

**J. STERLING MORTON HIGH  
SCHOOL DISTRICT NO. 201  
Cicero, Illinois**

**Comprehensive Annual Financial Report**

**Fiscal year ended  
June 30, 2013**

**Prepared by the:  
Business Office  
Mr. Ali Mehanti  
Chief Financial Officer**



## **INTRODUCTORY SECTION**

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# **J. STERLING MORTON HIGH SCHOOLS**

5041 WEST 31<sup>ST</sup> STREET, CICERO, IL 60804, (708) 780-2800

December 10, 2013

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, 2013. 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 2013 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 participates in one jointly governed organization. This organization is the Federation of Districts for Special Education (FDSE).

The School District also belongs to the Collective Liability Insurance Cooperative (CLIC) for property and casualty insurance coverage as well as worker's compensation 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 2013) is 10.8% compared to 9.8% reported last year. This compares to U.S. rates of 7.6% and 8.4% for the same periods, respectively.

## **THE DISTRICT AND ITS FACILITIES**

The School District served approximately 8,190 students during the 2013 fiscal year housed in four facilities. The enrollments per school, excluding private placements, were as follows:

<u>School</u>	<u>Grades</u>	<u>Enrollment</u>
Morton Freshman Center	9	1,244
Morton East	10-12	3,352
Morton West	9-12	3,379
Alternative School	9-12	110
Off Campus	9-12	105

## **MAJOR INITIATIVES**

- The District is currently bargaining with three of its five unions. The agreements with Teachers, Clerical and Maintenance Unit will end on June 30, 2013.
- In the 2012-2013 year, the district implemented a door access system to enhance the security for our students.
- The District has expanded its West campus cafeteria which was completed in August 2013 to better accommodate our students during lunch time.
- The District is currently implementing an online registration process to streamline the entire registration process for the students and parents.
- The District is currently looking into replacing the field turf for our football field. The project scope is to replace existing grass field at the stadium and replace with field turf. Some of the advantages for field turf are; lower maintenance costs, increase playability, lower water use, and a potential for fewer injuries.
- 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.

## **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 Business Manager 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**

This is the sixth year that 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 new 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 2013.

### **Risk Management**

The School District purchases insurance through a risk pool and through private insurance companies to manage its general liability, casualty, workers compensation and other risks. Medical and dental insurance are offered to the District's employees through a self-insurance plan that includes reinsurance through private insurance companies to limit the School District's liability for claims on both a specific and aggregate stop loss basis. Please refer to Notes 7, 8 and 9 in the Notes to Financial Statements for further information about the District's risk management programs.

### **Cash Management**

Information about the School District's deposits and investments can be found in Note 1d and Note 2 of the Notes to Financial Statements. The Chief Financial Officer serves as the District Treasurer with Harris N.A. serving as the current depository for cash. The District has adopted a formal written investment and cash management policy with the primary objectives, in the order of priority, of safety, liquidity, and yield. In conformance with the District's investment policy, all demand deposits and time deposits are secured by pledged collateral with a market value equal to no less than 100% of the deposits in excess of FDIC insurable limits. Evidence of the pledged collateral is maintained by the Business Office and a third party financial institution. During the year, cash in excess of cash flow forecasts has been invested in U.S. government securities and held in safekeeping by the District's depository bank, Harris N.A.

## **OTHER INFORMATION**

### **INDEPENDENT AUDIT**

The School District has an independent audit performed by the firm of Klein, Hall & Associates, LLC for the fiscal year ended June 30, 2013. The opinion of Klein, Hall & Associates, LLC can be found at the beginning of the Financial Section of this report.

## **ACKNOWLEDGEMENTS**

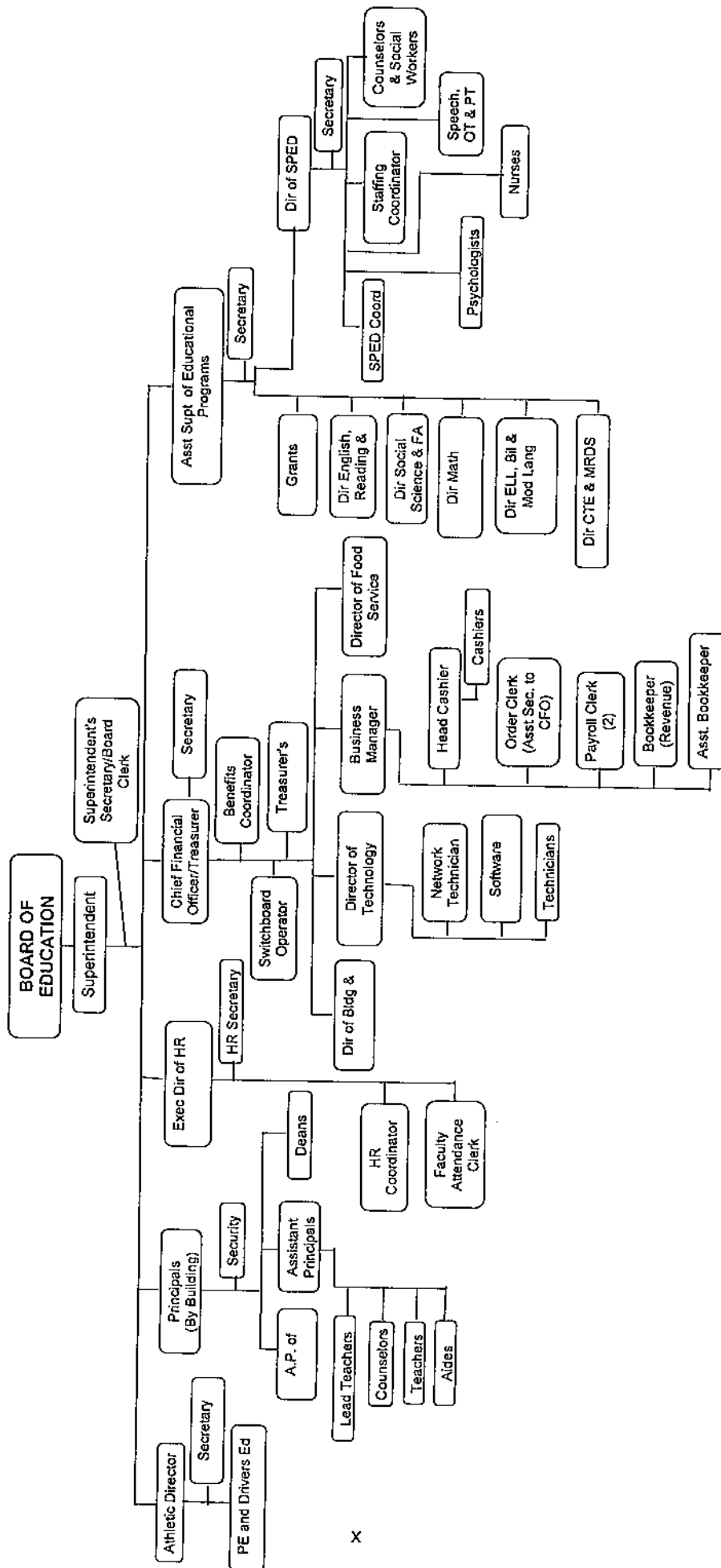
A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to the preparation of this report.

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

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Ali Mehanti', is written over a horizontal line.

Mr. Ali Mehanti  
Chief Financial Officer



**J. Sterling Morton High School District No. 201**  
5041 West 31<sup>st</sup> Street  
Cicero, IL 60804

**Officers and Officials**

As of June 30, 2013

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**Board of Education**

		<u>Term Expires</u>
Mr. Jeffry Pesek	President	April 2015
Mr. Joseph Keating	Vice President	April 2017
Ms. Jessica Jaramillo-Flores	Secretary	April 2017
Mr. Kasumba Lwanga	Member	April 2017
Mr. Mark Kraft	Member	April 2015
Mr. Michael Iniquez	Member	April 2015
Dr. Margaret Kelly	Member	April 2017

**District Administration**

Dr. Michael Kuzniewski	Superintendent
Mr. Timothy Truesdale	Asst. Superintendent of Curriculum & Inst.
Mr. Ali Mehanti	Chief Financial Officer

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**Official Issuing Report**

Mr. Ali Mehanti	Chief Financial Officer
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**Department Issuing Report**

Business Office

# Association of School Business Officials International



*The Certificate of Excellence in Financial Reporting Award  
is presented to*

**J. Sterling Morton High School District No.  
201**

*For Its Comprehensive Annual Financial Report (CAFR)  
For the Fiscal Year Ended June 30, 2012*

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



Ron McCulley, CPPB, RSBO  
President

John D. Musso, CAE, RSBA  
Executive Director

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## **FINANCIAL SECTION**



## *Independent Auditor's Report*

Board of Education  
J. Sterling Morton High School District No. 201  
Cicero, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of J. Sterling Morton High School District No. 201, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise J. Sterling Morton High School District No. 201's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

J. Sterling Morton High School District No. 201's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.<sup>2</sup> Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of J. Sterling Morton High School District No. 201, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information 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.

### *Other Information*

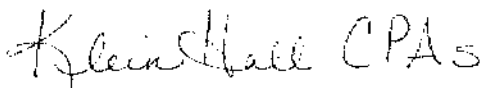
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise J. Sterling Morton High School District No. 201's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The statistical section 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.

### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2013 on our consideration of J. Sterling Morton High School District No. 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 No. 201's internal control over financial reporting and compliance.



Klein Hall CPAs  
Aurora, Illinois  
September 13, 2013

**J. Sterling Morton High School District No. 201**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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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, 2013. 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 of the School District exceeded its liabilities at June 30, 2013 by \$60,088,039 (*net position*). During the year, net position increased by \$13,370,785 from ordinary activities.
- General revenues accounted for \$83,716,883 or 73% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$30,856,831 or 27% of total revenues of \$114,573,714.
- The School District had \$101,202,929 in expenses. Of these expenses, only \$30,856,831 was offset by program specific charges for services, grants or contributions. Current year general revenues (primarily property taxes and general state aid) totaled \$83,716,883, which provided for the \$70,346,098 net cost for these programs, with the \$13,370,785 remainder increasing net position for the year.
- Among governmental funds, the General Fund had \$95,002,282 in revenues, \$88,920,782 in expenditures, and transfers out of \$165,457 for a net increase in fund balance of \$5,916,043.

**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

**J. Sterling Morton High School District No. 201**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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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.

### **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 2013?" 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* and *liabilities* 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 basic fund financial statements can be found on pages 15 - 20 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, 2013  
Unaudited

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***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. The notes to the financial statements can be found on pages 21 – 47 of this report.

**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 2013 and 2012. The School District's assets exceeded liabilities by \$60,088,039 (*net position*) on June 30, 2013. As shown in Table 2 (on page 7), governmental activities resulted in a \$13,370,785 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 (\$65.1 million). This component increased by \$0.8 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, 2013**  
**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 (-\$14.7 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 \$42.0 million in bonds payable, however, for which future revenues will be provided through a direct annual levy to service the debt.

**(Table 1)**  
**Condensed Statement of Net Position**  
**Governmental Activities**

	2013	2012
<b>Assets</b>		
Current and other assets	\$ 83,537,834	\$ 65,150,258
Capital assets	65,902,310	74,918,524
<b>Total Assets</b>	<u>149,440,144</u>	<u>140,068,782</u>
<b>Liabilities</b>		
Long-term liabilities	84,617,204	87,605,569
Other liabilities	4,734,901	5,745,959
<b>Total Liabilities</b>	<u>89,352,105</u>	<u>93,351,528</u>
<b>Net Position</b>		
Net investment in capital assets	65,124,681	64,372,629
Restricted	9,672,732	9,253,577
Unrestricted	<u>(14,709,374)</u>	<u>(26,908,952)</u>
<b>Total Net Position</b>	<u><u>\$ 60,088,039</u></u>	<u><u>\$ 46,717,254</u></u>

Table 2 on the next page shows the changes in total net position from governmental activities for fiscal years 2013 and 2012.

**J. Sterling Morton High School District No. 201**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

(Table 2)  
**Changes in Net Position**  
**Governmental Activities**

	2013	2012
<b>Revenues</b>		
<i>Program Revenues</i>		
Charges for services	\$ 3,432,094	\$ 3,554,032
Operating grants & contributions	25,383,170	24,643,116
Capital grants & contributions	2,041,567	2,960,697
Total Program Revenues	<u>30,856,831</u>	<u>31,157,845</u>
<i>General Revenues</i>		
Property taxes	42,938,858	42,334,925
Grants & entitlements not restricted to specific programs	34,355,583	32,774,486
Investment earnings	106,142	116,083
Miscellaneous	6,316,300	5,547,980
Total General Revenues	<u>83,716,883</u>	<u>80,773,474</u>
Total Revenues	<u>114,573,714</u>	<u>111,931,319</u>
<b>Program Expenses</b>		
<i>Instructional services</i>	56,436,841	60,050,456
<i>Support services</i>		
Pupils and instructional staff	11,527,495	10,193,631
Administration and business	8,677,461	9,333,549
Operation & maintenance of facilities	13,172,461	12,212,693
Pupil transportation	3,477,394	3,595,525
Central	1,284,400	104,893
Other	1,455,462	1,911,751
Interest on long-term debt	5,171,415	4,908,317
Total Program Expenses	<u>101,202,929</u>	<u>102,310,815</u>
Increase in Net Position	13,370,785	9,620,504
Net position - beginning	46,717,254	37,093,750
Net position - ending	<u>\$ 60,088,039</u>	<u>\$ 46,714,254</u>

Governmental activities increased the District's net position by \$13,370,785 for fiscal year 2013.



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The major source of revenues for governmental activities of the School District was local property taxes, which provided 37% and 38% of the School District's revenues in fiscal years 2013 and 2012, respectively. State and federal funding in the form of grants and entitlements provided another significant source of revenues to the School District, providing 52% of revenues in fiscal year 2013 and 51% in fiscal year 2012. The remainder of revenues was derived from charges for services, investment earnings and other miscellaneous revenues, which provided 11% and 11% of revenues in 2013 and 2012, respectively. These revenues for governmental activities support the various instructional programs, support services and financing of the District.

The major category of governmental activities provided by the School District is its instructional programs, which comprised 56% and 59% of total governmental program expenses in 2013 and 2012, respectively. Support services activities comprised another 39% and 36% of governmental program expenses in 2013 and 2012 with financing activities comprising the remaining 5% and 5% in 2013 and 2012.

The Statement of Activities on page 14 shows the cost of program services and the charges for services and grants offsetting those services. Table 3, below, shows the total cost of services and the net cost of services for governmental activities. That is, the table identifies the net cost of these services supported by tax revenues and unrestricted State entitlements.

**(Table 3)**  
**Net Cost of Governmental Activities**

	2013		2012	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
<i>Instructional Services</i>	\$ 56,436,841	\$ 34,421,399	\$ 60,050,456	\$ 39,501,677
<i>Support Services</i>				
Pupils and instructional staff	11,527,495	11,220,745	10,193,631	10,193,631
Administration and business	8,677,461	5,114,897	9,333,549	5,634,879
Operation & maintenance of facilities	13,172,461	11,054,396	12,212,693	8,905,118
Pupil transportation	3,477,394	623,384	3,595,525	1,412,252
Central	1,284,400	1,284,400	104,893	104,893
Other	1,455,462	1,455,462	1,911,751	492,203
<i>Interest and fiscal</i>	5,171,415	5,171,415	4,908,317	4,908,317
<b>Total Expenses</b>	<b>\$ 101,202,929</b>	<b>\$ 70,346,098</b>	<b>\$ 102,310,815</b>	<b>\$ 71,152,970</b>

**J. Sterling Morton High School District No. 201**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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Program revenues were \$30.9 million and \$31.2 million for 2013 and 2012, respectively, consisting primarily of grants received from other governments. Subtracting program revenues from the total cost of services derives the net cost of services. Total cost of services for 2013 was \$101.2 million, a decrease of \$1.1 million or 1.1% from the prior year.

#### **FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

Information about the School District's major funds starts on page 18. 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 \$55.6 million as of June 30, 2013. The balances and transactions of the School District's major funds are summarized below.

The General Fund had \$95.0 million in revenues and \$88.9 million in expenditures for a net increase in fund balance of \$5.9 million for fiscal 2013. The General Fund ended the year with a fund balance of \$46.2 million at June 30, 2013.

The Transportation Fund had approximately \$3.8 million in revenues and \$3.4 million in expenditures for a net increase in fund balance of \$0.4 million for fiscal 2013. The Transportation Fund ended the year with a negative fund balance of approximately \$188,385 at June 30, 2013.

The School District's other major fund is its 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 decreased by approximately \$6,870 during fiscal 2013. The fund balance at June 30, 2013 totaled \$6.0 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.

For the General Fund, actual revenues were approximately \$9.6 million or 11.2% more than budgeted and actual expenditures were \$3.4 million or 3.9% more than budgeted for a net favorable variance of \$6.2 million.

**J. Sterling Morton High School District No. 201**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2013**  
**Unaudited**

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**CAPITAL ASSETS**

**(Table 4)**  
**Capital Assets (Net of Depreciation) at June 30,**

	2013	2012
Land	\$ 13,512,003	\$ 13,260,678
Improvements other than buildings	2,112,539	2,271,831
Buildings and improvements	44,926,452	44,732,133
Equipment	5,351,316	4,885,616
Totals	<u>\$ 65,902,310</u>	<u>\$ 65,150,258</u>

Table 4 shows fiscal year 2013 balances compared to fiscal year 2012. At the end of fiscal year 2013, the School District had \$65,902,310 invested in land, buildings and improvements, furniture and equipment, vehicles and books and educational media. Capital assets (net of depreciation) increased by approximately \$0.7 million. The School District invested \$3.2 million in capital asset additions during the year and, recorded \$2.5 million in depreciation expense, resulting in the net increase in capital assets (net of depreciation) for fiscal year 2013.

For more information on capital assets, refer to Note 4 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, 2013  
Unaudited

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**DEBT ADMINISTRATION**

At June 30, 2013, the School District had \$84,617,204 in general obligation long-term debt outstanding; of the total, \$5,689,842 is due within one year. Table 5 summarizes debt outstanding:

(Table 5)  
**Outstanding Debt at June 30, 2013**

	2013	2012
General obligation bonds	\$ 42,013,178	\$ 47,398,367
Premium on bonds issued	8,201,401	8,705,661
Accreted interest on capital appreciation bonds	29,270,818	27,436,621
Other Debt	643,839	777,629
Other post-employment benefits	4,487,968	3,287,291
Totals	<u>\$ 84,617,204</u>	<u>\$ 87,605,569</u>

The School District's overall legal debt margin was \$77,180,212 with a ratio of Debt Service Expenditures to General Expenditures of 8.9%.

For more information on debt, refer to Note 5 of the notes to the basic financial statements.

**FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

The Board of Education will face many challenges over the next few school years. In FY2013, the School District has experienced an 89% proration in General State Aid. Keeping the reduction of GSA in mind, the FY2012 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

**J. Sterling Morton High School District No. 201**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2013  
Unaudited

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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 6)**  
**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	0.30	
	4.00	3.90	Recognition

The School District's ranking remained Recognition for fiscal year 2013. The District's Days Cash on Hand (DCOH) slightly increased from 161.95 to 203.43 days. The Fund Balance to Revenue Ratio (FBRR) increased from .458 to .518. The District's Percent of Long-Term Debt Margin Remaining (LTD) score remains unchanged 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.

#### **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 Ali Mehanti, Chief Financial Officer for J. Sterling Morton High School District 201, 5041 W. 31<sup>st</sup> Street, Cicero, IL 60804.

## **BASIC FINANCIAL STATEMENTS**

## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

	<u>Governmental Activities</u>
<b>Assets:</b>	
Cash and investments	\$ 56,164,729
Receivables:	
Property taxes	23,160,537
Due from other governments	4,097,336
Other current assets	4,600
Inventory	110,632
Capital assets:	
Land	13,512,003
Other capital assets, net of accumulated depreciation	<u>52,390,307</u>
Total assets	<u>149,440,144</u>
<b>Liabilities:</b>	
Accounts payable	1,047,007
Accrued salaries	3,687,894
Due to other funds	
Noncurrent liabilities:	
Due within one year	5,689,842
Due in more than one year	<u>78,927,362</u>
	<u>89,352,105</u>
<b>Net Position:</b>	
Net investment in capital assets	65,124,681
Restricted for:	
Debt service	5,971,527
Capital projects	2,655,228
Other purposes	1,045,977
Unrestricted (Deficit)	<u>(14,709,374)</u>
	<u>\$ 60,088,039</u>
Total net position	

See accompanying notes to basic financial statements



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
<b>Governmental Activities:</b>					
Instructional services:					
Regular programs	\$ 40,056,603	\$ 2,459,155	\$ 14,116,841	\$ -	\$ (23,480,607)
Special programs	11,469,318	-	5,439,446	-	(6,029,872)
Other programs	4,910,920	-	-	-	(4,910,920)
Support services:					
Pupils	7,425,862	-	-	-	(7,425,862)
Instructional staff	4,101,633	-	306,750	-	(3,794,883)
General administration	1,703,753	-	-	-	(1,703,753)
School administration	2,234,213	-	-	-	(2,234,213)
Business	4,739,495	896,441	2,666,123	-	(1,176,931)
Operation and maintenance of facilities	13,172,461	76,498	-	2,041,567	(11,054,396)
Transportation	3,477,394	-	2,854,010	-	(623,384)
Central	1,284,400	-	-	-	(1,284,400)
Community Service	101,058	-	-	-	(101,058)
Other	1,354,404	-	-	-	(1,354,404)
Interest on long-term liabilities	5,171,415	-	-	-	(5,171,415)
<b>Total school district</b>	<b>\$ 101,202,929</b>	<b>\$ 3,432,094</b>	<b>\$ 25,383,170</b>	<b>\$ 2,041,567</b>	<b>(70,346,098)</b>
<b>General revenues:</b>					
Property taxes levied for:					
General purposes					29,560,708
Transportation					1,078,635
Retirement					3,306,396
Debt service					8,993,119
Federal and state aid not restricted to specific purposes					34,355,583
Earnings on investments					106,142
Miscellaneous					6,316,300
Total general revenues					83,716,883
Change in net position					13,370,785
Net position - beginning					46,717,254
Net position - ending					\$ 60,088,039

See accompanying notes to basic financial statements

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## **FUND FINANCIAL STATEMENTS**

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	General	Transportation	Debt Service
<b><u>ASSETS</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 46,410,248	\$ 35,993	\$ 5,971,527
Receivables:			
Property taxes	15,970,224	545,921	4,964,976
Due from other governments	3,382,690	714,646	-
Due from other funds	900,000	-	-
Other current assets	4,600	-	-
Inventory	110,632	-	-
<b>TOTAL ASSETS</b>	<b><u>\$ 66,778,394</u></b>	<b><u>\$ 1,296,560</u></b>	<b><u>\$ 10,936,503</u></b>
<b><u>LIABILITIES AND FUND BALANCES</u></b>			
<b>Liabilities:</b>			
Accounts payable	\$ 1,007,983	\$ 39,024	\$ -
Accrued salaries and related expenditures	3,642,138	-	-
Due to other funds	-	900,000	-
Deferred revenue	15,970,224	545,921	4,964,976
<b>Total Liabilities</b>	<b><u>20,620,345</u></b>	<b><u>1,484,945</u></b>	<b><u>4,964,976</u></b>
<b>Fund Balances (Deficits):</b>			
Nonspendable	115,232	-	-
Restricted	-	-	5,971,527
Unassigned	46,042,817	(188,385)	-
Restricted - reported in Special revenue fund	-	-	-
Capital projects fund	-	-	-
<b>Total Fund Balances (deficit)</b>	<b><u>46,158,049</u></b>	<b><u>(188,385)</u></b>	<b><u>5,971,527</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 66,778,394</u></b>	<b><u>\$ 1,296,560</u></b>	<b><u>\$ 10,936,503</u></b>

See accompanying notes to basic financial statements.

Other Nonmajor Funds	Total Governmental Funds
\$ 3,746,961	\$ 56,164,729
1,679,416	23,160,537
-	4,097,336
-	900,000
-	4,600
-	110,632
<u>\$ 5,426,377</u>	<u>\$ 84,437,834</u>

\$ -	\$ 1,047,007
45,756	3,687,894
-	900,000
<u>1,679,416</u>	<u>23,160,537</u>
<u>1,725,172</u>	<u>28,795,438</u>
-	115,232
-	5,971,527
-	45,854,432
1,045,977	1,045,977
<u>2,655,228</u>	<u>2,655,228</u>
<u>3,701,205</u>	<u>55,642,396</u>
<u>\$ 5,426,377</u>	<u>\$ 84,437,834</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2013**

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<b>Total fund balances - governmental funds</b>	<b>\$ 55,642,396</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. The cost of the assets is \$110,708,484 and the accumulated depreciation is \$44,806,174.	65,902,310
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Some of the School District's property tax revenues will be collected after fiscal year-end but are not available soon enough to pay for the current period's expenditures and are therefore deferred in the funds.	23,160,537
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

Long-term debt	<u>(84,617,204)</u>
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<b>Net position of governmental activities</b>	<b><u>\$ 60,088,039</u></b>
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See accompanying notes to basic financial statements

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	General	Transportation	Debt Service	Other Nonmajor Funds	Totals Governmental Funds
<b>REVENUES</b>					
Local sources	\$ 38,151,843	\$ 989,141	\$ 9,188,130	\$ 3,523,285	\$ 51,852,399
State sources	49,172,885	2,854,010	-	2,041,567	54,068,462
Federal sources	7,677,554	-	-	-	7,677,554
<b>Total Revenues</b>	<b>95,002,282</b>	<b>3,843,151</b>	<b>9,188,130</b>	<b>5,564,852</b>	<b>113,598,415</b>
<b>EXPENDITURES</b>					
Current operating:					
Instruction	51,801,808	-	-	796,378	52,598,186
Support services	36,073,105	3,384,915	-	2,480,702	41,938,722
Community services	100,946	-	-	112	101,058
Non-programmed charges	944,923	-	-	-	944,923
Debt service:					
Principal	-	-	5,518,979	-	5,518,979
Interest and other	-	-	3,841,478	-	3,841,478
<b>Total Expenditures</b>	<b>88,920,782</b>	<b>3,384,915</b>	<b>9,360,457</b>	<b>3,277,192</b>	<b>104,943,346</b>
Excess (deficiency) of revenues over expenditures	6,081,500	458,236	(172,327)	2,287,660	8,655,069
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	165,457	-	165,457
Transfers out	(165,457)	-	-	-	(165,457)
<b>Total other financing sources (uses)</b>	<b>(165,457)</b>	<b>-</b>	<b>165,457</b>	<b>-</b>	<b>-</b>
<b>Net changes in fund balance</b>	<b>5,916,043</b>	<b>458,236</b>	<b>(6,870)</b>	<b>2,287,660</b>	<b>8,655,069</b>
Fund balances (deficits) at beginning of year	40,242,006	(646,621)	5,978,397	1,413,545	46,987,327
<b>FUND BALANCES (DEFICIT) AT END OF YEAR</b>	<b>\$ 46,158,049</b>	<b>\$ (188,385)</b>	<b>\$ 5,971,527</b>	<b>\$ 3,701,205</b>	<b>\$ 55,642,396</b>

See accompanying notes to basic financial statements.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2013**

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Net change in fund balances - total governmental funds	\$ 8,655,069
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$1,000 are capitalized and the cost is allocated over their estimated lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 3,246,920	
Depreciation expense	<u>(2,494,868)</u>	752,052

Because some of the property tax revenues will not be collected for several months after the School District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds.	975,299
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. These activities consist of:

Increase in other post employment benefits	(1,200,677)
Accretion on bonds	(5,644,008)

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 issuance costs and 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	504,260
Repayment of bond and loan principal	5,518,979
Repayment of accreted interest	<u>3,809,811</u>

Change in net position of governmental activities	<u>\$ 13,370,785</u>
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See accompanying notes to basic financial statements



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**AGENCY FUND - ACTIVITY FUND**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**YEAR ENDED JUNE 30, 2013**

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**Assets:**

Cash	<u>\$ 800,789</u>
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**Liabilities:**

Due to organizations	<u>\$ 800,789</u>
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See accompanying notes to basic financial statements.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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

J. Sterling Morton High School District No. 201 (the District) is governed by an elected Board of Education. The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the significant accounting policies, consistently applied in the preparation of the accompanying financial statements is described below.

In June 1999 the GASB unanimously approved Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

The financial statements include:

- A Management’s Discussion and Analysis (MD&A) providing an analysis of the District’s overall financial position and results of operations.
- Financial statements prepared using the full-accrual basis of accounting for all the District’s activities.
- A change in the fund financial statements to focus on major funds.

These financial statements incorporate Statement No. 34 as well as all GASB Statements.

**a. The Reporting Entity**

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include or exclude a potential component unit in reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which the District is financially accountable and has a financial benefit/burden relationship, and other organizations for which nature and significance of their relationship with the District are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization’s governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District also may be financially accountable if an organization is fiscally dependent on the District, regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board. There are no component units, as defined by GASB, which are included in the District’s reporting entity. Even though there are local government agencies within the geographic area served by the District, such as the municipality, library and park

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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district, these agencies have been excluded from the report because they are legally separate and the District is not financially accountable for them.

The District is not included as a component unit in any other governmental reporting entity, as defined by GASB pronouncements.

Joint Venture – the District is also a member of the following organization:

Federation of Districts for Special Education (See Note 6)

**b. Fund Accounting**

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. 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. The minimum number of funds is maintained consistent with legal and managerial requirements. The following summarizes the fund types used by the District:

GASB statement No. 54 refined the definitions of various governmental funds. These updated definitions are incorporated into the following fund descriptions.

Governmental funds include the following fund types:

**General Fund** - The General Fund, which consists of the legally mandated Educational Account, Operations and Maintenance Account and Working Cash Account, is used to account for the revenues and expenditures, which are used in providing education in the District. It is used to account for all financial resources except those required to be accounted for in other funds.

**Educational Account** – These accounts are used for most of the instructional and administrative aspects of the District's operations, as well as providing school lunch services to students. The revenue consists primarily of local property taxes, state government aid and student registration fees and lunch receipts from the District food service program.

**Operations and Maintenance Account** – These accounts are used for expenditures made for operation, repair and maintenance of District property. Revenue consists primarily of local property taxes.

**Working Cash Account** – This fund accounts for financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied. The Working Cash Account was established and has been used to respond to fluctuations in cash flow resulting from

## J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

### Notes to Financial Statements (continued)

June 30, 2013

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unpredictable property tax collections. The earnings of the fund are allowed to be transferred to another fund under the Illinois Compiled Statutes. The principal of the fund, accumulated from bond issues, can be used as a source from which the District borrows money to support temporary deficiencies in other funds, or may be partially or fully transferred to the General Fund's Educational Account, upon Board approval.

**Special Revenue Funds** - Special Revenue Funds account for the proceeds of specific revenue sources (other than Debt Service and Capital Projects Funds) that are legally restricted to expenditures for specified purposes. The District's Special Revenue Funds are the Transportation and Municipal Retirement/Social Security Funds.

**Transportation Fund** – This fund accounts for the revenue and expenditures relating to student transportation, both to and from school. Revenue is derived primarily from local property taxes and state reimbursement grants.

**Municipal Retirement/Social Security Fund** – This fund accounts for the District's portion of the pension contributions to the Illinois Municipal Retirement Fund for noncertified employees and social security contributions for applicable certified and noncertified employees. Revenue to finance the contributions is derived primarily from local property taxes.

**Debt Service Funds** - Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

**Debt Service Fund** - The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. Since there are no legal requirements on bond indentures, which mandate that a separate fund be established for each bond issue, the District maintains one Debt Service Fund for all bond issues.

**Capital Projects Funds** - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

**Capital Projects Fund** – Capital Projects Funds include both the Capital Projects Fund and the Fire Prevention and Safety Fund. The Capital Projects

## **J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities. The Fire Prevention and Safety Fund accounts for financial resources to be used for acquisitions and construction projects, which qualify as Fire Prevention and Safety expenditures.

### **Fiduciary Fund Type**

**Agency Funds** - The Agency Funds (Activity Funds) account for assets held by the District in trustee capacity or as an agent for student organizations. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide financial statements.

The District reports the following funds as major governmental funds:

General Fund  
Debt Service Fund  
Transportation Fund

Additionally, the District reports the following fund type:

Fiduciary Fund

Private-sector standards of accounting, and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

The District has adopted a policy with GASB statement No. 34 to net the interfund receivables and payables for combined totals used to determine the major funds. Consequently, the interfund loan balances, which net to zero, are not utilized to determine major funds.

### **c. Basis of Presentation**

#### **Government-wide and fund 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. For the most part, the effect of interfund activity has been removed from these statements. All of the District's operating activities are considered "governmental activities"; that is, activities that are normally supported by

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

**Notes to Financial Statements (continued)**

**June 30, 2013**

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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 expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function 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.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and 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 as soon as all eligibility requirements imposed by the provider have been met.

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities in the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue in the current period. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. All other revenue items are considered to be measurable and available only when the District receives the cash.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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**d. Deposits and Investments**

Under Illinois law, the District is restricted to investing funds in specific types of investment instruments. The following generally represents the types of instruments allowable by state law:

- Securities issued or guaranteed by the United States of America, or its agencies.
- Interest-bearing accounts of financial institutions insured by the Federal Deposit Insurance Corporation.
- Short-term obligations (less than 180 days) of U.S. corporations with assets over \$500,000,000 rated in the three highest classifications by at least two rating agencies.
- Insured accounts of an Illinois credit union chartered under United States or Illinois law.
- Money market mutual funds with portfolios of securities issued or guaranteed by the United States or agreements to repurchase these same types of obligations.
- Illinois Funds. (A state sponsored investment pool.)
- Repurchase agreements which meet instrument transactions requirements of Illinois law.

**e. Capital Assets**

Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$1,000 for furniture, equipment, and buildings and improvements and an estimated useful life in excess of two years. 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.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of an asset are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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Land is not depreciated. Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated lives:

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

**f. Property Taxes**

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District. The owner of real property on January 1 (the lien date) in any year is liable for taxes of that year.

The Cook County Assessor is responsible for the assessment of all taxable real property within Cook County except for certain railroad property which is assessed directly by the State. The County is reassessed every three years by the Assessor.

The County Clerk computes the annual tax rate by dividing the levy into the assessed valuation of the taxing district. The County Clerk then computes the rate for each parcel of real property by aggregating the tax rates of all units having jurisdiction over that parcel. Property taxes are collected by the Cook County Collector who remits to the units their respective shares of the collections. Taxes levied in one calendar year become due and payable in two installments on March 1 and September 1 during the following calendar year. The first installment is an estimated bill and is 55% 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. Substantial collections are received by the District in March and September.

In the fund financial statements, the property tax levy receivable collected within the current year or expected to be collected within 60 days of year end to be used to pay liabilities of the current period less the taxes collected within 60 days after the end of the previous fiscal year is recognized as revenue. The tax receivable less the amount expected to be collected within 60 days of year end to be used to pay liabilities of the current period is reflected as deferred revenue in the fund financial statements. All property taxes receivable over one year old have been written off.

**g. Personal Property Replacement Taxes**

Personal property replacement tax revenues are first allocated to the extent required by Illinois law in the Municipal Retirement/Social Security Fund with the balance allocated to funds at the discretion of the District.



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

**Notes to Financial Statements (continued)**

**June 30, 2013**

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**h. Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased (consumption method).

**i. Vacation and Sick Leave**

Employee vacation and sick leave, including salary related payments, is recorded when it is paid. Accumulated unpaid employee vacation and sick leave which was earned prior to the current fiscal year but unused at the end of the current fiscal year is not significant. Vacation and sick leave will be paid with future tax collections and therefore has not been reported as a current liability of the governmental funds.

**j. 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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

**k. Use of Estimates**

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

## **J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

### **Notes to Financial Statements (continued)**

June 30, 2013

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#### **I. Net Position**

##### **Government-Wide Statements**

Net Position is classified and displayed in three components:

1. 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 improvements of those assets and adjusted for any deferred inflows and outflows of resources attributable to capital assets and related debt.
2. Restricted. Consists of restricted assets reduced by liabilities and deferred inflows or resources related to those assets, with restriction constraints placed on the use either by external groups, such as creditors, grantors, contributors, or laws and regulations of other governments, or law through constitutional provisions or enabling legislation.
3. Unrestricted. Net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

It is the District's policy to first use restricted net resources prior to the use of unrestricted net resources when an expense is incurred for purposes for which both restricted and unrestricted net resources are available.

#### **NOTE 2. DEPOSITS AND INVESTMENTS**

Investments held by the District which are short-term highly liquid investments having a remaining maturity of one year or less at the time of purchase are reported by the District at amortized cost. All other investments are reported at fair value. Gains or losses on the sale of investments are recognized upon realization. The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

##### **Deposits and Custodial Credit Risk**

At June 30, 2013 the carrying amount of the District's deposits (excluding petty cash of \$7,500), totaled \$56,952,724 and the bank balances totaled \$59,772,157. Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. These amounts were not entirely insured or collateralized as of June 30, 2013, except for \$5,150,838, which was uninsured and uncollateralized.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

As of June 30, 2013, the reported amount of the District's cash and cash equivalents consisted of the following:

	<b>Governmental Funds</b>	<b>Activity Funds</b>	<b>Total</b>
Unrestricted:			
Held by the District	\$ 50,751,097	\$ 800,789	\$ 51,551,886
Restricted:			
Held by Trustee in Escrow	5,400,838	-	5,400,838
<b>Total</b>	<b>\$ 56,151,935</b>	<b>\$ 800,789</b>	<b>\$ 56,952,724</b>

Amounts held in escrow are deposited in a money market vehicle, for which categorization by risk category is not possible.

*Interest Rate Risk.* The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* The District's investments are rated, as shown above, by the applicable rating agency.

*Concentration of Credit Risk.* The District places no limit on the amount the District may invest in any one issuer. The above table indicates the percentage of each investment to the total investment of the District.

*Foreign Currency Risk.* The District held no foreign investments during the fiscal year.

Effective January 1, 2009, the offices of the Township Treasurer were abolished by law pursuant to Section 5/5-1 (c) of the Illinois School Code.

**NOTE 3. INTERFUND LOANS**

At June 30, 2013 interfund receivables and payables consisted of the following:

Due From:	Due To:	Balance
Transportation Fund	Working Cash Fund	\$ 900,000

These amounts are not included in the government-wide statement of net position. These loans are for temporary cash flow purposes only. All loans are expected to be repaid within one year.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

**NOTE 4. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2013 was as follows:

	<i>Balance June 30, 2012</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30, 2013</i>
Capital assets, not being depreciated:				
Land	\$ 13,260,678	\$ 251,325	\$ -	\$ 13,512,003
Total capital assets not being depreciated	13,260,678	251,325	-	13,512,003
Capital assets, being depreciated:				
Buildings	70,934,504	1,645,928	-	72,580,432
Improvements other than buildings	3,185,830	-	-	3,185,830
Equipment	20,080,552	1,349,667	-	21,430,219
Total capital assets being depreciated	94,200,886	2,995,595	-	97,196,481
Accumulated depreciation for:				
Buildings	26,202,371	1,451,609	-	27,653,980
Improvements other than buildings	913,999	159,292	-	1,073,291
Equipment	15,194,936	883,967	-	16,078,903
Total accumulated depreciation	42,311,306	2,494,868	-	44,806,174
Total capital assets being depreciated, net	51,889,580	500,727	-	52,390,307
<b>Total capital assets, net</b>	<b>\$ 65,150,258</b>	<b>\$ 752,052</b>	<b>\$ -</b>	<b>\$ 65,902,310</b>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

Depreciation expense was charged to functions of the District as follows:

***Instructional Services:***

Regular programs	\$ 1,696,510
Special programs	199,589

***Supporting Services:***

Pupils	12,474
Instructional staff	24,949
General administration	12,475
School administration	24,949
Business	12,474
Operations and maintenance of facilities	411,653
Transportation	74,846
Central	24,949
	<u>\$ 2,494,868</u>

**NOTE 5. LONG-TERM DEBT**

Long-term debt activity for the year ended June 30, 2013 was as follows:

	<i>Balance</i> <i>July 01, 2012</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance</i> <i>June 30, 2013</i>	<i>Amount due</i> <i>in one year</i>
<b>General Obligation Bonds Payable:</b>					
2/19/04 Working Cash/Refunding					
Limited Tax Capital Appreciation					
School Bonds	\$ 28,328,005	\$ -	\$ 4,042,579	\$ 24,285,426	\$ 3,816,588
11/17/05 General Obligation Capital					
Appreciation School Bonds	17,034,764	-	1,342,610	15,692,154	1,229,461
12/01/05 General Obligation Capital					
Appreciation School Bonds	2,035,598	-	-	2,035,598	-
<b>Total Bonds Payable</b>	<u>\$ 47,398,367</u>	<u>\$ -</u>	<u>\$ 5,385,189</u>	<u>\$ 42,013,178</u>	<u>\$ 5,046,049</u>
EPA loans	251,984	-	36,418	215,566	38,394
Capital Lease	525,645	-	97,372	428,273	101,139
Premium on bonds issued	8,705,661	-	504,260	8,201,401	504,260
Accreted interest on capital					
appreciation bonds	27,436,621	5,644,008	3,809,811	29,270,818	-
Other post-employment benefits (Note					
11)	3,287,291	1,200,677	-	4,487,968	-
<b>Total Long-Term Debt</b>	<u>\$ 87,605,569</u>	<u>\$ 6,844,685</u>	<u>\$ 9,833,050</u>	<u>\$ 84,617,204</u>	<u>\$ 5,689,842</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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**General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2013 are comprised of the following individual issues:

Capital Appreciation Limited Tax School Bonds dated February 19, 2004 issued in three series in the original principal amount totaling \$51,411,571, for working cash, funding and refunding purposes; principal payments from \$1,251,518 to \$4,042,579 due on December 1 through the year 2020, having original accretion rates ranging from 5.0% to 9.0% and effective interest rates ranging from approximately 2.2% to 5.8%.

Capital Appreciation Limited Tax School Bonds dated November 17, 2005 issued in two series in the original principal amount totaling \$24,150,215, for working cash and funding purposes; principal payments from \$724,972 to \$2,240,454 due on December 1 through the year 2024, having an original accretion rate of 9.00% and effective interest rates ranging from approximately 4.7% to 6.1%.

Capital Appreciation Limited Tax School Bonds dated December 1, 2005 issued in the original principal amount of \$2,035,598, for funding purposes; principal payments from \$571,699 to \$1,463,899 due on December 1, 2024 and 2025, having an original accretion rate of 9.00% and an effective interest rate of approximately 5.3%.

At June 30, 2013 the annual cash flow requirements of all bonds payable to retirement were as follows:

<b>Fiscal year ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 5,046,049	\$ 4,148,951	\$ 9,195,000	
2015	4,729,129	4,465,871	9,195,000	
2016	4,432,842	4,762,158	9,195,000	
2017	4,155,820	5,039,180	9,195,000	
2018	3,896,694	5,298,306	9,195,000	
2019	3,778,057	5,416,943	9,195,000	
2020	3,706,941	5,488,059	9,195,000	
2021	2,910,527	6,284,473	9,195,000	
2022	2,240,454	6,954,546	9,195,000	
2023	2,051,680	7,143,320	9,195,000	
2024	1,878,722	7,316,278	9,195,000	
2025	1,722,364	7,472,636	9,195,000	
2026	1,463,899	7,051,101	8,515,000	
<b>Total</b>	<b>\$ 42,013,178</b>	<b>\$ 76,841,822</b>	<b>\$ 118,855,000</b>	

Payments to retire bonds payable will be made from debt service levies in future periods. There is \$5,971,527 of fund equity available in the Debt Service Fund to service outstanding bonds payable. The District is subject to the *Illinois Compiled Statutes* which limits the amount of bond indebtedness to

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

**Notes to Financial Statements (continued)**

**June 30, 2013**

6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2013 the statutory debt limit for the District was \$113,221,863 providing a debt margin of \$77,180,212 after taking into account amounts available in the Debt Service Fund.

Payments to retire the other post-employment benefits will be made from the General Fund from general levies in future periods.

**EPA Loan Payable**

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.

At June 30, 2013, the District's annual cash flow requirements of the EPA loan principal and interest were as follows:

<b>Fiscal year ending</b>				
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 38,394	\$ 11,606	\$ 50,000	
2015	40,477	9,523	50,000	
2016	42,672	7,328	50,000	
2017	44,987	5,013	50,000	
2018	49,036	964	50,000	
<b>Total</b>	<b>\$ 215,566</b>	<b>\$ 34,434</b>	<b>\$ 250,000</b>	

Payments to retire this loan will be made from the Debt Service Fund, through transfers from the General Fund's Operation and Maintenance Account.

**Capital Lease Payable**

The District has purchased technology equipment through capital leases. At June 30, 2013, \$525,645 of amounts included in capital assets acquired was through capital lease. At June 30, 2013, the District's annual cash flow requirements for the capital lease principal and interest were as follows:

<b>Due Year</b>				
<b>Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2014	\$ 101,139	\$ 14,317	\$ 115,456	
2015	104,993	10,463	115,456	
2016	108,994	6,462	115,456	
2017	113,147	2,309	115,456	
<b>Total</b>	<b>\$ 428,273</b>	<b>\$ 33,551</b>	<b>\$ 461,824</b>	

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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**NOTE 6. JOINT VENTURE - FEDERATION OF DISTRICTS FOR SPECIAL EDUCATION (FDSE)**

The District is a member of FDSE, a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the governing board. Complete financial statements for FDSE can be obtained from the Administrative Offices at 1539 S. Wesley Avenue, Berwyn 60402.

**NOTE 7. RISK MANAGEMENT**

The District has purchased insurance from a risk pool (see Note 8) and private insurance companies. Risks covered include general liability, workers compensation and other. Premiums have been displayed as expenditures in appropriate funds. The District also operates a self insurance program for medical and dental coverage for employees (see Note 9). No material decreases in insurance coverage have occurred nor have any insurance claims in excess of insurance coverage been paid or reported during the last three years.

**NOTE 8. COLLECTIVE LIABILITY INSURANCE COOPERATIVE (CLIC)**

The District is a member of CLIC, which has been formed to provide casualty, property and liability protections and to administer some or all insurance coverage and protection other than health, life and accident coverage procured by the member districts. It is intended, by the creation of CLIC to allow a member District to equalize annual fluctuations in insurance costs by establishing a program whereby reserves may be created and temporary deficits of individual Districts covered and to ultimately equalize the risks and stabilize the costs of providing casualty, property and liability protections. If, during any fiscal year, the funds on hand in the account of CLIC are not sufficient to pay expenses of administration, the Board of Directors shall require supplementary payment from all members. Such payment shall be made in the same proportion as prior payments during that year to CLIC. Complete financial statements for CLIC can be obtained from its administrator, 1441 Lake Street, Libertyville, IL 60048.

**NOTE 9. SELF INSURANCE PLAN**

The District operates a self insurance plan to provide medical and dental insurance to its employees. The District offers both a PPO plan and a HMO plan to its employees. Until November, 2008 only the PPO plan was self insured. Beginning November, 2008 the District converted its fully insured HMO plan to a self insured plan. The plan is funded through District and employee contributions, and expenditures are incurred when claims are paid. Total claims paid during the year ended June 30, 2013, were \$7,250,187. The District liability will not exceed \$175,000 per employee or \$5,419,036 in the aggregate as provided by stop loss provisions from private insurance companies. At June 30, 2013, a liability of \$725,019 has been recorded in the General Fund's Educational Account, which represents estimated claims incurred but not yet reported. Claims incurred but not yet reported include known loss events that are expected to later be presented as claims, unknown loss events that are expected to become claims, and expected future development on claims already reported. The result of the process



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

**Notes to Financial Statements (continued)**

**June 30, 2013**

to estimate the claims liability is not an exact amount as it depends on many complex factors, such as inflation, changes in legal doctrines, and damage awards. Accordingly, claims are reevaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors.

A summary of the changes in the Districts claim liability is as follows:

	<b>Fiscal Year Ended June 30, 2012</b>	<b>Fiscal Year Ended June 30, 2013</b>
Claims liability at July 1	\$ 1,071,959	\$ 679,381
Current year claims and changes in estimates	6,793,813	7,250,187
Claims payments	(7,186,391)	(7,204,549)
Claims liability at June 30	<u>\$ 679,381</u>	<u>\$ 725,019</u>

**NOTE 10. RETIREMENT FUND COMMITMENTS**

**Retirement Plans**

The District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. Employees, other than teachers, who meet prescribed annual hourly standards, are members of IMRF.

**Illinois Teachers' Retirement System**

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. 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 State of Illinois maintains primary responsibility for funding the plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher certification is required. The active member contribution rate for the year ended June 30, 2013, was 9.4 percent of creditable earnings. The same contribution rate applies to members whose first contributing service is on or after Jan. 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the years ended June 30, 2012 and 2011.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

**On-behalf contributions.** The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2013, State of Illinois contributions were based on 28.05 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$9,787,342 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2012, and June 30, 2011, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 24.91 percent (\$8,826,328) and were 23.10 percent (\$8,157,625), respectively.

The District makes other types of employer contributions directly to TRS.

**2.2 Formula Contributions.** Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2013 were \$206,932. Contributions for the years ending June 30, 2012, and June 30, 2011, were \$210,575 and \$209,937, respectively.

**Federal and special 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 was first effective for the fiscal year ended June 30, 2008, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2013, the employer pension contribution was 28.05 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2012 and 2011 the employer contribution was 24.91 and 23.10 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2013, salaries totaling \$785,378 were paid from federal and special trust funds that required employer contributions of \$220,298. For the years ended June 30, 2012 and June 30, 2011, required district contributions were \$217,500 and \$203,647, respectively.

**Early Retirement Option (ERO).** The district is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member and under which ERO program the member retires.

The maximum employer ERO contribution under the current program is 117.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2013, the district paid \$0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2012 and June 30, 2011, the district paid

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

**Notes to Financial Statements (continued)**

**June 30, 2013**

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\$50,104 and \$0 to TRS in employer ERO contributions, respectively.

**Salary increases over 6 percent and excess sick leave.**

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent.

For the year ended June 30, 2013, the District paid \$28,778 to TRS for employer contributions due on salary increases in excess of 6 percent. For the years ended June 30, 2012 and 2011, the District made payments of \$2,873 and \$7,567 to TRS in employer contributions due on salary increases in excess of 6 percent, respectively.

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary rate reported by the granting employer during the four-year sick leave review period, and the TRS total normal cost rate (17.63 percent of salary during the year ended June 30, 2013).

For the year ended June 30, 2013, the District paid \$0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the years ended June 30, 2012 and 2011, the District made no payments in employer contributions granted for sick leave days, respectively.

**Further information on TRS**

TRS financial information, an explanation of TRS' benefits, and descriptions of member, employer and state funding requirements can be found in the TRS *Comprehensive Annual Financial Report* for the year ended June 30, 2010. The report for the year ended June 30, 2013, is expected to be available in late 2013. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at <http://trs.illinois.gov>.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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**Teacher Health Insurance Security (THIS)**

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago.

The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants may participate in the state administered participating provider option plan or choose from several managed care options.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with the Executive Order 12-01, 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 the TRS who are not employees of the state to make a contribution to 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 0.92 percent of pay during the year ended June 30, 2013. State of Illinois contributions were \$328,236, and the district recognized revenue and expenditures of this amount during the year.

State contributions intended to match active member contributions during the years ended June 30, 2012 and 2011 were 0.88 percent of pay, both years. State contributions on behalf of district employees were \$319,493, and \$318,525, respectively.

**Employer contributions to THIS Fund.** The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.69 percent during the year ended June 30, 2013 and 0.66 percent during the years ended June 30, 2012 and June 30, 2011. For the year ended June 30, 2013, the District paid \$246,177 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the District paid \$239,620 and \$238,893 to the THIS Fund, respectively, which was 100 percent of the required contribution.

**Further Information on THIS Fund.** The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The 2013 report is listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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**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. Your employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), and 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. That report may be obtained online at [www.imrf.org](http://www.imrf.org).

*Funding Policy.* As set by statute, your employer Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer annual required contribution rate for calendar year 2012 was 12.40 percent. The employer 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.

*Annual Pension Cost.* The required contribution for calendar year 2012 was \$1,588,583.

**Three-Year Trend Information for the Regular Plan**

<b>Calendar Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
12/31/2012	\$1,588,583	100%	\$0
12/31/2011	1,506,637	100%	0
12/31/2010	1,524,520	85%	0

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Your employer Regular plan's unfunded actuarial accrued liability December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30-year basis.

*Funded Status and Funding Progress.* As of December 31, 2012, the most recent actuarial valuation date, the Regular plan was 65.84 percent funded. The actuarial accrued liability for benefits was \$29,189,121 and the actuarial value of assets was \$19,217,681, resulting in an underfunded actuarial

## **J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

### **Notes to Financial Statements (continued)**

**June 30, 2013**

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accrued liability (UAAL) of \$9,971,440. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$12,811,151 and the ratio of the UAAL to the covered payroll was 78 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### **NOTE 11. OTHER POST EMPLOYMENT BENEFITS**

The medical and dental benefit plans for the District are single-employer defined benefit plans administered by the District. The District provides post-employment benefits other than pensions ('OPEB') to employees who meet certain criteria. As a result of offering such benefits, the District will be required to report the value of such benefits and the associated cost according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ('GASB 45').

The District provides medical and dental insurance benefits to retirees and their covered eligible dependents. The District gives access to the plan for eligible retirees, spouses and dependents. All active employees who retire directly from the District and meet the eligibility criteria may participate.

The effective date of the new GASB OPEB Accounting Standard for Phase 2 employers is the Fiscal Year beginning after December 15, 2007. For the District, this is the period from July 1, 2008 through June 30, 2009. The following exhibits show the Annual Required Contribution (ARC), Annual OPEB Cost (AOC), and projected June 30, 2013 Net OPEB Obligation (NOO), as the accounting standard was first adopted for the 2008-2009 Fiscal Year.

The actuarial valuation is performed on a biennial basis.

#### **Development of Normal Cost**

The Unit Credit cost method was selected. The cumulative Normal Cost across all active participants is \$1,443,860.

#### **Annual OPEB Cost and Net OPEB Obligations**

If there is no OPEB obligation on the District's financial statements at transition, then the Annual OPEB Cost is equal to the Annual Required Contribution. Assuming there is no transitional OPEB obligation at adoption of GASB 45 for the 2008-2009 fiscal year, the following table shows an estimated development of the District's Annual OPEB Cost and Net OPEB Obligation as of the end of the 2013 and 2012 fiscal years.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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	<u>June 30, 2012</u>	<u>June 30, 2013</u>
Annual Required Contribution	\$ 3,230,705	\$ 2,947,967
Interest on net OPEB obligations	100,203	164,365
Adjustment to annual required contribution	<u>(124,159)</u>	<u>(203,660)</u>
Total Annual OPEB Cost	3,206,749	2,908,672
Net OPEB obligation - Beginning of Year	2,004,068	3,287,291
Annual Employer Contribution	<u>(1,923,526)</u>	<u>(1,707,995)</u>
Net OPEB obligation - End of Year	<u>\$ 3,287,291</u>	<u>\$ 4,487,968</u>

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following summarizes active and retiree demographic information:

**Actives**

Actives Fully Eligible to Retire	58
Actives Not Fully Eligible	631
Retirees and Dependents	<u>78</u>

**Total** 767

**Average Age**

Actives Fully Eligible to Retire	61.2
Actives Not Fully Eligible to Retire	41.5
Retirees and Dependents	62.1

**Average Service**

Actives	18.7
Retirees	9.5

The District finances its OPEB contributions using a Pay-As-You-Go method. The District has not established a plan or equivalent arrangement that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan that are legally protected from creditors.

The assumptions and methods displayed in this section were selected from the complete set of assumptions used to calculate liabilities for the plan. The District has reviewed the assumptions and recommended their use of the actuary. For certificated participants, it is assumed that their termination and retirement rates follow those used in the TRS actuarial valuation. Non-certificated participants are assumed to follow termination and retirement rates used in the IMRF actuarial valuation.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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**Discounted Rate**

The rate used to discount liabilities is 5.0%.

**Mortality**

Mortality assumptions use the RP-2000 Combined Healthy table projected 16 years using projections scale AA.

**Morbidity**

Expected medical claims are assumed to decrease 2.2% on average, as participants age.

**Marriage**

Spouses were assumed where current benefit elections indicated spousal coverage. If spouse date of birth was not provided they were assumed to be the same age as the participant.

**Salary Scale**

There are no liabilities dependent on salary, therefore no salary increase rate is assumed.

**Cost Method**

The Unit Credit cost method was selected to value liabilities. Wherever Normal Cost is stated, this cost method is assumed.

**Data Assumptions**

***New Retiree Elections, Medical and Dental Coverage*** – It is assumed that new retirees select coverage, consistent with their active election. It is also assumed that new retirees are assumed to participate in Medicare when first eligible. It is further assumed that 100% of IMRF employees will enroll in retiree medical benefits consistent with their active elections in the District's plan. All TRS employees are assumed to enroll in the District plan at retirement. All participants are assumed to enroll in Dental coverage in accordance to their medical elections.

***Amortization Period*** – The period selected for amortizing the unfunded actuarial liability in determining the ARC is the maximum limit of 30 years. Amortization reflects a closed, level dollar method.



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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**NOTE 12. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL FUNDS AND ACCOUNTS**

Direct expenditures exceeded the budgeted amount in the following Funds:

	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund - Educational Account	\$ 73,848,616	\$ 75,462,774	\$ 1,614,158
General Fund - Operations & Maintenance Account	11,714,856	13,458,008	1,743,152
Debt Service Fund	9,245,000	9,360,457	115,457

The expenditure variances were sufficiently absorbed by surpluses that existed at the beginning of the fiscal year and were approved by the Board of Education. Under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.

**NOTE 13. DEFICIT FUND BALANCE**

As of June 30, 2013, the Transportation Fund had a deficit fund balance of \$188,385.

This deficit will be reduced through future tax levies.

**NOTE 14. COMMITMENTS**

At June 30, 2013, the District was committed to approximately \$1,600,000 in ongoing construction projects.

**NOTE 15. SPECIAL TAX LEVIES**

Proceeds from the Special Education levy and related expenditures disbursed have been included in the operations of the General Fund's Educational Account. At June 30, 2013, the cumulative expenditures had exceeded related cumulative revenues.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (continued)  
June 30, 2013

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**NOTE 16. FUND BALANCE REPORTING**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance.

**A. Nonspendable Fund Balance**

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts.

**B. Restricted Fund Balance**

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

**1. Special Education**

Revenues and the related expenditures of this restricted tax levy are accounted for in the Educational Account. Expenditures exceeded revenue for this purpose, resulting in no restricted fund balance.

**2. State and Federal Grants**

Proceeds from state and federal grants and the related expenditures have been included in the General Fund and various Special Revenue Funds. At June 30, 2013, expenditures exceeded revenue from state and federal grants, resulting in no restricted balances.

**3. Social Security**

Expenditures and the related revenues of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures for this purpose, resulting in a restricted fund balance \$418,391. The remaining balance is restricted for Municipal Retirement purposes.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Notes to Financial Statements (continued)

June 30, 2013

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4. Capital Projects Funds

Expenditures and the related revenues are accounted for in the Capital Projects and Fire Prevention and Safety Funds. All equity within these funds is restricted for the associated capital expenditures within these funds.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the School Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

No committed balances existed as of June 30, 2013.

D. Assigned Fund Balance

The assigned fund balance classification refers to the amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

No assigned balances existed as of June 30, 2013.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Notes to Financial Statements (concluded)  
June 30, 2013

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**F. Reconciliation of Fund Balance Reporting**

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
Educational	\$ 115,232				\$ 38,048,971
Operations & Maintenance					161,583
Debt Service		5,971,527			
Transportation					(188,385)
Municipal Retirement		1,045,977			
Capital Projects					-
Working Cash					7,832,263
Fire Prevention & Safety		2,655,288			

**G. Expenditures of Fund Balance**

Unless specifically identified, expenditures disbursed act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures disbursed for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**

Schedule of Funding Progress (unaudited)

Illinois Municipal Retirement Fund

June 30, 2013

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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)
12/31/2012	\$ 19,217,681	\$ 29,189,121	\$ 9,971,440	65.84%	\$ 12,811,151	77.83%
12/31/2011	20,042,674	29,871,640	9,828,966	67.10%	12,833,366	76.59%
12/31/2010	19,151,783	28,497,422	9,345,639	67.21%	12,843,470	72.77%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$120,215,622.

On a market basis, the funded ratio would be 69.26%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with J.S. Morton HS District 201. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

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**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
Schedule of Funding Progress (unaudited)  
Other Post Employment Benefits  
June 30, 2013

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)
7/1/2012		\$ 22,012,032	\$ 22,012,032	0.00%	\$ 42,222,786	52.13%
7/1/2010	-	23,240,577	23,240,577	0.00%	53,061,049	43.80%
7/1/2008	-	19,081,495	19,081,495	0.00%	N/A	N/A

Note: Actuarial valuation is done biennially.

\* - Estimate

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND**  
**BALANCES - BUDGET AND ACTUAL - GENERAL AND MAJOR SPECIAL REVENUE FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	General		
	Original and Final Budget	Actual	Variance Over/ (Under)
<b>REVENUES</b>			
Local sources	\$ 36,986,533	\$ 38,151,843	\$ 1,165,310
State sources	39,627,312	39,057,307	(570,005)
Federal sources	8,829,983	7,677,554	(1,152,429)
 Total Direct Revenues	 85,443,828	 84,886,704	 (557,124)
 On behalf payments	 -	 10,115,578	 10,115,578
 Total Revenues	 85,443,828	 95,002,282	 9,558,454
 <b>EXPENDITURES</b>			
Current operating:			
Instruction	43,826,474	41,686,230	2,140,244
Support services	40,258,253	36,073,105	4,185,148
Community services	146,731	100,946	45,785
Non-programmed charges	1,332,014	944,923	387,091
 Total Direct Expenditures	 85,563,472	 78,805,204	 6,758,268
 On behalf payments	 -	 10,115,578	 (10,115,578)
 Total Expenditures	 85,563,472	 88,920,782	 (3,357,310)
 Excess (deficiency) of revenues over expenditures	 (119,644)	 6,081,500	 6,201,144
 <b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Transfers out	-	(165,457)	(165,457)
 Total other financing sources (uses)	 -	 (165,457)	 (165,457)
 Net changes in fund balance	 \$ (119,644)	 5,916,043	 \$ 6,035,687
 Fund balances (deficits) at beginning of year		 40,242,006	
 FUND BALANCES (DEFICITS) AT END OF YEAR		 \$ 46,158,049	



Transportation		
Original and Final Budget	Actual	Variance Over/ (Under)
\$ 1,056,556	\$ 989,141	\$ (67,415)
2,683,919	2,854,010	170,091
-	-	-
3,740,475	3,843,151	102,676
-	-	-
3,740,475	3,843,151	102,676
-	-	-
3,620,831	3,384,915	235,916
-	-	-
-	-	-
3,620,831	3,384,915	235,916
-	-	-
3,620,831	3,384,915	235,916
119,644	458,236	338,592
1,200,000	-	(1,200,000)
-	-	-
1,200,000	-	(1,200,000)
<u>\$ 1,319,644</u>	458,236	<u>\$ (861,408)</u>
	(646,621)	
	<u>\$ (188,385)</u>	

## J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

### Notes to Required Supplementary Information

June 30, 2013

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#### **BUDGETS AND BUDGETARY ACCOUNTING**

Annual budgets for all Governmental Funds are adopted on the modified accrual basis, consistent with generally accepted accounting principles (GAAP) for local governments. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the Governmental Funds. All encumbrances are canceled at year end, and, if necessary, are reinstated at the beginning of the subsequent fiscal year.

Legal spending control for District moneys is at the fund level, but management control is exercised at budgetary line item levels within each fund. The Board of Education, in accordance with Chapter 105, Section 5/17-1 of the *Illinois Compiled Statutes*, follows these procedures in establishing the budgetary data reflected in the 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. On or before the last Tuesday in December, a tax levy ordinance is filed with the County Clerk to obtain tax revenues.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund without Board of Education approval; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education following the public hearing process mandated by law. The budget, which was not amended, was adopted on September 12, 2012.
5. Formal budgetary integration is employed as a management control device during the year for the Governmental Funds.
6. The District has adopted a legal budget for all its Governmental Funds. Total actual expenditures for the governmental funds may not legally exceed the total budgeted for such funds. However, under the State Budget Act expenditures may exceed the budget if additional resources are available to finance such expenditures.
7. The budget (all appropriations) lapses at the end of each fiscal year.

## **GENERAL FUND**

To account for resources traditionally associated with government operations which are not required to be accounted for in another fund, the District maintains the following legally mandated accounts within the General Fund:

**Educational Account** - To account for most of the instructional and administrative aspects of the District's operations.

**Operations and Maintenance Account** - To account for repair and maintenance of the District's property.

**Working Cash Account** - To account for financial resources held by the District to be used as loans for working capital requirements to any other fund for which taxes are levied.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**GENERAL FUND**  
**BALANCE SHEET BY ACCOUNT**  
**JUNE 30, 2013**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Working Cash</u>	<u>Total General</u>
<b><u>ASSETS</u></b>				
Cash and investments	\$ 39,051,938	\$ 426,047	\$ 6,932,263	\$ 46,410,248
Receivables:				
Property taxes	12,477,403	3,492,821	-	15,970,224
Due from other governments	3,382,690	-	-	3,382,690
Due from other funds	-	-	900,000	900,000
Other current assets	4,600	-	-	4,600
Inventory	110,632	-	-	110,632
<b>TOTAL ASSETS</b>	<b>\$ 55,027,263</b>	<b>\$ 3,918,868</b>	<b>\$ 7,832,263</b>	<b>\$ 66,778,394</b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>				
<b>Liabilities:</b>				
Accounts payable	\$ 743,519	\$ 264,464	\$ -	\$ 1,007,983
Accrued salaries and related expenditures	3,642,138	-	-	3,642,138
Deferred revenue	12,477,403	3,492,821	-	15,970,224
<b>Total Liabilities</b>	<b>16,863,060</b>	<b>3,757,285</b>	<b>-</b>	<b>20,620,345</b>
<b>Fund Balances:</b>				
Nonspendable	115,232	-	-	115,232
Unassigned	38,048,971	161,583	7,832,263	46,042,817
<b>Total Fund Balances</b>	<b>38,164,203</b>	<b>161,583</b>	<b>7,832,263</b>	<b>46,158,049</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 55,027,263</b>	<b>\$ 3,918,868</b>	<b>\$ 7,832,263</b>	<b>\$ 66,778,394</b>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES BY ACCOUNT**  
**YEAR ENDED JUNE 30, 2013**

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Working Cash</u>	<u>Total General</u>
<b>REVENUES</b>				
Local sources	\$ 31,693,937	\$ 6,445,635	\$ 12,271	\$ 38,151,843
State sources	45,047,885	4,125,000	-	49,172,885
Federal sources	7,677,554	-	-	7,677,554
Total Revenues	<u>84,419,376</u>	<u>10,570,635</u>	<u>12,271</u>	<u>95,002,282</u>
<b>EXPENDITURES</b>				
Current operating:				
Instruction	51,801,808	-	-	51,801,808
Support services	22,615,097	13,458,008	-	36,073,105
Community services	100,946	-	-	100,946
Non-programmed charges	944,923	-	-	944,923
Total Expenditures	<u>75,462,774</u>	<u>13,458,008</u>	<u>-</u>	<u>88,920,782</u>
Excess (deficiency) of revenues over expenditures	<u>8,956,602</u>	<u>(2,887,373)</u>	<u>12,271</u>	<u>6,081,500</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(115,457)</u>	<u>(50,000)</u>	<u>-</u>	<u>(165,457)</u>
Total other financing uses	<u>(115,457)</u>	<u>(50,000)</u>	<u>-</u>	<u>(165,457)</u>
Net changes in fund balance	8,841,145	(2,937,373)	12,271	5,916,043
Fund balances at beginning of year	<u>29,323,058</u>	<u>3,098,956</u>	<u>7,819,992</u>	<u>40,242,006</u>
FUND BALANCES AT END OF YEAR	<u>\$ 38,164,203</u>	<u>\$ 161,583</u>	<u>\$ 7,832,263</u>	<u>\$ 46,158,049</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
General tax levy	\$ 22,151,602	\$ 21,857,654	\$ (293,948)	\$ 21,247,835
Special education levy	410,826	382,139	(28,687)	409,030
Corporate replacement taxes	4,511,125	6,066,300	1,555,175	5,297,980
Tuition	385,000	290,500	(94,500)	272,750
Earnings on investments	75,400	72,107	(3,293)	77,180
Food services	867,766	896,441	28,675	1,008,450
Pupil activities	942,800	658,144	(284,656)	756,239
Textbooks	26,000	39,875	13,875	32,671
Other (refunds)	693,200	1,430,777	737,577	1,359,607
Total Local Sources	30,063,719	31,693,937	1,630,218	30,461,742
State Sources:				
General state aid	30,230,582	30,230,583	1	28,652,486
Bilingual education	345,611	182,928	(162,683)	128,314
Vocational education	245,760	225,276	(20,484)	180,371
Special education	4,230,962	4,040,674	(190,288)	3,729,241
School lunch aid	81,971	53,299	(28,672)	93,770
Driver education	150,000	84,899	(65,101)	225,208
Truants alternative	125,000	-	(125,000)	-
Early childhood	86,227	78,312	(7,915)	93,766
Other grants-in-aid	6,199	36,336	30,137	175,884
Total State Sources	35,502,312	34,932,307	(570,005)	33,279,040
Federal Sources:				
National school lunch program	2,420,099	2,430,930	10,831	2,257,679
School breakfast program	162,294	181,894	19,600	162,887
Title I - low income	3,238,860	2,568,247	(670,613)	2,114,386
IDEA - flow through	1,434,206	1,393,990	(40,216)	1,888,953
Vocational education - Perkins	-	-	-	40,619
Medicaid matching	525,000	345,307	(179,693)	496,703
Title III - English	132,640	121,954	(10,686)	1,741
Title II - teacher quality	226,499	306,750	80,251	117,539
ARRA funding	43,000	-	(43,000)	931,754
IDEA room and board	10,350	4,782	(5,568)	-
Other	637,035	323,700	(313,335)	392,703
Total Federal Sources	8,829,983	7,677,554	(1,152,429)	8,404,964
Total Direct Revenues	\$ 74,396,014	\$ 74,303,798	\$ (92,216)	\$ 72,145,746

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
On behalf payments - State of Illinois	\$ -	\$ 10,115,578	\$ 10,115,578	\$ 9,145,821
Total Revenues	74,396,014	84,419,376	10,023,362	81,291,567
<b>EXPENDITURES</b>				
Current operating:				
Instruction:				
Regular programs:				
Salaries	21,009,382	21,138,430	(129,048)	20,773,900
Employee benefits	4,778,075	5,190,166	(412,091)	9,945,958
Purchased services	39,820	33,828	5,992	34,907
Supplies and materials	393,650	361,971	31,679	370,205
Capital outlay	44,941	54,279	(9,338)	587,877
Other	4,500	4,569	(69)	2,767
Non-capitalized equipment	10,410	-	10,410	3,200
Total	26,280,778	26,783,243	(502,465)	31,718,814
Special programs:				
Salaries	5,580,254	5,759,378	(179,124)	5,826,997
Employee benefits	2,071,680	917,376	1,154,304	62,760
Purchased services	14,500	2,559	11,941	5,753
Supplies and materials	41,500	19,381	22,119	47,503
Capital outlay	10,000	-	10,000	13,456
Other	1,000	-	1,000	160
Tuition	4,000,000	3,264,625	735,375	4,169,037
Total	\$ 11,718,934	\$ 9,963,319	\$ 1,755,615	\$ 10,125,666

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>Educationally deprived :</b>				
Salaries	\$ 299,907	\$ 148,072	\$ 151,835	\$ 158,602
Employee benefits	77,585	73,618	3,967	84,247
Purchased services	70,199	18,244	51,955	496,537
Supplies and materials	154,304	183,705	(29,401)	222,468
Capital outlay	34,794	20,587	14,207	319,633
<b>Total</b>	<b>636,789</b>	<b>444,226</b>	<b>192,563</b>	<b>1,281,487</b>
<b>Adult education programs:</b>				
Salaries	194,165	137,343	56,822	183,924
Employee benefits	1,217	1,419	(202)	1,182
Purchased services	300	-	300	114
Supplies and materials	2,800	276	2,524	2,208
<b>Total</b>	<b>198,482</b>	<b>139,038</b>	<b>59,444</b>	<b>187,428</b>
<b>Vocational programs:</b>				
Salaries	1,330,960	1,497,543	(166,583)	1,634,987
Employee benefits	258,488	308,098	(49,610)	32,963
Purchased services	6,000	15,481	(9,481)	4,306
Supplies and materials	152,314	188,674	(36,360)	156,820
Capital outlay	181,374	128,178	53,196	217,768
Other	6,000	62	5,938	9,355
Non-capitalized equipment	10,000	-	10,000	-
<b>Total</b>	<b>1,945,136</b>	<b>2,138,036</b>	<b>(192,900)</b>	<b>2,056,199</b>
<b>Interscholastic programs:</b>				
Salaries	792,015	706,198	85,817	726,201
Employee benefits	32,370	21,411	10,959	4,227
Purchased services	214,668	213,874	794	194,593
Supplies and materials	108,406	101,477	6,929	100,265
Other	300	240	60	170
<b>Total</b>	<b>1,147,759</b>	<b>1,043,200</b>	<b>104,559</b>	<b>1,025,456</b>
<b>Summer school:</b>				
Salaries	269,764	268,659	1,105	200,020
Employee benefits	17,849	11,480	6,369	9,035
Purchased services	-	2,400	(2,400)	-
Supplies and materials	3,250	920	2,330	1,738
<b>Total</b>	<b>\$ 290,863</b>	<b>\$ 283,459</b>	<b>\$ 7,404</b>	<b>\$ 210,793</b>



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Drivers education:				
Salaries	\$ 100,000	\$ 32,230	\$ 67,770	\$ 61,051
Employee benefits	457	394	63	444
Purchased services	22,400	11,095	11,305	14,532
Supplies and materials	13,100	5,470	7,630	6,100
Capital outlay	2,000	-	2,000	-
Total	137,957	49,189	88,768	82,127
Bilingual:				
Salaries	639,127	670,810	(31,683)	902,943
Employee benefits	138,653	112,014	26,639	12,219
Supplies and materials	14,700	7,828	6,872	34,766
Total	792,480	790,652	1,828	949,928
Truants Alternative and Optional Programs:				
Salaries	531,726	45,468	486,258	586,694
Employee benefits	132,211	643	131,568	5,962
Purchased services	4,100	1,972	2,128	2,971
Supplies and materials	5,500	1,759	3,741	-
Capital outlay	1,059	-	1,059	-
Non-capitalized equipment	2,700	2,026	674	565
Total	677,296	51,868	625,428	596,192
Total Instruction	43,826,474	41,686,230	2,140,244	48,234,090
Support Services:				
Pupils:				
Attendance and social work:				
Salaries	2,183,012	2,092,953	90,059	2,066,099
Employee benefits	545,805	514,121	31,684	13,536
Purchased services	88,158	49,476	38,682	40,827
Supplies and materials	59,774	56,136	3,638	34,394
Total	\$ 2,876,749	\$ 2,712,686	\$ 164,063	\$ 2,154,856

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Guidance services:				
Salaries	\$ 2,099,362	\$ 2,087,089	\$ 12,273	\$ 2,119,059
Employee benefits	452,114	425,344	26,770	30,411
Purchased services	29,800	45,049	(15,249)	29,100
Supplies and materials	13,044	17,822	(4,778)	21,161
Capital outlay	-	3,251	(3,251)	-
Other	1,600	20	1,580	795
Non-capitalized equipment	-	800	(800)	-
Total	2,595,920	2,579,375	16,545	2,200,526
Health services:				
Salaries	377,960	355,873	22,087	370,470
Employee benefits	126,070	111,612	14,458	5,678
Purchased services	302,120	433,193	(131,073)	333,797
Supplies and materials	4,573	7,928	(3,355)	6,106
Other	200	-	200	170
Total	810,923	908,606	(97,683)	716,221
Psychological services:				
Salaries	238,381	276,874	(38,493)	296,221
Employee benefits	59,142	61,060	(1,918)	3,604
Total	297,523	337,934	(40,411)	299,825
Speech pathology and audiology services:				
Salaries	267,666	232,514	35,152	270,476
Employee benefits	47,178	44,136	3,042	5,004
Total	314,844	276,650	38,194	275,480
Other supporting services:				
Salaries	291,818	270,012	21,806	294,067
Employee benefits	1,902	10,956	(9,054)	1,849
Purchased services	9,450	8,607	843	9,368
Supplies and materials	2,550	911	1,639	279
Other	2,100	886	1,214	1,201
Total	\$ 307,820	\$ 291,372	\$ 16,448	\$ 306,764

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Instructional staff:				
Improvement of instruction services:				
Salaries	\$ 2,007,954	\$ 1,474,078	\$ 533,876	\$ 1,463,963
Employee benefits	442,051	415,116	26,935	275,045
Purchased services	401,846	267,157	134,689	280,768
Supplies and materials	182,868	88,659	94,209	115,470
Capital outlay	30,995	14,070	16,925	22,432
Other	3,250	305	2,945	220
Total	3,068,964	2,259,385	809,579	2,157,898
Education media:				
Salaries	606,375	470,228	136,147	467,773
Employee benefits	184,322	554,549	(370,227)	2,157
Purchased services	91,904	149,563	(57,659)	86,030
Supplies and materials	284,506	266,231	18,275	384,916
Capital outlay	459,037	627,350	(168,313)	233,600
Non-capitalized equipment	17,150	9,957	7,193	26,554
Total	1,643,294	2,077,878	(434,584)	1,201,030
Assessment and testing:				
Salaries	13,944	11,868	2,076	10,020
Employee benefits	3,948	150	3,798	203
Purchased services	210,072	268,778	(58,706)	142,828
Supplies and materials	4,664	7,897	(3,233)	5,124
Capital outlay	-	5,351	(5,351)	-
Other	12,000	2,275	9,725	1,351
Total	244,628	296,319	(51,691)	159,526
General administration:				
Board of education:				
Salaries	278,395	166,550	111,845	251,485
Employee benefits	77,737	28,839	48,898	8,946
Purchased services	447,005	383,113	63,892	324,842
Supplies and materials	18,675	14,498	4,177	20,253
Capital outlay	-	-	-	5,998
Other	40,564	26,302	14,262	25,487
Non-capitalized equipment	3,000	3,768	(768)	795
Total	\$ 865,376	\$ 623,070	\$ 242,306	\$ 637,806

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Executive administration:				
Salaries	\$ 268,709	\$ 274,971	\$ (6,262)	\$ 267,275
Employee benefits	63,332	53,039	10,293	64,041
Purchased services	13,900	12,826	1,074	13,002
Supplies and materials	2,844	4,184	(1,340)	1,291
Capital outlay	2,000	6,728	(4,728)	499
Other	5,500	9,656	(4,156)	14,485
Total	356,285	361,404	(5,119)	360,593
Special area administrative services:				
Salaries	525,285	538,593	(13,308)	499,136
Employee benefits	99,342	70,526	28,816	101,445
Purchased services	5,467	3,412	2,055	10,790
Supplies and materials	-	230	(230)	-
Total	630,094	612,761	17,333	611,371
School administration:				
Office of the principal:				
Salaries	1,670,012	1,666,498	3,514	1,702,937
Employee benefits	350,694	339,054	11,640	10,896
Purchased services	72,881	62,202	10,679	111,720
Supplies and materials	15,842	11,290	4,552	28,517
Capital outlay	7,000	7,630	(630)	23,866
Non-capitalized equipment	3,000	391	2,609	11,284
Other	12,725	10,563	2,162	11,444
Total	2,132,154	2,097,628	34,526	1,900,664
Other support services				
school administration:				
Supplies and materials	-	-	-	286
Capital outlay	-	-	-	227,397
Total	-	-	-	227,683
Business:				
Direction of business support services:				
Salaries	132,612	132,612	-	128,750
Employee benefits	22,813	21,301	1,512	27,201
Total	\$ 155,425	\$ 153,913	\$ 1,512	\$ 155,951

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Fiscal services:				
Salaries	\$ 662,255	\$ 657,414	\$ 4,841	\$ 600,786
Employee benefits	203,519	142,690	60,829	393
Purchased services	771,213	130,642	640,571	108,484
Supplies and materials	49,600	22,387	27,213	59,362
Capital outlay	3,000	-	3,000	2,504
Other	4,600	3,012	1,588	3,614
Non-capitalized equipment	4,000	976	3,024	3,768
Total	1,698,187	957,121	741,066	778,911
Operation and maintenance of plant services:				
Purchased services	-	-	-	344,667
Employee benefits	2,199,229	-	2,199,229	196,705
Total	2,199,229	-	2,199,229	541,372
Pupil transportation services:				
Employee benefits	28,016	-	28,016	-
Capital outlay	-	-	-	90,703
Purchased services	10,315	3,796	6,519	3,022
Total	38,331	3,796	34,535	93,725
Food services:				
Salaries	1,227,225	1,070,201	157,024	1,095,033
Employee benefits	350,196	244,113	106,083	-
Purchased services	186,500	138,354	48,146	234,115
Supplies and materials	1,718,425	1,353,900	364,525	1,454,530
Capital outlay	88,000	11,610	76,390	5,940
Non-capitalized equipment	14,000	5,179	8,821	6,049
Other	5,000	900	4,100	491
Total	3,589,346	2,824,257	765,089	2,796,158
Internal services:				
Salaries	262,567	232,803	29,764	268,605
Employee benefits	77,684	49,593	28,091	86,335
Purchased services	(55,831)	-	(55,831)	-
Supplies and materials	170,306	130,456	39,850	36,023
Total	\$ 454,726	\$ 412,852	\$ 41,874	\$ 390,963

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Central:				
Information services:				
Salaries	\$ 35,340	\$ 35,112	\$ 228	\$ 33,478
Employee benefits	14,008	15,209	(1,201)	-
Purchased services	68,000	82,471	(14,471)	54,425
Total	117,348	132,792	(15,444)	87,903
Staff services:				
Employee benefits	-	-	-	1,533
Purchased services	13,300	2,228	11,072	-
Total	13,300	2,228	11,072	1,533
Data processing services:				
Salaries	487,583	463,185	24,398	446,117
Employee benefits	143,115	116,508	26,607	3,623
Purchased services	216,350	224,092	(7,742)	280,895
Supplies and materials	110,000	219,600	(109,600)	390,703
Capital outlay	460,000	314,686	145,314	128,435
Non-capitalized equipment	3,650	595	3,055	2,980
Total	1,420,698	1,338,666	82,032	1,252,753
Other support services:				
Purchased services	2,673,749	1,350,064	1,323,685	1,390,100
Supplies and materials	18,484	4,340	14,144	2,955
Other	20,000	-	20,000	-
Total	2,712,233	1,354,404	1,357,829	1,393,055
Total Support Services	28,543,397	22,615,097	5,928,300	20,702,567
Community services:				
Salaries	37,903	2,425	35,478	5,330
Employee benefits	587	702	(115)	1,714
Purchased services	95,227	87,777	7,450	93,981
Supplies and materials	13,014	10,042	2,972	19,835
Total Community Services	\$ 146,731	\$ 100,946	\$ 45,785	\$ 120,860

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**EDUCATIONAL ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Non-programmed charges	\$ 1,332,014	\$ 944,923	\$ 387,091	\$ 1,234,816
Total Direct Expenditures	73,848,616	65,347,196	8,501,420	70,292,333
On behalf payments - State of Illinois	-	10,115,578	(10,115,578)	9,145,821
Total Expenditures	73,848,616	75,462,774	(1,614,158)	79,438,154
Excess of revenues over expenditures	547,398	8,956,602	8,409,204	1,853,413
<b>OTHER FINANCING SOURCES (USES)</b>				
Principal on capital lease proceeds	-	-	-	525,645
Transfers out	-	(115,457)	(115,457)	-
Total other financing sources (uses)	-	(115,457)	(115,457)	525,645
Net changes in fund balance	<u>\$ 547,398</u>	8,841,145	<u>\$ 8,293,747</u>	2,379,058
Fund balance at beginning of year		29,323,058		26,944,000
<b>FUND BALANCE AT END OF YEAR</b>		<u>\$ 38,164,203</u>		<u>\$ 29,323,058</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**OPERATIONS AND MAINTENANCE ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
General tax levy	\$ 6,753,614	\$ 6,288,670	\$ (464,944)	\$ 6,562,518
Earnings on investments	9,000	6,304	(2,696)	9,191
Rentals	67,000	76,498	9,498	64,374
Refund of prior years expenditures	100	-	(100)	-
Other	75,100	74,163	(937)	59,941
Total Local Sources	6,904,814	6,445,635	(459,179)	6,696,024
State Sources:				
General state aid	4,125,000	4,125,000	-	4,125,000
Total State Sources	4,125,000	4,125,000	-	4,125,000
Federal Sources:				
Other federal aid	-	-	-	282,504
Total Federal Sources	-	-	-	282,504
Total Revenues	11,029,814	10,570,635	(459,179)	11,103,528
<b>EXPENDITURES</b>				
Current operating:				
Support services:				
Facilities acquisition services:				
Purchased services	41,500	11,229	30,271	75,129
Supplies and materials	10,000	3,154	6,846	33,271
Capital outlay	700,000	1,717,265	(1,017,265)	902,206
Total Facilities Acquisition Services	\$ 751,500	\$ 1,731,648	\$ (980,148)	\$ 1,010,606



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**OPERATIONS AND MAINTENANCE ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
Operations and Maintenance of				
Plant Services:				
Salaries	\$ 6,807,623	\$ 5,952,221	\$ 855,402	\$ 6,075,516
Employee benefits	-	1,354,152	(1,354,152)	7,997
Purchased services	1,027,456	1,726,554	(699,098)	1,231,830
Supplies and materials	1,965,000	1,795,194	169,806	1,693,020
Capital outlay	265,000	155,947	109,053	340,052
Non-capitalized equipment	10,523	2,712	7,811	4,352
Total Operation and Maintenance of Plant Services	10,075,602	10,986,780	(911,178)	9,352,767
Other support services:				
Purchased services	887,754	739,580	148,174	916,854
Other objects	-	-	-	184,840
Total Other Support Services	887,754	739,580	148,174	1,101,694
Total Support Services	11,714,856	13,458,008	(1,743,152)	11,465,067
Total Expenditures	11,714,856	13,458,008	(1,743,152)	11,465,067
Excess (deficiency) of revenues over expenditures	(685,042)	(2,887,373)	(2,202,331)	(361,539)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(50,000)	(50,000)	-
Total other financing sources (uses)	-	(50,000)	(50,000)	-
Net changes in fund balance	<u>\$ (685,042)</u>	<u>(2,937,373)</u>	<u>\$ (2,252,331)</u>	<u>(361,539)</u>
Fund balance at beginning of year		3,098,956		3,460,495
FUND BALANCE AT END OF YEAR		<u>\$ 161,583</u>		<u>\$ 3,098,956</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**WORKING CASH ACCOUNT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
Earnings on investments	\$ 18,000	\$ 12,271	\$ (5,729)	\$ 18,911
Total Local Sources	18,000	12,271	(5,729)	18,911
Total Revenues	18,000	12,271	(5,729)	18,911
Excess of revenues over expenditures	18,000	12,271	(5,729)	18,911
<b>OTHER FINANCING USES</b>				
Transfers out	(1,690,670)	-	1,690,670	-
Total other financing uses	(1,690,670)	-	1,690,670	-
Net changes in fund balance	<u>\$ (1,672,670)</u>	12,271	<u>\$ 1,684,941</u>	18,911
Fund balance at beginning of year		<u>7,819,992</u>		<u>7,801,081</u>
FUND BALANCE AT END OF YEAR		<u>\$ 7,832,263</u>		<u>\$ 7,819,992</u>

## **MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

To account for proceeds from specific revenue sources which are designated to finance expenditures for specific purposes, the District maintains the following Special Revenue Funds:

**Transportation Fund** - To account for activity relating to student transportation to and from school.

### **DEBT SERVICE FUND**

**Debt Service Fund** - To account for the accumulation of, resources for, and the payment of, general long-term debt principal, interest and related costs.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**TRANSPORTATION FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
General tax levy	\$ 1,055,956	\$ 987,781	\$ (68,175)	\$ 1,050,639
Earnings on investments	600	1,360	760	456
Total Local Sources	1,056,556	989,141	(67,415)	1,051,095
State Sources:				
Transportation aid	2,683,919	2,854,010	170,091	2,183,273
Total State Sources	2,683,919	2,854,010	170,091	2,183,273
Total Revenues	3,740,475	3,843,151	102,676	3,234,368
<b>EXPENDITURES</b>				
Current operating:				
Support Services:				
Pupil Transportation Services:				
Salaries	90,000	87,040	2,960	90,799
Employee benefits	-	47,061	(47,061)	166
Purchased services	3,530,831	3,233,000	297,831	3,411,445
Supplies and materials	-	17,664	(17,664)	19,160
Other	-	150	(150)	169
Total Support Services	3,620,831	3,384,915	235,916	3,521,739
Total Expenditures	3,620,831	3,384,915	235,916	3,521,739
Excess (deficiency) of revenues over expenditures	119,644	458,236	338,592	(287,371)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,200,000	-	(1,200,000)	-
Total other financing sources (uses)	1,200,000	-	(1,200,000)	-
Net changes in fund balance	\$ 1,319,644	458,236	\$ (861,408)	(287,371)
Fund balance (deficit) at beginning of year		(646,621)		(359,250)
FUND BALANCE (DEFICIT) AT END OF YEAR		\$ (188,385)		\$ (646,621)

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
General tax levy	\$ 9,496,988	\$ 9,182,166	\$ (314,822)	\$ 9,235,706
Earnings on investments	2,500	5,964	3,464	2,435
Total Local Sources	9,499,488	9,188,130	(311,358)	9,238,141
Total Revenues	9,499,488	9,188,130	(311,358)	9,238,141
<b>EXPENDITURES</b>				
Debt service:				
Principal retirement	4,545,507	5,518,979	(973,472)	4,591,987
Interest on bonds	4,699,493	3,841,478	858,015	4,653,013
Total Expenditures	9,245,000	9,360,457	(115,457)	9,245,000
Excess (deficiency) of revenues over expenditures	254,488	(172,327)	(426,815)	(6,859)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	165,457	165,457	-
Total other financing sources	-	165,457	165,457	-
Net changes in fund balance	\$ 254,488	(6,870)	\$ (261,358)	(6,859)
Fund balance at beginning of year		5,978,397		5,985,256
<b>FUND BALANCE AT END OF YEAR</b>		\$ 5,971,527		\$ 5,978,397

## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

To account for proceeds from specific revenue sources which are designated to finance expenditures for specific purposes, the District maintains the following Special Revenue Fund:

**Municipal Retirement/Social Security Fund** - To account for the District's portion of pension contributions to the Illinois Municipal Retirement Fund and Social Security for noncertified employees.

### **CAPITAL PROJECTS FUNDS**

**Capital Projects Fund** - To account for financial resources to be used for the acquisition or construction of major capital facilities.

**Fire Prevention and Safety Fund** - To account for financial resources to be used for the acquisition, construction, and or additions related to qualifying fire prevention and safety projects.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**JUNE 30, 2013**

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Governmental Funds
<b><u>ASSETS</u></b>			
<b>Assets:</b>			
Cash and investments	\$ 1,091,733	\$ 2,655,228	\$ 3,746,961
Receivables:			
Property taxes	<u>1,679,416</u>	<u>-</u>	<u>1,679,416</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 2,771,149</u></b>	<b><u>\$ 2,655,228</u></b>	<b><u>\$ 5,426,377</u></b>
<b><u>LIABILITIES AND FUND BALANCE</u></b>			
<b>Liabilities:</b>			
Accrued salaries and related expenditures	\$ 45,756	\$ -	\$ 45,756
Deferred revenue	<u>1,679,416</u>	<u>-</u>	<u>1,679,416</u>
Total Liabilities	<u>1,725,172</u>	<u>-</u>	<u>1,725,172</u>
<b>Fund Balance:</b>			
Restricted	<u>1,045,977</u>	<u>2,655,228</u>	<u>3,701,205</u>
Total Fund Balance	<u>1,045,977</u>	<u>2,655,228</u>	<u>3,701,205</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b><u>\$ 2,771,149</u></b>	<b><u>\$ 2,655,228</u></b>	<b><u>\$ 5,426,377</u></b>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED JUNE 30, 2013**

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Capital Projects	Total Nonmajor Governmental Funds
<b>REVENUES</b>				
Local sources	\$ 3,282,796	\$ 240,433	\$ 56	\$ 3,523,285
State sources	-	-	2,041,567	2,041,567
Total Revenues	<u>3,282,796</u>	<u>240,433</u>	<u>2,041,623</u>	<u>5,564,852</u>
<b>EXPENDITURES</b>				
Current operating:				
Instruction	796,378	-	-	796,378
Support services	2,300,714	-	179,988	2,480,702
Community services	112	-	-	112
Total Expenditures	<u>3,097,204</u>	<u>-</u>	<u>179,988</u>	<u>3,277,192</u>
Excess of revenues over expenditures	<u>185,592</u>	<u>240,433</u>	<u>1,861,635</u>	<u>2,287,660</u>
Fund balances (deficits) at beginning of year	<u>860,385</u>	<u>2,414,795</u>	<u>(1,861,635)</u>	<u>1,413,545</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 1,045,977</u>	<u>\$ 2,655,228</u>	<u>\$ -</u>	<u>\$ 3,701,205</u>



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
General tax levy	\$ 3,247,477	\$ 3,030,470	\$ (217,007)	\$ 3,219,481
Corporate replacement taxes	250,000	250,000	-	250,000
Earnings on investments	1,400	2,326	926	1,544
Total Local Sources	3,498,877	3,282,796	(216,081)	3,471,025
Total Revenues	3,498,877	3,282,796	(216,081)	3,471,025
<b>EXPENDITURES</b>				
Current operating:				
Instruction - employee benefits	845,142	796,378	48,764	843,768
Support services - employee benefits	2,399,738	2,300,714	99,024	2,273,813
Community services - employee benefits	2,696	112	2,584	101
Total Expenditures	3,247,576	3,097,204	150,372	3,117,682
Excess (deficiency) of revenues over expenditures	\$ 251,301	185,592	\$ (65,709)	353,343
Fund balance at beginning of year		860,385		507,042
FUND BALANCE AT END OF YEAR		\$ 1,045,977		\$ 860,385

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**CAPITAL PROJECTS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local sources:				
Earnings on investments	\$ -	\$ 56	\$ 56	\$ 102
Total Local Sources	-	56	56	102
State sources:				
Infrastructure improvements	1,009,162	2,041,567	1,032,405	2,960,697
Total State Sources	1,009,162	2,041,567	1,032,405	2,960,697
Total Revenues	1,009,162	2,041,623	1,032,461	2,960,799
<b>EXPENDITURES</b>				
Support Services:				
Facilities acquisition:				
Capital outlay	1,499,832	179,988	1,319,844	4,797,168
Total Support Services	1,499,832	179,988	1,319,844	4,797,168
Total Expenditures	1,499,832	179,988	1,319,844	4,797,168
Excess (deficiency) of revenues over expenditures	(490,670)	1,861,635	2,352,305	(1,836,369)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	490,670	-	(490,670)	-
Total other financing sources (uses)	490,670	-	(490,670)	-
Net changes in fund balance	\$ -	1,861,635	\$ 1,861,635	(1,836,369)
Fund balance (deficit) at beginning of year		(1,861,635)		(25,266)
FUND BALANCE (DEFICIT) AT END OF YEAR		\$ -		\$ (1,861,635)

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**FIRE PREVENTION AND SAFETY FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**YEAR ENDED JUNE 30, 2013 WITH COMPARATIVE ACTUAL TOTALS FOR 2012**

	2013			2012
	Final Budget	Actual	Variance over/under	Actual
<b>REVENUES</b>				
Local Sources:				
Current year tax levy	\$ 228,882	\$ 234,679	\$ 5,797	\$ 513,818
Earnings on investments	6,000	5,754	(246)	6,264
Total Local Sources	234,882	240,433	5,551	520,082
Total Revenues	234,882	240,433	5,551	520,082
<b>EXPENDITURES</b>				
Capital outlay	250,000	-	250,000	289,632
Total Expenditures	250,000	-	250,000	289,632
Excess (deficiency) of revenues over expenditures	<u>\$ (15,118)</u>	240,433	<u>\$ 255,551</u>	230,450
Fund balance at beginning of year		2,414,795		2,184,345
<b>FUND BALANCE AT END OF YEAR</b>		<u><u>\$ 2,655,228</u></u>		<u><u>\$ 2,414,795</u></u>

## **AGENCY FUNDS**

**Student Activity Funds** - To account for assets held by the District in a trustee capacity as an agent for student organizations and employees.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201  
 AGENCY FUND - ACTIVITY FUND  
 STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
 YEAR ENDED JUNE 30, 2013

	Balance July 1, 2012	Additions	Deductions	Balance June 30, 2013
<b>Assets:</b>				
Cash	\$ 796,775	\$ 1,525,266	\$ 1,521,252	\$ 800,789
<b>Liabilities:</b>				
Due to organizations	\$ 796,775	\$ 1,525,266	\$ 1,521,252	\$ 800,789

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## **STATISTICAL SECTION (UNAUDITED)**

### **Financial Trends**

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**

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

### **Debt Capacity**

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**

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

### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Governmental activities					
Net investment					
in capital assets	\$ 65,124,681	\$ 64,372,629	\$ 58,640,092	\$ 57,368,295	\$ 44,743,143
Restricted	9,672,732	9,253,577	8,676,643	13,179,338	12,870,395
Unrestricted	<u>(14,709,374)</u>	<u>(26,908,952)</u>	<u>(30,222,985)</u>	<u>(49,263,655)</u>	<u>(29,989,602)</u>
Total governmental activities					
net position	<u>\$ 60,088,039</u>	<u>\$ 46,717,254</u>	<u>\$ 37,093,750</u>	<u>\$ 21,283,978</u>	<u>\$ 27,623,936</u>

Source of information: District records.



2008	2007	2006	2005	2004
\$ 65,057,434	\$ 62,616,806	\$ 64,839,840	\$ 65,303,198	\$ 61,822,958
13,068,474	13,197,422	12,764,477	11,765,611	11,403,840
(28,777,734)	(28,751,490)	(29,980,544)	(27,840,368)	(21,023,021)
<u>\$ 49,348,174</u>	<u>\$ 47,062,738</u>	<u>\$ 47,623,773</u>	<u>\$ 49,228,441</u>	<u>\$ 52,203,777</u>

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

	2013	2012	2011	2010	2009
<b>Expenses</b>					
Governmental activities					
Instruction:					
Regular programs	\$ 40,056,603	\$ 43,950,117	\$ 43,543,304	\$ 45,839,828	\$ 35,506,727
Special programs	11,469,318	10,248,130	15,992,179	13,871,762	13,646,452
Other instructional programs	4,910,920	5,852,209	936,964	3,918,525	4,590,376
Support services:					
Pupils	7,425,862	5,971,774	5,948,820	5,926,067	6,313,227
Instructional staff	4,101,633	4,221,857	2,516,264	2,634,026	2,315,546
General administration	1,703,753	1,700,663	1,752,128	1,371,944	2,097,396
School administration	2,234,213	2,002,459	1,951,217	2,224,374	2,859,073
Business	4,739,495	5,630,427	6,166,698	5,376,908	5,722,374
Operations and maintenance	13,172,461	12,212,693	10,933,498	10,188,107	11,571,176
Transportation	3,477,394	3,595,525	3,361,030	2,920,439	2,496,884
Central	1,284,400	104,893	1,029,143	1,130,022	1,341,619
Other supporting services	1,455,462	1,911,751	1,081,710	1,223,183	991,534
Interest and fees	5,171,415	4,908,317	725,445	5,655,441	5,779,209
<b>Total governmental activities expenses</b>	<b>101,202,929</b>	<b>102,310,815</b>	<b>95,938,400</b>	<b>102,280,626</b>	<b>95,231,593</b>
<b>Program revenues</b>					
Governmental activities					
Charges for services					
Instruction:					
Regular programs	2,459,155	1,061,660	1,221,347	981,055	1,111,589
Support services:					
Business	896,441	1,008,450	1,944,223	2,113,122	2,304,348
Operations and maintenance	76,498	64,374	63,300	37,050	44,265
Other	-	1,419,548	735,430	-	-
Operating grants and contributions	25,383,170	24,643,116	27,713,879	21,621,187	18,646,339
Capital grants and contributions	2,041,567	2,960,697	-	-	-
<b>Total governmental activities program revenues</b>	<b>30,856,831</b>	<b>31,157,845</b>	<b>31,678,179</b>	<b>24,752,414</b>	<b>22,106,541</b>
<b>Net expense</b>	<b>(70,346,098)</b>	<b>(71,152,970)</b>	<b>(64,260,221)</b>	<b>(77,528,212)</b>	<b>(73,125,052)</b>
<b>General revenues</b>					
Governmental activities					
Taxes:					
Real estate taxes, levied for general purposes	29,560,708	29,083,104	26,387,338	27,408,897	27,447,900
Real estate taxes, levied for specific purposes	4,385,031	3,791,022	4,351,000	3,580,715	3,119,627
Real estate taxes, levied for debt service	8,993,119	9,460,799	9,254,374	9,477,658	9,131,114
General state aid	34,010,276	32,280,783	32,448,996	24,072,708	26,952,448
Federal Medicaid reimbursements	345,307	496,703	497,182	415,224	329,722
Investment earnings	106,142	116,083	177,282	356,031	609,878
Miscellaneous	6,316,300	5,547,980	6,953,821	5,877,021	6,384,633
<b>Total governmental activities general revenues</b>	<b>83,716,883</b>	<b>80,776,474</b>	<b>80,069,993</b>	<b>71,188,254</b>	<b>73,975,322</b>
<b>Change in net position</b>	<b>\$ 13,370,785</b>	<b>\$ 9,623,504</b>	<b>\$ 15,809,772</b>	<b>\$ (6,339,958)</b>	<b>\$ 850,270</b>

2008	2007	2006	2005	2004
\$ 32,840,735	\$ 31,178,139	\$ 28,978,628	\$ 29,777,365	\$ 28,402,294
13,476,188	12,384,801	11,451,755	11,064,419	8,450,674
4,004,796	3,981,500	3,897,404	4,306,327	8,164,375
5,942,736	6,275,113	5,852,352	5,816,802	5,828,774
1,524,689	1,350,753	1,812,461	1,806,025	2,054,667
2,233,817	1,782,995	1,757,424	1,582,060	1,426,435
2,729,998	2,806,161	2,658,322	2,383,192	1,645,604
5,584,450	5,302,283	5,259,743	5,081,893	4,768,257
11,604,753	11,521,862	11,214,591	10,412,372	9,359,475
2,622,414	2,240,105	2,049,852	2,067,965	2,225,663
1,286,712	1,438,314	1,268,620	1,427,533	1,454,405
614,345	634,446	1,081,480	742,338	397,414
5,812,788	5,811,342	5,168,366	3,774,565	4,238,407
90,278,421	86,707,814	82,450,998	80,242,856	78,416,444
1,008,116	1,150,810	1,076,755	949,259	898,365
2,471,798	2,422,234	2,318,747	2,291,870	2,259,995
28,174	32,695	21,420	8,363	3,825
-	-	-	-	-
16,713,537	12,112,869	11,268,988	13,093,149	13,068,509
1,531,066	1,252,690	598,324	2,092,001	286
21,752,691	16,971,298	15,284,234	18,434,642	16,230,980
(68,525,730)	(69,736,516)	(67,166,764)	(61,808,214)	(62,185,464)
25,562,776	25,320,437	25,303,564	24,309,212	24,046,415
3,418,626	3,274,119	2,962,532	2,261,500	2,171,983
9,286,805	9,403,735	9,698,903	9,514,418	9,563,459
22,919,697	21,840,725	19,656,739	16,955,608	14,200,652
320,483	305,521	264,976	130,438	190,356
1,820,321	2,238,059	1,690,119	537,553	800,589
7,482,458	6,792,885	5,985,263	5,124,149	3,674,908
70,811,166	69,175,481	65,562,096	58,832,878	54,648,362
\$ 2,285,436	\$ (561,035)	\$ (1,604,668)	\$ (2,975,336)	\$ (7,537,102)

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

	2013	2012	2011	2010
General Fund				
Nonspendable	\$ 115,232	\$ 199,367	\$ 201,967	
Unassigned	<u>46,042,817</u>	<u>40,042,639</u>	<u>38,003,609</u>	
Total general fund	<u>\$ 46,158,049</u>	<u>\$ 40,242,006</u>	<u>\$ 38,205,576</u>	
All Other Governmental Funds				
Restricted, reported in:				
Special revenue funds	1,045,977	860,385	507,042	
Debt service funds	5,971,527	5,978,397	5,985,256	
Capital projects funds	2,655,228	2,414,795	2,184,345	
Unassigned, reported in:				
Special revenue funds	(188,385)	(646,621)	(359,250)	
Capital projects funds	<u>-</u>	<u>(1,861,635)</u>	<u>(25,266)</u>	
Total all other governmental funds	<u>\$ 9,484,347</u>	<u>\$ 6,745,321</u>	<u>\$ 8,292,127</u>	
General Fund				
Reserved				\$ 227,388
Unreserved				<u>22,793,351</u>
Total general fund				<u>23,020,739</u>
All Other Governmental Funds				
Reserved				2,327,634
Unreserved, reported in:				
Debt service fund				5,897,682
Special revenue funds				<u>7,591,915</u>
Total all other governmental funds				<u>\$ 15,817,231</u>

Source of Information: Fiscal Years 2004-2013 Annual Financial Statements

2009	2008	2007	2006	2005	2004
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\$ 194,629	\$ 1,794,287	\$ 9,036,103	\$ 21,714,848	\$ 89,255	\$ 6,765,788
25,533,411	26,526,056	22,871,722	17,191,643	322,224	(5,890,977)
25,728,040	28,320,343	31,907,825	38,906,491	411,479	874,811
7,501,216	7,567,144	7,718,461	7,284,978	6,321,271	5,954,864
5,197,113	5,297,302	5,548,466	5,187,377	4,311,255	3,969,269
2,721,807	2,319,128	3,157,716	3,332,691	10,660,076	16,476,628
\$ 15,420,136	\$ 15,183,574	\$ 16,424,643	\$ 15,805,046	\$ 21,292,602	\$ 26,400,761

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

	2013	2012	2011	2010
<b>Revenues</b>				
Local sources				
Taxes	\$ 42,938,858	\$ 42,239,027	\$ 40,164,833	\$ 42,223,133
Earnings on investments	106,142	116,083	177,282	356,031
Other local sources	8,807,399	9,102,012	10,343,390	9,008,248
Total local sources	51,852,399	51,457,122	50,685,505	51,587,412
State sources	54,068,462	51,693,831	49,785,958	37,876,068
Federal sources	7,677,554	8,687,468	11,448,830	13,065,980
Total revenues	113,598,415	111,838,421	111,920,293	102,529,460
<b>Expenditures</b>				
Current:				
Instruction	52,598,186	58,223,679	57,149,042	61,564,405
Supporting services	41,938,722	42,760,354	36,443,226	32,983,632
Community services	101,058	120,961	117,012	108,162
Nonprogrammed charges	944,923	1,234,816	911,698	938,467
Debt service				
Principal	5,518,979	4,591,987	4,273,133	4,661,696
Interest and other	3,841,478	4,653,013	4,971,867	4,583,304
Capital outlay	-	289,632	394,582	-
Total expenditures	104,943,346	111,874,442	104,260,560	104,839,666
Excess (deficiency) of revenue over expenditures	8,655,069	(36,021)	7,659,733	(2,310,206)
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	-	-	-	-
Payments to escrow agent	-	-	-	-
Principal on capital lease proceeds	-	525,645	-	-
Transfers in	165,457	-	50,000	50,000
Transfers out	(165,457)	-	(50,000)	(50,000)
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	525,645	-	-
Net change in fund balances	\$ 8,655,069	\$ 489,624	\$ 7,659,733	\$ (2,310,206)
Debt service as a percentage of noncapital expenditures	8.92%	8.29%	8.90%	8.82%

Source of information: Fiscal Years 2004-2013 Annual Financial Statements

2009	2008	2007	2006	2005	2004
\$ 38,855,607	\$ 37,659,115	\$ 36,960,952	\$ 37,698,979	\$ 35,801,282	\$ 34,623,114
609,878	1,820,321	2,238,059	1,690,119	537,553	800,589
9,844,835	10,990,546	10,398,624	9,402,185	8,373,641	6,837,093
49,310,320	50,469,982	49,597,635	48,791,283	44,712,476	42,260,796
33,609,937	34,301,165	31,297,773	26,675,664	27,562,922	23,306,841
11,611,572	5,165,618	4,214,032	5,113,363	4,708,274	4,152,962
94,531,829	89,936,765	85,109,440	80,580,310	76,983,672	69,720,599
51,133,318	47,026,928	44,243,329	41,072,233	42,352,174	42,400,169
35,098,833	33,203,340	32,437,013	32,047,089	30,498,387	28,515,177
83,227	80,780	78,769	83,300	81,804	-
548,243	572,105	652,990	644,766	452,638	573,034
5,281,648	6,496,502	7,422,885	8,464,514	8,451,010	9,942,561
3,963,352	2,698,498	1,772,115	589,971	804,570	1,457,858
1,177,716	2,017,163	4,881,408	1,983,748	4,134,467	16,264,311
97,286,337	92,095,316	91,488,509	84,885,621	86,775,050	99,153,110
(2,754,508)	(2,158,551)	(6,379,069)	(4,305,311)	(9,791,378)	(29,432,511)
398,767	-	-	41,492,685	6,621,857	58,567,798
-	-	-	(4,179,918)	(2,401,970)	(29,876,307)
-	-	-	-	-	-
-	500,000	-	14,214,030	9,398,926	16,750,679
-	(500,000)	-	(14,214,030)	(9,398,926)	(16,750,679)
-	-	-	-	-	-
398,767	-	-	37,312,767	4,219,887	28,691,491
\$ (2,355,741)	\$ (2,158,551)	\$ (6,379,069)	\$ 33,007,456	\$ (5,571,491)	\$ (741,020)
9.62%	10.21%	10.62%	10.92%	11.20%	13.75%

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

Tax Levy Year	Equalized Assessed Valuation	Amount of Increase (Decrease) Over Previous Year	Percentage Increase (Decrease) Over Previous Year	Actual Estimated Value
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
2005	1,997,335,543	368,926,789	22.66%	5,992,006,629
2004	1,628,408,754	31,151,347	1.95%	4,885,226,262
2003	1,597,257,407	329,458,026	25.35%	4,791,772,221

Tax Levy Year	Real Estate	Railroad	Air Pollution	Total EAV
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
2005	n/a	n/a	n/a	n/a
2004	n/a	n/a	n/a	n/a
2003	n/a	n/a	n/a	n/a

Property by type not available before 2006.

Source of information: Cook County Levy, Rate, and Extension Reports for the years 2003 to 2012.

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

<u>Taxing District</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>OVERLAPPING GOVERNMENT:</b>						
County of Cook	0.531	0.462	0.423	0.394	0.415	0.446
Forest Preserve District	0.063	0.058	0.051	0.049	0.051	0.053
Suburban TB Sanitarium	-	-	-	-	-	-
Consolidated Elections	-	0.025	-	0.021	-	0.012
Town of Berwyn	0.048	0.042	0.032	0.032	0.031	0.032
General Assistance - Berwyn	0.042	0.037	0.028	0.026	0.025	0.026
Metropolitan Water Reclamation District	0.370	0.320	0.274	0.261	0.252	0.263
Community College #527	0.556	0.504	0.392	0.393	0.389	0.411
City of Berwyn	3.369	2.984	2.310	2.278	1.937	2.135
City of Berwyn Library Fund	0.448	0.396	0.319	0.281	0.280	0.308
Public Health - Berwyn	0.089	0.078	0.060	0.061	0.059	0.061
Mental Health - Berwyn	0.070	0.063	0.048	0.046	0.046	0.048
School District #98	3.346	3.582	2.836	2.814	2.949	3.371
North Berwyn Park District	0.355	0.371	0.288	0.286	0.286	0.301
Total overlapping rate (note)	9.287	8.922	7.061	6.942	6.720	7.467
<b>DIRECT DEBT:</b>						
Morton S.D. #201	2.732	2.454	1.858	1.848	1.835	1.960
Total Rate	12.019	11.376	8.919	8.790	8.555	9.427
<b>OTHER:</b>						
Berwyn Park District	0.374	0.316	0.307	0.307	0.300	0.320
School District #100	3.645	3.197	2.499	2.492	2.443	2.568
Town of Cicero	4.522	4.566	3.388	3.344	3.243	3.613
General Assistance - Cicero	0.068	0.051	0.037	0.036	0.030	0.023
Clyde Park District	0.505	0.458	0.333	0.308	0.289	0.363
Cicero Library Fund	0.289	0.231	0.166	0.161	0.156	0.168
Mental Health - Cicero	0.100	0.077	0.063	0.062	0.060	0.065
School District #99	4.302	3.874	2.799	2.786	2.704	2.893
Town of Lyons	0.063	0.059	0.048	0.047	0.046	0.033
Road and Bridges - Lyons	0.044	0.041	0.033	0.033	0.032	0.034
General Assistance - Lyons	0.003	0.003	0.002	0.002	0.002	0.003
Des Plaines Valley Mosquito	0.015	0.014	0.011	0.011	0.012	0.012
Mental Health - Lyons	0.103	0.095	0.078	0.076	0.074	0.081
School District #103	4.856	4.367	3.377	3.287	3.263	3.444
Village of Lyons	2.039	1.832	1.382	1.634	1.419	1.410
Village of Lyons Library	0.373	0.334	0.252	0.243	0.298	0.254
Town of Stickney	0.250	0.231	0.195	0.181	0.180	0.191
Road and Bridge - Stickney Twp.	0.067	0.059	0.048	0.045	0.043	0.045
General Assistance - Stickney	0.020	0.017	0.014	0.015	0.009	0.010
Stickney - Forest View Library	0.499	0.450	0.348	0.338	0.327	0.350
Public Health - Stickney	0.240	0.180	0.180	0.180	0.164	0.195
Village of Stickney	3.052	2.768	2.128	2.118	1.894	1.961

\*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.

2006	2005	2004	2003
0.500	0.533	0.593	0.630
0.057	0.060	0.060	0.059
0.005	0.005	0.001	0.004
-	0.014	-	0.029
0.031	0.029	0.033	0.033
0.025	0.023	0.027	0.027
0.284	0.315	0.347	0.361
0.417	0.397	0.471	0.471
2.040	2.053	2.691	2.742
0.176	0.168	0.208	0.213
0.060	0.057	0.066	0.068
0.051	0.049	0.061	0.063
3.248	3.251	4.012	4.040
0.300	0.280	0.357	0.343
7.194	7.234	8.927	9.083
2.001	1.925	2.299	2.306
9.195	9.159	11.226	11.389
0.321	0.274	0.324	0.311
2.615	2.545	2.970	2.974
3.754	3.610	4.366	4.294
0.024	0.024	0.027	0.026
0.368	0.349	0.417	0.392
0.174	0.171	0.200	0.192
0.068	0.067	0.078	0.075
2.655	2.760	3.371	3.354
0.033	0.031	0.036	0.035
0.034	0.032	0.037	0.037
0.003	0.002	0.002	0.002
0.012	0.011	0.012	0.012
0.081	0.077	0.090	0.088
3.521	3.419	3.922	3.901
1.431	1.395	1.916	1.348
1.557	0.214	0.242	0.239
0.194	0.179	0.201	0.201
0.045	0.041	0.046	0.046
0.010	0.009	0.010	0.011
0.360	0.333	0.392	0.286
0.198	0.183	0.207	0.205
1.970	1.749	2.052	1.838

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<u>Name of Taxpayer</u>	<u>2012 Equalized Assessed Valuation*</u>	<u>Rank</u>	<u>Percentage of total 2012 Equalized Assessed Valuation (1)</u>
McNeal Hospital Finance	\$ 17,562,026	1	1.07%
Hawthorne Works Ste. 316	13,475,258	2	0.82%
Cicero Market Place and DDC of Cicero	9,168,409	3	0.56%
Heartland Bank	8,223,848	4	0.50%
DiMucci Co. Development	8,070,707	5	0.49%
Thomas Carey Heirs	8,027,989	6	0.49%
Target Corporation 732	5,934,091	7	0.36%
KTR Capital PRT Tax Dept.	5,697,716	8	0.35%
ONC Cicero LLC	5,564,585	9	0.34%
VHS of Illinois	4,437,073	10	0.27%
Cermak Plaza Assoc.			0.00%
United States Cold Storage			0.00%
Commonwealth Edison			
	<u>\$ 86,161,702</u>		<u>5.25%</u>

\* Includes parcels with 2012 equalized assessed valuations of approximately \$176,000 and over as recorded in the Cook County Assessor's Office

\*\* Includes parcels with 2003 equalized assessed valuations of approximately \$200,000 and over as recorded in the Cook County Assessor's Office

Source of information: Cook County Clerk and Assessors Office

(1) 2012 and 2003 total assessed valuation is \$1,640,896,561 and \$1,597,257,407 respectively.

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2003 Equalized Assessed Valuation**	Rank	Percentage of total 2003 Equalized Assessed Valuation (1)
\$ 25,399,555	1	1.59%
13,847,501	3	0.87%
14,262,958	2	0.89%
12,693,513	4	0.79%
7,367,295	8	0.46%
8,184,871	7	0.51%
10,056,028	6	0.63%
6,719,738	9	0.42%
6,678,136	10	0.42%
<u>\$ 105,209,595</u>		<u>6.59%</u>

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**SCHEDULE OF PROPERTY TAX RATES, EXTENSIONS AND COLLECTIONS**  
**LAST TEN TAX LEVY YEARS**

	2012	2011	2010	2009
Rates extended:				
Educational	1.4373	1.2546	0.9435	0.9464
Special education	0.0249	0.0222	0.0167	0.0168
Operations and maintenance	0.4093	0.3650	0.2745	0.2753
Tort immunity	0.0000	0.0000	0.0000	0.0000
Transportation	0.0640	0.0571	0.0429	0.0430
Illinois municipal retirement/Social security	0.1968	0.1755	0.1320	0.1323
Bond and interest	0.5996	0.5516	0.4268	0.4338
Working Cash	0.0000	0.0000	0.0000	0.0000
Life Safety	0.0000	0.0272	0.0209	0.0000
Total rates extended	<u>2.7319</u>	<u>2.4532</u>	<u>1.8573</u>	<u>1.8476</u>
Property tax extensions:				
Educational	\$ 23,584,606	\$ 22,378,351	\$ 21,751,438	\$ 21,464,054
Special education	408,583	395,982	385,001	380,298
Operations and maintenance	6,716,189	6,510,520	6,328,319	6,244,227
Tort immunity	-	-	-	-
Transportation	1,050,173	1,018,495	989,016	974,999
Illinois municipal retirement/Social security	3,229,284	3,130,400	3,043,125	3,000,092
Bond and interest	9,838,650	9,838,650	9,838,650	9,838,650
Life Safety	-	485,167	481,828	-
Total levies extended	<u>\$ 44,827,485</u>	<u>\$ 43,757,565</u>	<u>\$ 42,817,377</u>	<u>\$ 41,902,321</u>
Current year collections	21,666,948	21,572,327	20,912,293	20,703,666
Subsequent collections	-	20,852,281	19,991,172	19,365,952
Total collections	<u>\$ 21,666,948</u>	<u>\$ 42,424,608</u>	<u>\$ 40,903,465</u>	<u>\$ 40,069,618</u>
Percentage of extensions collected - current year collections	48.33%	49.30%	48.84%	49.41%
Percentage of extensions collected - subsequent year collections	<u>0.00%</u>	<u>47.65%</u>	<u>46.69%</u>	<u>46.22%</u>
Percentage of extensions collected - total	<u>48.33%</u>	<u>96.95%</u>	<u>95.53%</u>	<u>95.63%</u>

(1) - Represents allocation of unidentified miscellaneous taxes and refunds.

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

Source of information: Cook County Levy, Rate and Extension Reports for 2003-2012.

2008	2007	2006	2005	2004	2003
0.9627	0.9994	1.0162	0.9802	1.1803	1.1778
0.0166	0.0175	0.0183	0.0163	0.0197	0.0200
0.2804	0.2910	0.2963	0.2859	0.3443	0.3495
0.0000	0.0000	0.0000	0.0000	0.0045	0.0000
0.0329	0.0435	0.0405	0.0300	0.0161	0.0183
0.1106	0.1308	0.1314	0.1198	0.1290	0.1235
0.4317	0.4769	0.4980	0.4926	0.6044	0.6160
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
1.8349	1.9591	2.0007	1.9248	2.2983	2.3051
\$ 21,940,177	\$ 20,618,955	\$ 20,075,766	\$ 19,578,626	\$ 19,219,993	\$ 18,812,770
379,038	360,518	360,867	325,761	320,452	318,977
6,391,524	6,004,073	5,854,041	5,710,708	5,605,831	5,582,099
1	1	1	-	72,840	-
750,000	900,000	800,000	600,000	262,787	292,860
2,522,668	2,698,038	2,594,268	2,394,710	2,100,000	1,971,900
9,838,650	9,838,650	9,838,650	9,838,650	9,842,897	9,839,276
-	-	-	-	-	-
\$ 41,822,058	\$ 40,420,235	\$ 39,523,593	\$ 38,448,455	\$ 37,424,800	\$ 36,817,882
18,366,839	17,808,015	17,520,465	17,482,667	16,725,032	16,401,962
21,446,494	21,028,151	20,361,814	19,746,650	19,709,088	19,681,770
\$ 39,813,333	\$ 38,836,166	\$ 37,882,279	\$ 37,229,317	\$ 36,434,120	\$ 36,083,732
43.92%	44.06%	44.33%	45.47%	44.69%	44.55%
51.28%	52.02%	51.52%	51.36%	52.66%	53.46%
95.20%	96.08%	95.85%	96.83%	97.35%	98.01%

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

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Fiscal Year Ended June 30,	General Obligation Bonds	Loans	Total
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
2006	79,979,435	-	79,979,435
2005	62,258,136	-	62,258,136
2004	66,076,500	-	66,076,500

Source of information: Annual Financial Statements



**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**RATIO OF GENERAL BONDED DEBT TO EQUALIZED ASSESSED VALUATION**  
**AND GENERAL BONDED DEBT PER CAPITA**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year Ended June 30,</u>	<u>Tax Levy Year</u>	<u>General Bonded Debt</u>	<u>Equalized Assessed Valuation</u>	<u>Percentage of General Bonded Debt to Assessed Valuation</u>	<u>Estimated population</u>	<u>General Bonded Debt Per Capita</u>	<u>Percentage of General Bonded Debt to Personal Income</u>
2013	2012	\$ 42,013,178	\$ 1,640,896,561	2.56%	158,190	266	0.57%
2012	2011	47,398,366	1,783,704,124	2.66%	159,418	297	0.66%
2011	2010	51,956,272	2,305,398,885	2.25%	158,720	327	0.72%
2010	2009	56,196,359	2,267,964,034	2.48%	147,312	381	0.83%
2009	2008	60,826,676	2,279,069,966	2.67%	147,312	413	0.89%
2008	2007	66,060,048	2,063,115,770	3.20%	148,413	445	0.97%
2007	2006	72,556,550	1,975,591,559	3.67%	149,849	484	1.15%
2006	2005	79,979,435	1,997,335,543	4.00%	151,497	528	1.34%
2005	2004	62,258,136	1,628,408,754	3.82%	152,470	408	1.10%
2004	2003	66,076,500	1,597,257,407	4.14%	153,317	431	1.21%

Source:

Annual Financial Statements 2004 to 2013.

2010 U.S Census Bureau

Note:

Population estimates were based on official U.S. Census, Local, City, Village and School data.

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

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

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**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2013**

<u>Jurisdiction Overlapping</u>		<u>Debt Outstanding</u>	<u>Overlapping Percent</u>	<u>Direct and Overlapping Debt</u>
Cook County		\$ 3,706,435,000	1.19%	\$ 44,106,577
Cook County Forest Preserve District	(3)	131,500,000	1.19%	1,564,850
Metropolitan Water Reclamation District	(1)	2,492,761,543	1.21%	30,162,415
City of Berwyn	(2)	101,808,659	100.00%	101,808,659
Town of Cicero	(4)	44,325,000	100.00%	44,325,000
Village of Forest View		1,940,000	44.41%	861,554
Village of Lyons	(3)(5)	6,145,000	95.52%	5,869,704
Village of McCook		24,275,000	28.42%	6,898,955
Village of Stickney		11,260,000	100.00%	11,260,000
Berwyn Park District		1,970,000	100.00%	1,970,000
Central Stickney Park District		582,000	1.65%	9,603
Clyde Park District	(3)	2,360,000	100.00%	2,360,000
Hawthorne Park District	(3)	161,910	100.00%	161,910
McCook Park District		555,000	28.56%	158,508
North Berwyn Park District		844,050	100.00%	844,050
McCook Public Library District	(3)	-	28.56%	-
Stickney-Forest View Library District		225,000	54.40%	122,400
School District #99		51,590,000	100.00%	51,590,000
School District #100		35,210,000	100.00%	35,210,000
School District #103	(2)	9,075,906	71.86%	6,521,946
School District #104		30,980,000	2.98%	923,204
Morton Community College District #527	(3)	1,895,000	100.00%	1,895,000
Total indirect debt		6,655,899,068		348,624,334
J. Sterling Morton High School District # 201	(2)	42,013,178	100.00%	42,013,178
		<u>\$ 6,697,912,246</u>		<u>\$ 390,637,512</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.

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

(5) Excludes outstanding debt certificates.

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

	2013	2012	2011	2010
Debt limit	\$ 113,221,863	\$ 123,075,585	\$ 159,072,523	\$ 156,489,518
Total net debt applicable to limit	<u>36,041,651</u>	<u>41,419,970</u>	<u>45,971,016</u>	<u>50,298,677</u>
Legal debt margin	<u><u>77,180,212</u></u>	<u><u>81,655,615</u></u>	<u><u>113,101,507</u></u>	<u><u>106,190,841</u></u>
Total net debt applicable to the limit as a percentage of debt limit	<u><u>31.83%</u></u>	<u><u>33.65%</u></u>	<u><u>28.90%</u></u>	<u><u>32.14%</u></u>

Legal Debt Margin calculation for fiscal year June 30, 2013

Assessed valuation of taxable properties for the tax year 2012	\$ 1,640,896,561
Rate	<u>6.9%</u>
Bonded debt limit	<u>\$ 113,221,863</u>
Debt subject to limitation: General obligation bonds payable	\$ 42,013,178
Less Debt Service Fund balance	<u>5,971,527</u>
Net debt outstanding subject to limitation	<u>\$ 36,041,651</u>
Legal bonded debt margin at June 30, 2013	<u><u>\$ 77,180,212</u></u>

Source of Information: Fiscal Years 2004-2013 Annual Financial Statements

2009	2008	2007	2006	2005	2004
\$ 157,255,828	\$ 142,354,988	\$ 136,315,818	\$ 137,816,152	\$ 112,360,204	\$ 110,210,761
55,629,563	60,762,746	67,008,084	74,792,058	57,946,881	62,107,231
101,626,265	81,592,242	69,307,734	63,024,094	54,413,323	48,103,530
35.38%	42.68%	49.16%	54.27%	51.57%	56.35%

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**DEMOGRAPHIC AND MISCELLANEOUS STATISTICS**  
**LAST TEN CALENDAR YEARS**

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate (Cook County)
2012	158,190	\$ 7,424,964,030	46,937	9.3%
2011	159,418	7,223,388,998	45,311	10.4%
2010	158,720	7,191,761,920	45,311	10.5%
2009	147,312	6,800,069,232	46,161	10.3%
2008	147,312	6,846,325,200	46,475	6.5%
2007	148,413	6,813,344,004	45,908	5.1%
2006	149,849	6,292,609,057	41,993	4.7%
2005	151,497	5,972,466,231	39,423	6.5%
2004	152,470	5,645,964,100	37,030	6.8%
2003	153,317	5,471,270,462	35,686	7.4%

**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

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.

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

Note: The Census Bureau has reported an increase in the population of the communities in the  
District from 2010 to 2011 by approximately .44%.

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**  
**PRINCIPAL EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

Employer	2013*		2004**	
	Employees	Rank	Employees	Rank
MacNeal Hospital	2,200	1	1,800	1
USF Holland, Inc.	500	2	500	5
Terrace Paper Co., Inc.	400	3		
Meade Electric Co.	400	4	400	8
A&R Janitorial Services, Inc.	350	5	1,800	2
Campagna-Turano Baker, Inc.	300	6	300	14
Capital Wholesale Meats Inc also called				
Fontanini Italian Meat and Sausages	270	7		
Brad Foote Gear Works, Inc.	250	8		
Grout Industries, Inc.	250	9		
Morton College	250	10		
Saporito Finishing Co.	250	11		
Tru-View, Inc.	250	12		
World Marketing - Chicago	250	13		
Estes Express Lines, Inc.	240	14	300	
Cicero School District 99			1,700	3
McCook Metal, LLC			637	4
Town of Cicero			500	6
Berwyn School District 100-South School			418	7
National Castings			400	9
Briskin Mfg. Co.			380	10
City of Berwyn			375	11
UOP, LLC			350	12
Turano Baking Company			300	13
Berwyn North School District 98			250	15
Chicago Extruded Metals Co.			225	16
Total	6,160		10,635	

Sources:

\*2013 Illinois Manufacturer's, Services, and Harris Industrial Directories

\*\*2004 Illinois Services and Manufacturer's Directories,  
2004 Official Statements of taxing districts within the District which listed the sources shown below.

**J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201**  
**NUMBER OF FULL-TIME EMPLOYEES**  
**LAST TEN FISCAL YEARS**

	2013	2012	2011	2010
<b>Instructional services:</b>				
Regular programs				
Teachers	299.0	300.0	334.0	369.0
Clerical	-	-	-	-
Special programs				
Administrators	3.0	3.0	3.0	3.0
Teachers	55.0	57.0	58.0	68.0
Teaching assistants/clerical	68.0	70.0	70.0	63.0
Other programs				
Administrators	1.0	1.0	1.0	-
Teachers	9.0	9.0	9.0	68.0
Teaching assistants/clerical	7.0	6.0	6.0	26.0
<b>Support services:</b>				
Pupil support services				
Dean of students/administrators	9.0	9.0	9.0	9.0
Social workers	8.0	9.0	9.0	9.0
Guidance counselors	27.0	24.0	26.0	28.0
Psychologists	5.0	4.0	4.0	4.0
Speech pathologists	3.0	3.0	3.0	3.0
Clerical	41.0	34.0	34.0	34.0
Instructional staff services				
Administrators	6.0	5.0	5.0	5.0
Testing facilitator	-	-	-	-
Teachers	-	-	-	-
Librarians	3.0	3.0	3.0	5.0
Clerical/aides	-	9.0	9.0	13.0
General administration services				
Treasurer	1.0	1.0	1.0	1.0
Superintendent/asst. superintendents	2.0	2.0	2.0	3.0
Special area administration	3.0	1.0	1.0	7.0
Clerical	9.0	9.0	9.0	9.0
School administration services				
Principals and assistant principals	11.0	11.0	11.0	12.0
Clerical	10.0	13.0	13.0	17.0
Business services				
Direction of business services	1.0	1.0	1.0	1.0
Fiscal services	14.0	18.0	18.0	18.0
Food service	21.0	20.0	25.0	25.0
Operations and maintenance of facilities				
Director/clerical	2.0	2.0	2.0	2.0
Engineers/custodial/maintenance	71.0	71.0	71.0	71.0
Security	54.0	51.0	47.0	47.0
Transportation services				
Bus drivers	2.0	2.0	2.0	2.0
Central services				
Information services	-	-	-	-
Data processing services	9.0	10.0	10.0	10.0
<b>Total employees</b>	<b>754.0</b>	<b>758.0</b>	<b>796.0</b>	<b>932.0</b>

Source: District records - full time equivalents.



2009	2008	2007	2006	2005	2004
324.2	317.8	322.4	318.4	314.8	278.0
-	-	-	-	2.5	11.0
-	-	-	-	1.0	3.5
59.0	61.2	58.2	57.0	55.0	57.0
63.0	57.0	51.0	46.0	44.0	47.0
-	-	-	-	-	2.0
53.2	60.4	64.4	64.6	65.4	81.0
26.0	27.0	23.0	29.0	29.0	25.0
9.0	9.0	9.0	9.0	9.0	11.0
9.0	8.0	8.0	8.0	8.0	9.0
27.0	25.0	26.0	25.0	25.0	27.0
3.0	3.6	4.0	4.0	4.0	3.0
3.0	3.0	3.0	2.0	2.0	2.0
33.5	31.5	35.5	34.5	33.0	36.0
7.8	-	-	1.0	1.0	2.5
-	-	-	-	1.0	-
-	-	-	-	-	3.0
5.0	5.0	5.6	5.6	5.6	4.6
13.0	13.0	12.0	11.0	9.0	10.0
1.2	0.2	-	-	-	-
1.0	1.0	1.0	1.0	1.5	1.5
6.3	5.0	5.0	5.0	4.0	0.5
9.0	9.0	9.0	9.0	6.0	4.0
17.0	17.0	17.0	17.0	16.0	11.5
17.5	16.5	15.5	18.0	17.0	5.0
1.8	1.8	2.0	2.0	2.0	2.0
18.0	18.0	18.0	18.0	17.0	15.0
25.0	25.0	23.0	23.0	24.0	17.0
2.0	2.0	2.0	2.0	2.0	2.0
70.0	70.0	71.0	70.0	69.0	59.0
47.0	39.0	37.0	42.0	40.0	39.0
2.0	2.0	2.0	2.0	2.0	1.0
1.0	2.0	1.0	1.0	2.5	3.5
12.0	11.0	9.0	12.0	13.0	11.0
866.5	841.0	834.6	837.1	825.3	784.6

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

	2013	2012	2011	2010
Instruction				
Enrollment				
Regular education	7,347	7,309	7,730	7,414
Special Education	843	1,035	823	992
Total enrollment	<u>8,190</u>	<u>8,344</u>	<u>8,553</u>	<u>8,406</u>
Percentage of limited English proficient	10.0%	10.0%	6.3%	5.6%
Pupil support services				
Percentage of students with disabilities	10.3%	12.4%	9.7%	11.8%
School administration				
Student attendance rate	89.0%	86.9%	86.9%	84.8%
Fiscal services				
Purchase orders processed	4,211	3,931	4,099	4,600
W-2's issued	1,138	1,200	1,200	1,214
Maintenance				
District square footage maintained by custodians and maintenance staff	1,354,175	1,354,175	1,345,425	1,345,425
District acreage maintained by grounds staff	69	69	69	69

Source of information: District records.

2009	2008	2007	2006	2005	2004
7,392	7,145	7,122	7,340	6,922	6,765
1,018	963	964	932	862	841
<u>8,410</u>	<u>8,108</u>	<u>8,086</u>	<u>8,272</u>	<u>7,784</u>	<u>7,606</u>
5.4%	3.6%	5.3%	5.8%	7.7%	6.8%
12.1%	11.9%	11.9%	11.3%	11.1%	11.1%
90.5%	89.7%	86.3%	90.2%	91.1%	90.4%
4,700	4,500	4,000	4,200	4,600	5,700
1,226	1,232	1,233	1,225	1,307	1,311
1,345,425	1,345,425	1,324,895	1,324,895	1,324,895	1,111,865
69	69	66	66	66	54

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

	2013	2012	2011	2010
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)	3,352	3,220	3,220	3,220
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)	3,379	3,892	3,892	3,892
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)	1,244	1,337	1,337	1,337
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)	110	104	104	104
Morton Alternative School (leased)				
Enrollment (students housed)	n/a	n/a	n/a	n/a

**Sources:**

Enrollment per Fall Housing Report; other statistics per District records.

2009	2008	2007	2006	2005	2004
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
3,539	3,496	3,300	3,362	3,061	4,071
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
3,501	3,184	3,428	3,452	3,369	3,403
14.17	14.17	17.23	17.23	17.23	n/a
213,030	213,030	213,030	213,030	213,030	n/a
1,500	1,500	1,500	1,500	1,500	n/a
1,260	1,265	1,223	1,326	1,228	n/a
3.06	3.06	n/a	n/a	n/a	n/a
20,530	20,530	n/a	n/a	n/a	n/a
126	126	n/a	n/a	n/a	n/a
76	82	n/a	n/a	n/a	n/a
n/a	n/a	61	63	63	55

**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
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%
2006	60,574,808	6,879.54	8,805	2.52%
2005	58,624,776	6,826.00	8,588	-0.97%
2004	56,915,989	6,563.00	8,672	4.75%

(1) Total operating expense per pupil