - 95

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

96 - 101

These schedules contain information to help the reader assess the District's most significant local revenue source, the property tax.

Debt Capacity

102 - 106

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

107 - 110

These schedules offer demographic and economic indicators to help the reader understand the environment within the District's financial activities take place.

Operating Information

111 - 115

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

	2016	2015	2014	2013	2012
Governmental activities					
Net investment in capital assets	\$ 82,907,613	\$ 77,475,998	\$ 70,893,937	\$ 65,124,681	\$ 64,372,629
Restricted	9,764,671	8,856,602	9,843,189	9,672,732	9,253,577
Unrestricted	<u>(33,027,575)</u>	<u>(38,791,327)</u>	<u>(35,816,718)</u>	<u>(40,895,871)</u>	<u>(26,908,952)</u>
Total governmental activities net position	<u>\$ 59,644,709</u>	<u>\$ 47,541,273</u>	<u>\$ 44,920,408</u>	<u>\$ 33,901,542</u>	<u>\$ 46,717,254</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

2011	2010	2009	2008	2007
\$ 58,640,092	\$ 57,368,295	\$ 44,743,143	\$ 65,057,434	\$ 62,616,806
8,676,643	13,179,338	12,870,395	13,068,474	13,197,422
<u>(30,222,985)</u>	<u>(49,263,655)</u>	<u>(29,989,602)</u>	<u>(28,777,734)</u>	<u>(28,751,490)</u>
<u>\$ 37,093,750</u>	<u>\$ 21,283,978</u>	<u>\$ 27,623,936</u>	<u>\$ 49,348,174</u>	<u>\$ 47,062,738</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Expenses				
Instruction:				
Regular programs	\$ 33,615,215	\$ 29,479,389	\$ 32,209,779	\$ 40,056,603
Special programs	14,533,039	13,318,024	12,877,911	11,469,318
Other instructional programs	5,210,917	4,661,423	4,758,764	4,910,920
State retirement contributions	19,122,886	22,567,450	13,505,305	-
Support services:				
Pupils	7,569,307	7,337,446	7,497,424	7,425,862
Instructional staff	4,835,915	4,807,616	4,114,956	4,101,633
General administration	2,418,910	1,957,785	1,756,258	1,703,753
School administration	2,431,157	2,305,537	2,219,376	2,234,213
Business	5,060,848	5,045,886	5,507,285	4,739,495
Transportation	3,015,933	3,496,900	3,159,852	3,477,394
Operations and maintenance	13,060,773	12,840,545	12,060,837	13,172,461
Central	2,650,080	2,205,583	1,910,659	1,284,400
Other supporting services	609,834	208,175	1,334,603	1,455,462
Community services	345,267	320,293	289,783	-
Payments to other districts and gov't units - excluding special education	35,981	37,716	138,798	-
Interest and fees	4,189,745	4,427,638	4,653,702	4,868,499
Unallocated depreciation	-	-	-	-
Total expenses	\$ 118,705,807	\$ 115,017,406	\$ 107,995,292	\$ 100,900,013
Program Revenues				
Charges for services				
Instruction:				
Regular programs	\$ 1,070,163	\$ 803,423	\$ 1,222,024	\$ 2,459,155
Other instructional programs	347,886	301,973	378,624	-
Support services:				
Business	631,824	683,524	840,106	896,441
Operations and maintenance	91,152	101,351	81,952	76,498
Other	-	-	-	-
Operating grants and contributions	37,682,319	39,909,912	30,114,127	25,383,170
Capital grants and contributions	-	-	148,000	2,041,567
Total program revenues	\$ 39,823,344	\$ 41,800,183	\$ 32,784,833	\$ 30,856,831
Net (expense)/revenue	\$ (78,882,463)	\$ (73,217,223)	\$ (75,210,459)	\$ (70,043,182)
General revenues				
Taxes:				
Real estate taxes, levied for general purposes	\$ 25,038,738	\$ 24,438,199	\$ 23,919,446	\$ 28,585,409
Real estate taxes, levied for specific purposes	10,571,376	9,842,721	10,565,125	4,385,031
Real estate taxes, levied for debt service	9,281,278	9,255,730	9,360,364	8,993,119
Personal property replacement taxes	5,210,151	6,520,552	6,065,527	-
State aid-formula grants	40,659,477	37,147,286	36,195,725	34,010,276
Federal Medicaid reimbursement	-	-	-	345,307
Investment earnings	154,801	137,644	117,484	106,142
Miscellaneous	60,457	39,606	5,654	6,316,300
Total general revenues	\$ 90,976,278	\$ 87,381,738	\$ 86,229,325	\$ 82,741,584
Change in net position	\$ 12,093,815	\$ 14,164,515	\$ 11,018,866	\$ 12,698,402

Source of Information: District Records

Note: District aggregated information differently for fiscal years 2014 through 2016 when compared to prior years.

2012	2011	2010	2009	2008	2007
\$ 43,950,117	\$ 43,543,304	\$ 45,839,828	\$ 35,506,727	\$ 32,840,735	\$ 31,178,139
10,248,130	15,992,179	13,871,762	13,646,452	13,476,188	12,384,801
5,852,209	936,964	3,918,525	4,590,376	4,004,796	3,981,500
-	-	-	-	-	-
5,971,774	5,948,820	5,926,067	6,313,227	5,942,736	6,275,113
4,221,857	2,516,264	2,634,026	2,315,546	1,524,689	1,350,753
1,700,663	1,752,128	1,371,944	2,097,396	2,233,817	1,782,995
2,002,459	1,951,217	2,224,374	2,859,073	2,729,998	2,806,161
5,630,427	6,166,698	5,376,908	5,722,374	5,584,450	5,302,283
3,595,525	3,361,030	2,920,439	2,496,884	2,622,414	2,240,105
12,212,693	10,933,498	10,188,107	11,571,176	11,604,753	11,521,862
104,893	1,029,143	1,130,022	1,341,619	1,286,712	1,438,314
1,911,751	1,081,710	1,223,183	991,534	614,345	634,446
-	-	-	-	-	-
-	-	-	-	-	-
4,908,317	725,445	5,655,441	5,779,209	5,812,788	5,811,342
-	-	-	-	-	-
<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>	<u>\$ 86,707,814</u>
\$ 1,061,660	\$ 1,221,347	\$ 981,055	\$ 1,111,589	\$ 1,008,116	\$ 1,150,810
-	-	-	-	-	-
1,008,450	1,944,223	2,113,122	2,304,348	2,471,798	2,422,234
64,374	63,300	37,050	44,265	28,174	32,695
1,419,548	735,430	-	-	-	-
24,643,116	27,713,879	21,621,187	18,646,339	16,713,537	12,112,869
2,960,697	-	-	-	1,531,066	1,252,690
<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>\$ 16,971,298</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>	<u>\$ (69,736,516)</u>
\$ 29,083,104	\$ 26,387,338	\$ 27,408,897	\$ 27,447,900	\$ 25,562,776	\$ 25,320,437
3,791,022	4,351,000	3,580,715	3,119,627	3,418,626	3,274,119
9,460,799	9,254,374	9,477,658	9,131,114	9,286,805	9,403,735
-	-	-	-	-	-
32,280,783	32,448,996	24,072,708	26,952,448	22,919,697	21,840,725
496,703	497,182	415,224	329,722	320,483	305,521
116,083	177,282	356,031	609,878	1,820,321	2,238,059
5,547,980	6,953,821	5,877,021	6,384,633	7,482,458	6,792,885
<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>\$ 69,175,481</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>	<u>\$ (561,035)</u>

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

	2016	2015	2014	2013
General Fund				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nonspendable	470,969	605,246	535,383	115,232
Restricted	-	-	-	-
Unassigned	<u>47,940,823</u>	<u>47,265,710</u>	<u>45,497,522</u>	<u>46,042,817</u>
Total general fund	<u>\$ 48,411,792</u>	<u>\$ 47,870,956</u>	<u>\$ 46,032,905</u>	<u>\$ 46,158,049</u>
All other governmental funds				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Debt service fund	-	-	-	-
Special revenue funds	-	-	-	-
Capital projects fund	-	-	-	-
Nonspendable, reported in:				
Debt service fund	9,621	-	-	-
Special revenue funds	194,264	258,765	-	-
Capital projects fund	-	-	-	-
Restricted, reported in:				
Special revenue funds	938,849	781,202	1,044,629	1,045,977
Debt service fund	6,277,482	6,198,298	6,137,302	5,971,527
Capital projects fund	2,655,522	2,658,304	2,661,258	2,655,228
Assigned, reported in:				
Special revenue funds	1,350,181	1,302,558	920,028	-
Unassigned, reported in:				
Special revenue funds	-	-	-	(188,385)
Capital projects fund	-	-	-	-
Total all other governmental funds	<u>\$ 11,425,919</u>	<u>\$ 11,199,127</u>	<u>\$ 10,763,217</u>	<u>\$ 9,484,347</u>

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

Source of information: Fiscal years 2007 - 2016 Annual Financial Statements

2012	2011	2010	2009	2008	2007
\$ -	\$ -	\$ 227,388	\$ 194,629	\$ 1,794,287	\$ 9,036,103
-	-	22,793,351	25,533,411	26,526,056	22,871,722
199,367	201,967	-	-	-	-
-	-	-	-	-	-
40,042,639	38,003,609	-	-	-	-
<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>	<u>\$ 31,907,825</u>
\$ -	\$ -	\$ 2,327,634	\$ 7,501,216	\$ 7,567,144	\$ 7,718,461
-	-	5,897,682	5,197,113	5,297,302	5,548,466
-	-	7,591,915	2,721,807	2,319,128	3,157,716
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
860,385	507,042	-	-	-	-
5,978,397	5,985,256	-	-	-	-
2,414,795	2,184,345	-	-	-	-
-	-	-	-	-	-
(646,621)	(359,250)	-	-	-	-
(1,861,635)	(25,266)	-	-	-	-
<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>	<u>\$ 16,424,643</u>

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Revenues				
Local Sources				
Taxes	\$ 50,101,543	\$ 50,057,202	\$ 49,910,462	\$ 42,938,858
Earnings on investments	154,801	137,644	117,484	106,142
Other local sources	<u>2,201,482</u>	<u>1,929,877</u>	<u>2,528,360</u>	<u>8,807,399</u>
Total local sources	<u>52,457,826</u>	<u>52,124,723</u>	<u>52,556,306</u>	<u>51,852,399</u>
State sources	65,029,204	66,723,666	56,901,240	54,068,462
Federal sources	<u>11,713,269</u>	<u>10,333,532</u>	<u>9,556,612</u>	<u>7,677,554</u>
Total Revenues	<u>\$ 129,200,299</u>	<u>\$ 129,181,921</u>	<u>\$ 119,014,158</u>	<u>\$ 113,598,415</u>
Expenditures				
Current:				
Instruction	\$ 67,649,839	\$ 66,480,680	\$ 59,960,159	\$ 52,598,186
Supporting services	40,667,849	40,033,096	38,615,960	41,938,722
Community services	337,879	315,655	289,783	101,058
Nonprogrammed charges	938,128	992,336	1,240,958	944,923
Debt service				
Principal	9,346,659	9,340,458	9,334,527	5,518,979
Interest and other	13,797	19,998	25,939	3,841,478
Capital outlay	<u>9,478,520</u>	<u>9,725,737</u>	<u>8,393,106</u>	<u>-</u>
Total expenditures	<u>128,432,671</u>	<u>126,907,960</u>	<u>117,860,432</u>	<u>104,943,346</u>
Excess (deficiency) of revenue over expenditures	767,628	2,273,961	1,153,726	8,655,069
Other Financing Sources (Uses)				
Proceeds from borrowing	-	-	-	-
Principal on capital lease proceeds	-	-	-	-
Transfers in	165,456	165,456	165,456	165,457
Transfers out	(165,456)	(165,456)	(165,456)	(165,457)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u><u>767,628</u></u>	<u><u>2,273,961</u></u>	<u><u>1,153,726</u></u>	<u><u>8,655,069</u></u>
Debt service as a percentage of noncapital expenditures	7.29%	7.99%	8.55%	8.92%

Source of information: Fiscal years 2007 - 2016 Annual Financial Statements

2012	2011	2010	2009	2008	2007
\$ 42,239,027	\$ 40,164,833	\$ 42,223,133	\$ 38,855,607	\$ 37,659,115	\$ 36,960,952
116,083	177,282	356,031	609,878	1,820,321	2,238,059
<u>9,102,012</u>	<u>10,343,390</u>	<u>9,008,248</u>	<u>9,844,835</u>	<u>10,990,546</u>	<u>10,398,624</u>
<u>51,457,122</u>	<u>50,685,505</u>	<u>51,587,412</u>	<u>49,310,320</u>	<u>50,469,982</u>	<u>49,597,635</u>
51,693,831	49,785,958	37,876,068	33,609,937	34,301,165	31,297,773
<u>8,687,468</u>	<u>11,448,830</u>	<u>13,065,980</u>	<u>11,611,572</u>	<u>5,165,618</u>	<u>4,214,032</u>
<u>\$ 111,838,421</u>	<u>\$ 111,920,293</u>	<u>\$ 102,529,460</u>	<u>\$ 94,531,829</u>	<u>\$ 89,936,765</u>	<u>\$ 85,109,440</u>
\$ 58,223,679	\$ 57,149,042	\$ 61,564,405	\$ 51,133,318	\$ 47,026,928	\$ 44,243,329
42,760,354	36,443,226	32,983,632	35,098,833	33,203,340	32,437,013
120,961	117,012	108,162	83,227	80,780	78,769
1,234,816	911,698	938,467	548,243	572,105	652,990
4,591,987	4,273,133	4,661,696	5,281,648	6,496,502	7,422,885
4,653,013	4,971,867	4,583,304	3,963,352	2,698,498	1,772,115
<u>289,632</u>	<u>394,582</u>	<u>-</u>	<u>1,177,716</u>	<u>2,017,163</u>	<u>4,881,408</u>
<u>111,874,442</u>	<u>104,260,560</u>	<u>104,839,666</u>	<u>97,286,337</u>	<u>92,095,316</u>	<u>91,488,509</u>
(36,021)	7,659,733	(2,310,206)	(2,754,508)	(2,158,551)	(6,379,069)
-	-	-	398,767	-	-
525,645	-	-	-	-	-
-	50,000	50,000	-	500,000	-
-	(50,000)	(50,000)	-	(500,000)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>525,645</u>	<u>-</u>	<u>-</u>	<u>398,767</u>	<u>-</u>	<u>-</u>
<u>489,624</u>	<u>7,659,733</u>	<u>(2,310,206)</u>	<u>(2,355,741)</u>	<u>(2,158,551)</u>	<u>(6,379,069)</u>
8.29%	8.90%	8.82%	9.62%	10.21%	10.62%

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
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
2006		1,975,591,559		(21,743,984)		-1.09%		5,926,774,677

Tax Levy Year		Real Estate		Railroad		Air Pollution		Total EAV
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
2006		1,961,222,776		14,359,331		9,452		1,975,591,559

Source: Cook County Levy, Rate, and Extension Reports for the years 2006 to 2015.

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

	2015	2014	2013	2012	2011
OVERLAPPING GOVERNMENT:					
County of Cook	0.552	0.568	0.560	0.531	0.462
Forest Preserve District	0.069	0.069	0.069	0.063	0.058
Suburban TB Sanitarium	-	-	-	-	-
Consolidated Elections	0.034	-	0.031	-	0.025
Town of Berwyn	0.061	0.059	0.053	0.048	0.042
General Assistance - Berwyn	0.053	0.051	0.046	0.042	0.037
Metropolitan Water Reclamation District	0.426	0.430	0.417	0.370	0.320
Community College #527	0.698	0.670	0.613	0.556	0.504
City of Berwyn	4.901	4.533	3.990	3.369	2.984
City of Berwyn Library Fund	0.577	0.555	0.476	0.448	0.396
Public Health - Berwyn	0.105	0.103	0.095	0.089	0.078
Mental Health - Berwyn	0.092	0.087	0.076	0.070	0.063
School District #98	4.134	3.971	3.639	3.346	3.582
North Berwyn Park District	0.513	0.492	0.455	0.355	0.371
Total overlapping rate (note)	12.2150	11.5880	10.5200	9.2870	8.9220
DIRECT DEBT:					
Morton S.D. #201	3.339	3.216	2.954	2.732	2.454
Representative Tax Rate	15.554	14.804	13.474	12.019	11.376
OTHER:					
Berwyn Park District	0.456	0.438	0.396	0.374	0.316
School District #100	4.568	4.265	3.919	3.645	3.197
Town of Cicero	6.315	5.760	5.183	4.522	4.566
General Assistance - Cicero	0.049	0.047	0.062	0.068	0.051
Clyde Park District	0.542	0.556	0.545	0.505	0.458
Cicero Library Fund	0.338	0.351	0.322	0.289	0.231
Mental Health - Cicero	0.120	0.104	0.096	0.100	0.077
School District #99	5.238	4.998	4.670	4.302	3.874
Town of Lyons	0.070	0.068	0.068	0.063	0.059
Road and Bridges - Lyons	0.049	0.048	0.048	0.044	0.041
General Assistance - Lyons	0.003	0.003	0.003	0.003	0.003
Des Plaines Valley Mosquito	0.017	0.016	0.016	0.015	0.014
Mental Health - Lyons	0.115	0.112	0.112	0.103	0.095
School District #103	5.924	5.418	5.293	4.856	4.367
Village of Lyons	2.503	2.416	2.204	2.039	1.832
Village of Lyons Library	0.468	0.449	0.402	0.373	0.334
Town of Stickney	0.293	0.283	0.277	0.250	0.231
Road and Bridge - Stickney Twp.	0.084	0.080	0.074	0.067	0.059
General Assistance - Stickney	0.020	0.026	0.023	0.020	0.017
Stickney - Forest View Library	0.489	0.470	0.441	0.499	0.450
Public Health - Stickney	0.274	0.276	0.262	0.240	0.180
Village of Stickney	3.721	3.646	3.326	3.052	2.768

*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.

2010	2009	2008	2007	2006
0.423	0.394	0.415	0.446	0.500
0.051	0.049	0.051	0.053	0.057
-	-	-	-	0.005
-	0.021	-	0.012	-
0.032	0.032	0.031	0.032	0.031
0.028	0.026	0.025	0.026	0.025
0.274	0.261	0.252	0.263	0.284
0.392	0.393	0.389	0.411	0.417
2.310	2.278	1.937	2.135	2.040
0.319	0.281	0.280	0.308	0.176
0.060	0.061	0.059	0.061	0.060
0.048	0.046	0.046	0.048	0.051
2.836	2.814	2.949	3.371	3.248
0.288	0.286	0.286	0.301	0.300
7.0610	6.9420	6.7200	7.4670	7.1940
1.858	1.848	1.835	1.960	2.001
8.919	8.790	8.555	9.427	9.195
0.307	0.307	0.300	0.320	0.321
2.499	2.492	2.443	2.568	2.615
3.388	3.344	3.243	3.613	3.754
0.037	0.036	0.030	0.023	0.024
0.333	0.308	0.289	0.363	0.368
0.166	0.161	0.156	0.168	0.174
0.063	0.062	0.060	0.065	0.068
2.799	2.786	2.704	2.893	2.655
0.048	0.047	0.046	0.033	0.033
0.033	0.033	0.032	0.034	0.034
0.002	0.002	0.002	0.003	0.003
0.011	0.011	0.012	0.012	0.012
0.078	0.076	0.074	0.081	0.081
3.377	3.287	3.263	3.444	3.521
1.382	1.634	1.419	1.410	1.431
0.252	0.243	0.298	0.254	1.557
0.195	0.181	0.180	0.191	0.194
0.048	0.045	0.043	0.045	0.045
0.014	0.015	0.009	0.010	0.010
0.348	0.338	0.327	0.350	0.360
0.180	0.180	0.164	0.195	0.198
2.128	2.118	1.894	1.961	1.970

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

PRINCIPAL PROPERTY TAXPAYERS IN THE DISTRICT

CURRENT YEAR AND NINE YEARS AGO

TAXPAYER	2015 EQUALIZED ASSESSED VALUATION *	Rank	PERCENTAGE OF TOTAL 2015 EQUALIZED ASSESSED VALUATION (1)
MacNeal Hospital Finance	\$ 21,460,555	1	1.54%
Hawthorne Wrks Ste 316	11,302,667	2	0.81%
Wal-Mart Real Estate	10,006,872	3	0.72%
Thomas Carey Heirs	8,229,173	4	0.59%
Concordia Realty Mgmt	7,267,929	5	0.52%
HB Lyons Cold Storage	6,863,270	6	0.49%
Heartland Bank	6,752,554	7	0.48%
Cicero Marketplace	6,462,541	8	0.46%
Dimucci Development Co	5,946,968	9	0.43%
Bridge Development	5,900,932	10	0.42%
	<u>\$ 90,193,461</u>		<u>6.47%</u>

(1) 2015 total equalized assessed valuation is \$1,393,851,949.

TAXPAYER	2006 EQUALIZED ASSESSED VALUATION	Rank	PERCENTAGE OF TOTAL 2006 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, 2005 CAFR

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN LEVY YEARS

	2015	2014	2013	2012	2011
Rates extended:					
Educational	1.9048	1.7459	1.5971	1.4373	1.2546
Special education	0.0301	0.0296	0.0271	0.0249	0.0222
Operations and maintenance	0.4242	0.4856	0.4442	0.4093	0.3650
Tort immunity	0.0000	0.0000	0.0000	0.0000	0.0000
Transportation	0.0773	0.0759	0.0694	0.0640	0.0571
Illinois municipal retirement/Social security	0.1964	0.1930	0.1766	0.1968	0.1755
Bond and interest	0.7059	0.6857	0.6396	0.5996	0.5516
Working Cash	0.0000	0.0000	0.0000	0.0000	0.0000
Life Safety	0.0000	0.0000	0.0000	0.0000	0.0272
Total rates extended	<u>3.3387</u>	<u>3.2157</u>	<u>2.9540</u>	<u>2.7319</u>	<u>2.4532</u>
Property tax extensions:					
Educational	\$ 26,550,091	\$ 25,051,065	\$ 24,556,565	\$ 23,584,606	\$ 22,378,351
Special education	419,549	424,715	416,851	408,583	395,982
Operations and maintenance	5,912,719	6,967,637	6,832,676	6,716,189	6,510,520
Tort immunity	-	-	-	-	-
Transportation	1,077,447	1,089,052	1,067,509	1,050,173	1,018,495
Illinois municipal retirement/Social security	2,737,524	2,769,262	2,716,458	3,229,284	3,130,400
Bond and interest	9,838,650	9,838,650	9,838,650	9,838,650	9,838,650
Life Safety	-	-	-	-	485,167
Total levies extended	<u>\$ 46,535,980</u>	<u>\$ 46,140,381</u>	<u>\$ 45,428,709</u>	<u>\$ 44,827,485</u>	<u>\$ 43,757,565</u>
Current year collections	22,432,444	21,832,435	21,893,735	21,666,948	21,572,327
Subsequent collections	-	21,946,313	21,762,964	22,036,163	20,852,281
Total collections	<u>\$ 22,432,444</u>	<u>\$ 43,778,748</u>	<u>\$ 43,656,699</u>	<u>\$ 43,703,111</u>	<u>\$ 42,424,608</u>
Percentage of extensions collected - current year collections	48.20%	47.32%	48.19%	48.33%	49.30%
Percentage of extensions collected - subsequent year collections	<u>0.00%</u>	<u>47.56%</u>	<u>47.91%</u>	<u>49.16%</u>	<u>47.65%</u>
Percentage of extensions collected - total	<u>48.20%</u>	<u>94.88%</u>	<u>96.10%</u>	<u>97.49%</u>	<u>96.95%</u>

Source of Information: Cook County Levy, Rate and Extension Reports for 2006 - 2015.

2010	2009	2008	2007	2006
0.9435	0.9464	0.9627	0.9994	1.0162
0.0167	0.0168	0.0166	0.0175	0.0183
0.2745	0.2753	0.2804	0.2910	0.2963
0.0000	0.0000	0.0000	0.0000	0.0000
0.0429	0.0430	0.0329	0.0435	0.0405
0.1320	0.1323	0.1106	0.1308	0.1314
0.4268	0.4338	0.4317	0.4769	0.4980
0.0000	0.0000	0.0000	0.0000	0.0000
0.0209	0.0000	0.0000	0.0000	0.0000
<u>1.8573</u>	<u>1.8476</u>	<u>1.8349</u>	<u>1.9591</u>	<u>2.0007</u>
\$ 21,751,438	\$ 21,464,054	\$ 21,940,177	\$ 20,618,955	\$ 20,075,766
385,001	380,298	379,038	360,518	360,867
6,328,319	6,244,227	6,391,524	6,004,073	5,854,041
-	1	1	1	1
989,016	974,999	750,000	900,000	800,000
3,043,125	3,000,092	2,522,668	2,698,038	2,594,268
9,838,650	9,838,650	9,838,650	9,838,650	9,838,650
481,828	-	-	-	-
<u>\$ 42,817,377</u>	<u>\$ 41,902,321</u>	<u>\$ 41,822,058</u>	<u>\$ 40,420,235</u>	<u>\$ 39,523,593</u>
20,912,293	20,703,666	18,366,839	17,808,015	17,520,465
19,991,172	19,365,952	21,446,494	21,028,151	20,361,814
<u>\$ 40,903,465</u>	<u>\$ 40,069,618</u>	<u>\$ 39,813,333</u>	<u>\$ 38,836,166</u>	<u>\$ 37,882,279</u>
48.84%	49.41%	43.92%	44.06%	44.33%
<u>46.69%</u>	<u>46.22%</u>	<u>51.28%</u>	<u>52.02%</u>	<u>51.52%</u>
<u>95.53%</u>	<u>95.63%</u>	<u>95.20%</u>	<u>96.08%</u>	<u>95.85%</u>

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

YEAR	CAPITAL APPRECIATION BONDS	CAPITAL LEASES & LOANS	TOTAL
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
2007	72,556,550	-	72,556,550

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 POPULATING		GENERAL OBLIGATION BONDED DEBT PER CAPITA	PERCENTAGE OF GENERAL OBLIGATION BONDED DEBT TO PERSONAL INCOME
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%
2006	79,979,435	1,997,335,543	4.00%	151,497		528	1.34%

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, 2016

GOVERNMENTAL JURISDICTION	DEBT OUTSTANDING	OVERLAPPING PERCENT	NET DIRECT AND OVERLAPPING DEBT
Overlapping debt:			
Cook County	\$3,362,051,750	1.03%	\$ 34,763,615
Cook County Forest Preserve	116,060,000 (3)	1.03%	1,200,060
Lyons Township	3,175,000	4.96%	157,353
Metropolitan Water Reclamation District	2,629,938,991 (1)	1.05%	27,693,258
City of Berwyn	170,764,120 (2)(5)	100.00%	170,764,120
Town of Cicero	38,220,000 (4)	100.00%	38,220,000
Village of Forest View	1,380,000	45.21%	623,912
Village of Lyons	5,190,000 (3)(5)	95.23%	4,942,281
Village of McCook	25,610,000	28.40%	7,273,496
Village of Stickney	8,495,000	100.00%	8,495,000
Berwyn Park District	2,290,000	100.00%	2,290,000
Central Stickney Park District	1,237,000	1.45%	17,961
Clyde Park District	1,085,000	100.00%	1,085,000
Hawthorne Park District	169,015 (3)	100.00%	169,015
McCook Park District	519,000	28.60%	148,408
North Berwyn Park District	400,000 (3)	100.00%	400,000
McCook Public Library District	0 (3)	28.60%	-
School District #99	34,070,000	100.00%	34,070,000
School District #100	31,220,000	100.00%	31,220,000
School District #103	8,129,212 (2)	70.80%	5,755,807
School District #104	28,835,000	2.93%	844,577
Morton Community College District No. 527	3,895,000	100.00%	3,895,000
Total overlapping debt			<u>374,028,863</u>
Direct debt:			
J. Sterling Morton High School District # 201	27,805,158 (2)	100.00%	<u>27,805,158</u>
Total Direct and Overlapping Debt			<u>\$ 401,834,021</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 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 2015

Assessed Valuation	<u>\$ 1,393,851,949</u>
Debt Limit - 6.9% of Assessed Valuation	\$ 96,175,785
Total Debt Outstanding	28,012,352
Less: Exempted Debt	<u>-</u>
Net Subject to 6.9% Limit	<u>28,012,352</u>
Total Debt Margin	<u><u>\$ 68,163,433</u></u>

	2016	2015	2014	2013	2012
Debt Limit	\$ 96,175,785	\$ 99,004,728	\$ 106,135,685	\$ 113,221,863	\$ 123,075,585
Total Net Debt Applicable to Limit	<u>28,012,352</u>	<u>32,596,853</u>	<u>37,471,441</u>	<u>36,041,651</u>	<u>41,419,970</u>
Legal Debt Margin	<u><u>\$ 68,163,433</u></u>	<u><u>\$ 66,407,875</u></u>	<u><u>\$ 68,664,244</u></u>	<u><u>\$ 77,180,212</u></u>	<u><u>\$ 81,655,615</u></u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	29%	33%	35%	32%	34%

Source of Information: 2007 - 2016 Annual Financial Statements

2011	2010	2009	2008	2007
\$ 159,072,523	\$ 156,489,518	\$ 157,255,828	\$ 142,354,988	\$ 136,315,818
<u>45,971,016</u>	<u>50,298,677</u>	<u>55,629,563</u>	<u>60,762,746</u>	<u>67,008,084</u>
<u>\$ 113,101,507</u>	<u>\$ 106,190,841</u>	<u>\$ 101,626,265</u>	<u>\$ 81,592,242</u>	<u>\$ 69,307,734</u>
29%	32%	35%	43%	49%

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)
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%
2006	149,849		3,292,609	41,993		4.7%

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

2015				
EMPLOYER	EMPLOYEES	DATA SOURCE	RANK	PERCENTAGE OF TOTAL EMPLOYMENT*
MacNeal Hospital	2,200	(2)	1	3.183%
Wirtz Beverage Illinois, LLC	1,000	(2)	2	1.447%
Morton East & West High Schools	750	(3)	3	1.085%
LBP Manufacturing, Inc. (Levin Bros. Paper)	500	(1)	4	0.723%
Morton College	407	(3)	5	0.589%
Terrace Paper Co., Inc.	400	(1)	6	0.579%
Meade Electric Co.	400	(2)	6	0.579%
A&R Janitorial Services, Inc.	350	(2)	7	0.506%
USF Holland, Inc.	340	(2)	8	0.492%
Campagna-Turano Bakery	300	(1)	9	0.434%
Fontanini Italian Meats	270	(1)	10	0.391%
Saporito Finishing Co.	250	(1)	11	0.362%
Tru Vue, Inc. (HQ)	250	(1)	11	0.362%
Estes Express Lines, Inc.	245	(2)	12	0.354%
Corey Steel Company	200	(1)	13	0.289%
	<u>7,862</u>			<u>11.38%</u>

* The estimated number of persons employed in the District in 2015 per Illinois Department of Employment Security is 69,114.

2007				
EMPLOYER	EMPLOYEES	DATA SOURCE	RANK	PERCENTAGE OF TOTAL EMPLOYMENT
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, 2007 CAFR

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

NUMBER OF EMPLOYEES BY TYPE

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Instructional services:				
Regular programs				
Teachers	337.0	331.0	304.3	299.0
Clerical	-	-	-	-
Special programs				
Administrators	3.0	3.0	3.0	3.0
Teachers	53.0	50.0	52.5	55.0
Teaching assistants/clerical	49.0	54.0	62.0	68.0
Other programs				
Administrators	1.0	1.0	1.0	1.0
Teachers	8.0	8.0	9.0	9.0
Teaching assistants/clerical	10.0	10.0	12.0	7.0
Support services:				
Pupil support services				
Dean of students/administrators	9.0	9.0	11.0	9.0
Guidance counselors	25.0	25.0	27.0	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	41.0
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	2.0	2.0	2.0
Special area administration	3.0	3.0	3.0	3.0
Clerical	8.0	8.0	8.0	9.0
School administration services				
Principals and assistant principals	11.0	11.0	11.0	11.0
Clerical	9.0	9.0	9.0	10.0
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	20.0	21.0
Operations and maintenance of facilities				
Director/clerical	2.0	2.0	2.0	2.0
Engineers/custodial/maintenance	61.0	61.0	63.0	71.0
Security	64.0	53.0	57.5	54.0
Transportation services				
Bus drivers	1.0	1.0	2.0	2.0
Central services				
Information services	-	-	-	-
Data processing services	10.0	10.0	10.0	9.0
Total employees	768.0	752.0	753.3	754.0

Source: District records - full time equivalents.

2012	2011	2010	2009	2008	2007
300.0	334.0	369.0	324.2	317.8	322.4
-	-	-	-	-	-
3.0	3.0	3.0	-	-	-
57.0	58.0	68.0	59.0	61.2	58.2
70.0	70.0	63.0	63.0	57.0	51.0
1.0	1.0	-	-	-	-
9.0	9.0	68.0	53.2	60.4	64.4
6.0	6.0	26.0	26.0	27.0	23.0
9.0	9.0	9.0	9.0	9.0	9.0
24.0	26.0	28.0	27.0	25.0	26.0
4.0	4.0	4.0	3.0	3.6	4.0
3.0	3.0	3.0	3.0	3.0	3.0
34.0	34.0	34.0	33.5	31.5	35.5
5.0	5.0	5.0	7.8	-	-
-	-	-	-	-	-
-	-	-	-	-	-
3.0	3.0	5.0	5.0	5.0	5.6
9.0	9.0	13.0	13.0	13.0	12.0
1.0	1.0	1.0	1.2	0.2	-
2.0	2.0	3.0	1.0	1.0	1.0
1.0	1.0	7.0	6.3	5.0	5.0
9.0	9.0	9.0	9.0	9.0	9.0
11.0	11.0	12.0	17.0	17.0	17.0
13.0	13.0	17.0	17.5	16.5	15.5
1.0	1.0	1.0	1.8	1.8	2.0
18.0	18.0	18.0	18.0	18.0	18.0
20.0	25.0	25.0	25.0	25.0	23.0
2.0	2.0	2.0	2.0	2.0	2.0
71.0	71.0	71.0	70.0	70.0	71.0
51.0	47.0	47.0	47.0	39.0	37.0
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	1.0	2.0	1.0
10.0	10.0	10.0	12.0	11.0	9.0
758.0	796.0	932.0	866.5	841.0	834.6

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**OPERATING INDICATORS BY PROGRAM**

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
Instruction				
Enrollment				
Regular Education	7,562	7,354	7,452	7,347
Special Education	937	945	850	843
Total Enrollment	8,499	8,299	8,302	8,190
Percentage of limited English proficient	10.4%	11.2%	9.9%	10.0%
Pupil support services				
Percentage of students with disabilities	11.3%	11.3%	10.2%	10.3%
School Administration				
Student attendance rate	91.1%	88.5%	90.8%	89.0%
Fiscal Services				
Purchase orders processed	3,023	2,897	2,974	4,211
W-2's issued	1,105	1,145	1,129	1,138
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

2012	2011	2010	2009	2008	2007
7,309	7,730	7,414	7,392	7,145	7,122
1,035	823	992	1,018	963	964
8,344	8,553	8,406	8,410	8,108	8,086
10.0%	6.3%	5.6%	5.4%	3.6%	5.3%
12.4%	9.7%	11.8%	12.1%	11.9%	11.9%
86.9%	86.9%	84.8%	90.5%	89.7%	86.3%
3,931	4,099	4,600	4,700	4,500	4,000
1,200	1,200	1,214	1,226	1,232	1,233
1,354,175	1,345,425	1,345,425	1,345,425	1,345,425	1,324,895
69	69	69	69	69	66

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

SCHOOL BUILDING INFORMATION

LAST TEN FISCAL YEARS

	2016	2015	2014	2013
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	3,394	3,352
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	3,479	3,379
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	1,225	1,244
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	85	110
Morton Alternative School (leased)				
Enrollment (students housed)	n/a	n/a	n/a	n/a

2012	2011	2010	2009	2008	2007
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
3,220	3,220	3,220	3,539	3,496	3,300
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
3,892	3,892	3,892	3,501	3,184	3,428
14.17	14.17	14.17	14.17	14.17	17.23
213,030	213,030	213,030	213,030	213,030	213,030
1,500	1,500	1,500	1,500	1,500	1,500
1,337	1,337	1,337	1,260	1,265	1,223
3.06	3.06	3.06	3.06	3.06	n/a
20,530	20,530	20,530	20,530	20,530	n/a
126	126	126	126	126	n/a
104	104	104	76	82	n/a
n/a	n/a	n/a	n/a	n/a	61

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
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%
2007	64,260,276	6,794.18	9,458	7.42%

(1) Total operating expenses

Source of Information: 2007 - 2016 Annual Financial Statements and Annual Financial Reports