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

Comprehensive Annual Financial Report

Fiscal year ended
June 30, 2010

Prepared by the:
Business Office
Ms. Cathy L. Johnson
Chief Financial Officer

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INTRODUCTORY SECTION

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
Comprehensive Annual Financial Report
June 30, 2010 (Continued)

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J. STERLING MORTON HIGH SCHOOLS

MORTON EAST, 2423 SOUTH AUSTIN BLVD., CICERO, IL 60804, (708)222-5706 FAX: (708)656-0490

January 5, 2011

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of J. Sterling Morton High School District 201 for the fiscal year ended June 30, 2010. 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 2010 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 nonmajor 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 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 a 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 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 indicate that the County is experiencing the affects of the National Economic Recession. The latest unemployment rate of the County (May 2010) is 10.7% compared to 7.1% reported last year. This compares to U.S. rates of 9.3% and 7.1% for the same periods, respectively.

THE DISTRICT AND ITS FACILITIES

The School District served approximately 8,200 students during the 2010 fiscal year housed in four facilities. The enrollments per school, excluding private placements, were as follows:

School	Grades	Enrollment
Morton Freshman Center	9	1,308
Morton East	10-12	3,462
Morton West	9-12	3,260
Alternative School	9-12	99

MAJOR INITIATIVES

The 2009-2010 fiscal year was a year of administrative restructuring in management's continued efforts to achieve academic school improvement. Dr. Michael Kuzniewski was hired as Superintendent in April of 2010.

The District is in the midst of collective bargaining agreements with four of its five unions. The agreements with the Teacher and Clerical unions are for three year terms from 2008-2009 through 2010-2011 and the agreements with the Teaching Assistants and Security Staff unions are for four year terms from 2008-2009 through 2011-2012.

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. Nonmajor 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 2010.

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 1c 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, 2010. The opinion of Klein, Hall & Associates, LLC can be found at the beginning of the Financial Section of this report.

Acknowledgements

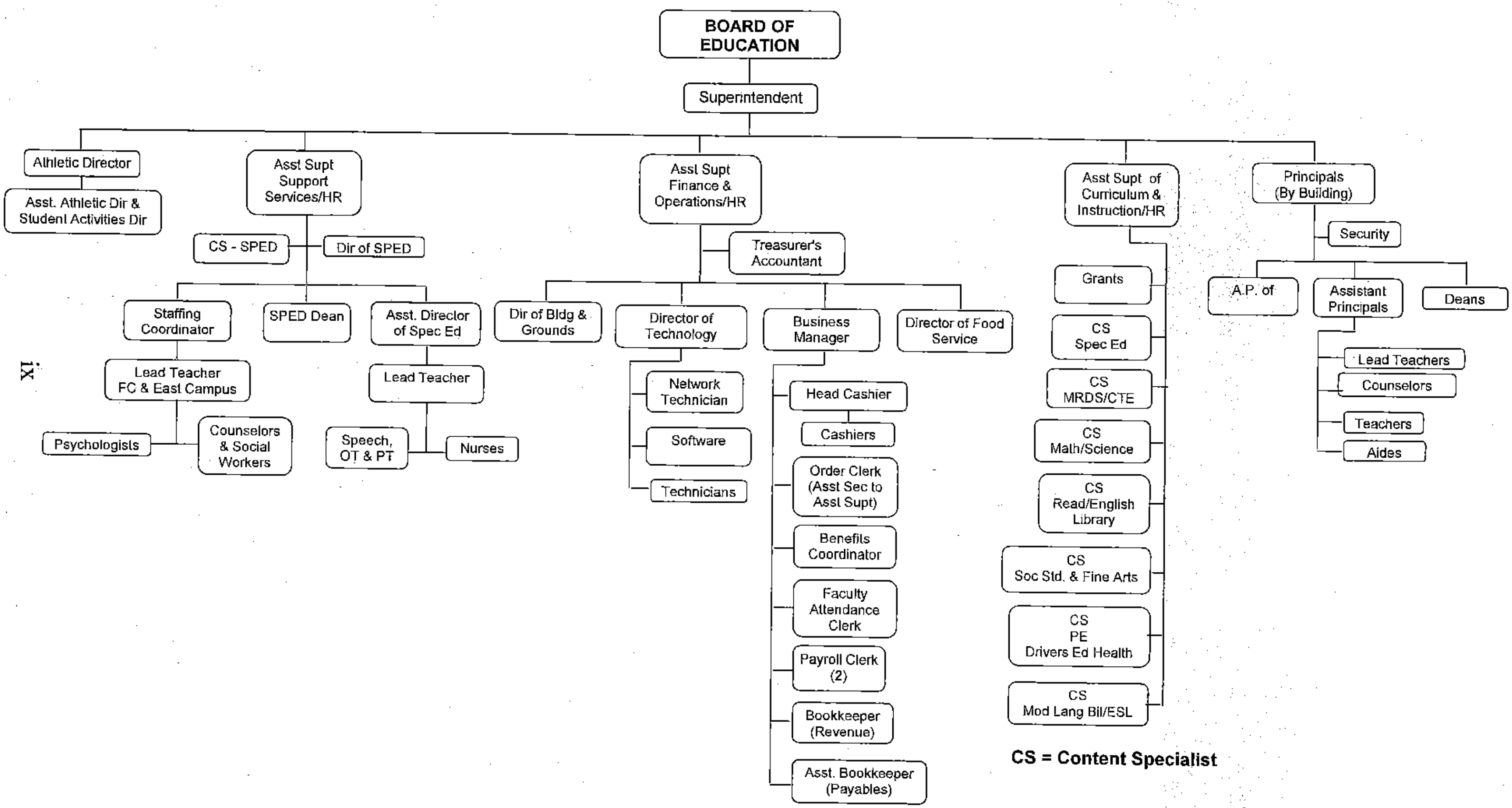
A note of sincere appreciation is extended to the many conscientious people who have contributed their time and effort to the preparation of this report.

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

Respectfully submitted,

Ms. Cathy Johnson
Chief Financial Officer

J. Sterling Morton High School District 201
Organization Chart
Fiscal year 2009-2010



CS = Content Specialist

J. Sterling Morton High School District No. 201
2423 Austin Boulevard
Cicero, Illinois 60804

Officers and Officials

As of June 30, 2010

Board of Education

		Term Expires
Mr. Jeffry Pesek	President	April 2011
Mr. Joseph Keating	Vice President	April 2013
Ms. Jessica Jaramillo-Flores	Secretary	April 2013
Ms. Laura Martin Salazar	Member	April 2013
Mr. Derek Dominick	Member	April 2011
Mr. Michael Iniquez	Member	April 2011
Dr. Margaret Kelly	Member	April 2013

District Administration

Dr. Michael Kuzniewski	Superintendent
Dr. Michael Kuzniewski	Asst. Superintendent of Curriculum & Assmt.
Dr. Victoria Parkinson	Asst. Superintendent of Support Services
Ms. Gail Kopf	Asst. Superintendent of Finance & Operations

Official Issuing Report

Ms. Gail Kopf, CPA — Asst. Superintendent of Finance & Operations

Department Issuing Report

Business Office

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FINANCIAL SECTION

Independent Auditors' Report

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

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, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 *Governmental 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2010, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2010, on our consideration of the 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 the internal control over financial reporting or on compliance. That report is an integral part of

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an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing results of our audit.

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 response 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the J. Sterling Morton High School District No. 201's basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical sections have 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 assurance on it.

Klein, Hall & Associates, LLC

Klein, Hall & Associates, LLC
Aurora, Illinois
September 30, 2010

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards*

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

We have audited the financial statements of J. Sterling Morton High School District No. 201 as of and for the year ended June 30, 2010, and have issued our report thereon dated September 30, 2010. 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.

Internal Control Over Financial Reporting
In planning and performing our audit, we considered J. Sterling Morton High School District No. 201 internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing and opinion on the effectiveness of the J. Sterling Morton High School District No. 201's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is reasonable possibility that a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters
As a part of obtaining reasonable assurance about whether J. Sterling Morton High School District No. 201 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

In accordance with SAS No. 114 *The Auditor's Communication With Those Charged With Governance* we have issued a separate letter dated September 30, 2010 to the Board of Education addressing those required communications.

We noted certain matters that we reported to management of J. Sterling Morton High School District No. 201 in a separate letter dated September 30, 2010.

This report is intended solely for the information and use of the audit committee, management and the Illinois State Board of Education, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Klein, Hall & Associates, LLC

Klein, Hall & Associates, LLC
Aurora, Illinois
September 30, 2010

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, 2010. 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, 2010 by $21,283,978 *(net assets).* During the year, net assets decreased by $6,339,958 from ordinary activities.

- General revenues accounted for $71,188,254 or 74% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for $24,752,414 or 26% of total revenues of $95,940,668.

- The School District had $102,280,626 in expenses. Of these expenses, only $24,752,414 was offset by program specific charges for services, grants or contributions. Current year general revenues (primarily property taxes and general state aid) totaled $71,188,254, which provided for the $77,528,212 net cost for these programs, with the $6,339,958 remainder decreasing net assets for the year.

- Among governmental funds, the General Fund had $87,295,226 in revenues, $89,952,527 in expenditures, for a net decrease in fund balance of $2,657,301.

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

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

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

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 2010?" The *Statement of Net Assets* and the *Statements of Activities*, which appear on pages 15 - 16 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 assets and changes in those assets. This change in net assets 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 17 – 22 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 Assets and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

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 23 – 46 of this report.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Recall that the Statement of Net Assets 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 assets for 2010 and 2009. The School District's assets exceeded liabilities by $21,283,978 (*net assets*) on June 30, 2010. As shown in Table 2 (on page 9), governmental activities resulted in an $6,339,958 decrease in net assets from the prior year. Other financial transactions of the School District affected the allocation among the three components of net assets.

The largest component of net assets is invested in capital assets, net of related debt ($57.4 million). This component increased by $12.7 million from the prior year.

An additional portion ($13.2 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 assets 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.

Any remaining balance of unrestricted net assets may be used to meet a district's ongoing obligations to its general programs; however, for the School District this balance is negative (-$49.3 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 $56.2 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 Assets
Governmental Activities

	2010	2009
Assets		
Current and other assets	$ 66,616,532	$ 76,970,846
Capital assets	57,368,295	58,230,730
Total Assets	123,984,827	135,201,576
Liabilities		
Long-term liabilities	97,183,748	100,605,223
Other liabilities	5,517,101	6,972,417
Total Liabilities	102,700,849	107,577,640
Net Assets		
Invested in capital assets, net of related debt	57,368,295	44,743,143
Restricted	13,179,338	12,870,395
Unrestricted	(49,263,655)	(29,989,602)
Total net assets	$ 21,283,978	$ 27,623,936

Table 2 on the next page shows the changes in total net assets from governmental activities for fiscal years 2010 and 2009.

(Table 2)

Changes in Net Assets
Governmental Activities

	2010	2009
Revenues		
Program Revenues:		
Charges for services	$ 3,131,227	$ 3,460,202
Operating grants & contributions	21,621,187	18,646,339
Capital grants & contributions	-	-
Total Program Revenues	24,752,414	22,106,541
General Revenues:		
Property taxes	40,467,270	39,698,641
Grants & entitlements not restricted to specific programs	24,487,932	27,282,170
Investment earnings	356,031	609,878
Miscellaneous	5,877,021	6,384,633
Total General Revenues	71,188,254	73,975,322
Total Revenues	95,940,668	96,081,863
Program Expenses		
Instructional services	63,630,115	53,743,555
Support services		
Pupils and instructional staff	8,560,093	8,850,579
Administration and business	8,973,226	10,457,037
Operation & maintenance of facilities	10,188,107	11,571,176
Pupil transportation	2,920,439	2,496,884
Central	1,130,022	1,341,619
Other	1,223,183	991,534
Interest on long-term debt	5,655,441	5,779,209
Total Program Expenses	102,280,626	95,231,593
Increase (Decrease) in Net Assets before extraordinary item	(6,339,958)	850,270
Extraordinary item-loss on adjustment of fixed assets	-	(22,574,508)
Increase (Decrease) in Net Assets	(6,339,958)	(21,724,238)
Net assets - beginning	27,623,936	49,348,174
Net assets - ending	$ 21,283,978	$ 27,623,936

Governmental activities decreased the District's net assets by $6,339,958 for fiscal year 2010.

The major source of revenues for governmental activities of the School District was local property taxes, which provided 42% and 41% of the School District's revenues in fiscal years 2010 and 2009, respectively. State and federal funding in the form of grants and entitlements provided another significant source of revenues to the School District, providing 48% of revenues in fiscal years 2010 and 2009. The remainder of revenues was derived from charges for services, investment earnings and other miscellaneous revenues, which provided 10% and 11% of revenues in 2010 and 2009, 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 62% and 56% of total governmental program expenses in 2010 and 2009, respectively. Support services activities comprised another 32% and 38% of governmental program expenses in 2010 and 2009 with financing activities comprising the remainder at 6% in both years.

The Statement of Activities on page 16 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

	2010		2009	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instructional services	$ 63,630,115	$ 44,603,319	$ 53,743,555	$ 39,162,088
Support services				
Pupils and instructional staff	8,560,093	8,525,286	8,850,579	8,034,373
Administration and business	8,973,226	4,649,763	10,457,037	6,007,987
Operation & maintenance of facilities	10,188,107	10,151,057	11,571,176	11,526,911
Pupil transportation	2,920,439	1,590,141	2,496,884	719,896
Central	1,130,022	1,130,022	1,341,619	1,341,619
Other	1,223,183	1,223,183	991,534	552,969
Interest and fiscal	5,655,441	5,655,441	5,779,209	5,779,209
Total Expenses	$ 102,280,626	$ 77,528,212	$ 95,231,593	$ 73,125,052

Program revenues were $24.8 million and $22.1 million for 2010 and 2009, 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 2010 was $102.3 million, an increase of $7.0 million or 7.4% from the prior year. Current year costs include a $2.9 million increase in Teachers Retirement System pension contributions for employees of the School District which are paid on behalf of the School District by the State of Illinois. Program revenues, likewise, include an operating grant in an equal amount to recognize the contribution paid by the State on behalf of the School District. Excluding these "on behalf" payments for which there are offsetting revenues, total cost of services increased by $4.1 million or 4.7% from $88,653,259 in fiscal 2009 to $92,798,864 in fiscal 2010. Excluding "on behalf" revenues, total program revenues decreased by $0.3 million. The net cost of services for fiscal 2010 was $77.5 million and reflects an increase of $4.4 million from the prior year due to the increase in cost of services and decrease in program revenues.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Information about the School District's major funds starts on page 17. 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 $38.9 million as of June 30, 2010. The balances and transactions of the School District's major funds are summarized below.

The General Fund had $87.3 million in revenues, and $90.0 million in expenditures for a net decrease in fund balance of $2.7 million for fiscal 2010. The General Fund ended the year with a fund balance of $23.1 million at June 30, 2010.

The Transportation Fund had approximately $2.2 million in revenues and $2.8 million in expenditures for a net decrease in fund balance of $0.6 million for fiscal 2010. The Transportation Fund ended the year with a fund deficit of approximately $490,000 at June 30, 2010.

The Working Cash Fund provides working capital to the other funds and does not incur expenditures. For fiscal 2010, the fund received revenues totaling approximately $76,000 and made no operating transfers to other funds. The Working Cash Fund ended the year with a fund balance of approximately $7.8 million as of June 30, 2010.

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 increased by approximately $700,000 during fiscal 2010. The fund balance at June 30, 2010 totaled $5.9 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 $.07 million or 0.9% less than budgeted and actual expenditures were $4.9 million or 5.7% less than budgeted for a net favorable variance of $4.2 million.

CAPITAL ASSETS

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

	2010	2009
Land	$13,230,678	$13,230,678
Construction in progress	-	-
Improvements other than buildings	928,655	652,243
Buildings and improvements	40,534,964	41,634,964
Equipment	2,673,998	2,712,845
Totals	$57,368,295	$58,230,730

Table 4 shows fiscal year 2010 balances compared to fiscal year 2009. At the end of fiscal year 2010, the School District had $57,368,295 invested in land, buildings and improvements, furniture and equipment, vehicles and books and educational media. Capital assets (net of depreciation) decreased by approximately $0.9 million. The School District invested $1.5 million in capital asset additions during the year and, recorded $2.4 million in depreciation expense, resulting in the net decrease in capital assets (net of depreciation) for fiscal year 2010.

For more information on capital assets, refer to Note 4 of the notes to the basic financial statements.

DEBT ADMINISTRATION

At June 30, 2010, the School District had $96,648,871 in general obligation long-term debt outstanding; of the total, $9,518,550 is due within one year. Table 5 summarizes bonds outstanding:

(Table5)
Outstanding Debt at June 30,

	2010	2009
General obligation bonds	$ 56,196,359	$ 60,826,676
Premium on bonds issued	10,147,179	10,890,430
Accreted interest on capital appreciation bonds	29,986,221	28,170,833
EPA loan	319,112	350,491
Totals	$ 96,648,871	$ 100,238,430

No new debt was issued during fiscal year 2010.

The School District's overall legal debt margin was $106,190,841 with a ratio of Debt Service Expenditures to General Expenditures of 8.8%.

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. The School District has experienced a 41% increase in average daily attendance over the past ten years during a time when local manufacturing companies have been leaving the district and causing erosion of the School District's commercial-industrial Tax Base. Despite the fact that the School District's per capita tuition charge of $10,842 in fiscal 2010 was significantly lower than the 26 other high school districts in Cook County with the next lowest being $11,476 and the average being $14,495, the School District has had to utilize borrowing to supplement revenues so that sufficient resources would be available to support the School District's educational programs.

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

(Table 6)
State School District Financial Profile

Indicator	Possible Score	District Score	District Ranking
FBRR	1.40	1.40	
EXRV	1.40	1.05	
DCOH	0.40	.30	
STB	0.40	.40	
LTD	0.40	.30	
	4.00	3.45	Financial Review

The School District's ranking remained Financial Review for fiscal year 2010. The District's Days Cash on Hand (DCOH) decreased from 164.8 to 137.6 days. The Fund Balance to Revenue Ratio (FBRR) decreased from .442 to .379, however, the indicator remains adequate to receive the best possible score. These two indicator scores are deemed sufficient to fund operating deficits over the short-term. The District's Percent of Long-Term Debt Margin Remaining (LTD) score remains unchanged from the prior year, however, the percent improved from 61.09% to 65.16% compared to the prior year. It is apparent the future holds many questions and challenges that must be resolved. 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 Cathy L. Johnson, Chief Financial Officer for J. Sterling Morton High School District 201, 2423 S. Austin Blvd., Cicero, IL 60804.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Cash and investments	$ 40,725,793
Receivables:	
Property taxes	21,946,334
Due from other governments	3,717,017
Inventory	227,388
Capital assets:	
Land and construction in progress	13,230,678
Other capital assets, net of accumulated depreciation	44,137,617
Total Assets	123,984,827
Liabilities:	
Accounts payable	428,329
Insurance claims payable	1,003,806
Accrued salaries	4,084,966
Noncurrent liabilities:	
Due within one year	9,518,550
Due in more than one year	87,130,321
Other post employment benefits	534,877
	102,700,849
Net Assets:	
Invested in capital assets, net of related debt	57,368,295
Restricted for:	
Debt service	10,851,704
Capital projects	2,327,634
Unrestricted (Deficit)	(49,263,655)
Total net assets	$ 21,283,978

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Functions	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities:					
Instructional services:					
Regular programs	$ 45,839,828	$ 981,055	$ 13,049,980	$ -	$(31,808,793)
Special programs	13,871,762	-	4,450,522	-	(9,421,240)
Other programs	3,918,525	-	545,239	-	(3,373,286)
Support services:					
Pupils	5,926,067	-	-	-	(5,926,067)
Instructional staff	2,634,026	-	34,807	-	(2,599,219)
General administration	1,371,944	-	-	-	(1,371,944)
School administration	2,224,374	-	-	-	(2,224,374)
Business	5,376,908	2,113,122	2,210,341	-	(1,053,445)
Operation and maintenance of facilities	10,188,107	37,050	-	-	(10,151,057)
Transportation	2,920,439	-	1,330,298	-	(1,590,141)
Central	1,130,022	-	-	-	(1,130,022)
Other	1,223,183	-	-	-	(1,223,183)
Interest on long-term liabilities	5,655,441	-	-	-	(5,655,441)
Total school district	$ 102,280,626	$ 3,131,227	$ 21,621,187	$ -	(77,528,212)
General revenues:					
Property taxes levied for:					
General purposes					27,408,897
Transportation					883,708
Retirement					2,697,007
Debt service					9,477,658
Federal and state aid not restricted to specific purposes					24,487,932
Earnings on investments					356,031
Miscellaneous					5,877,021
Total general revenues					71,188,254
Change in net assets					(6,339,958)
Ne assets - beginning					27,623,936
Net assets - ending					$ 21,283,978

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, 2010

	General	Transportation	Working Cash	Debt Service
ASSETS				
Assets:				
Cash and investments	$ 23,762,264	$ 607,267	$ 7,468,974	$ 5,897,682
Receivables:				
Property taxes	15,213,261	436,114	-	4,954,022
Due from other governments	3,273,980	443,037	-	-
Due from other funds	1,500,000	-	300,000	-
Inventory	227,388	-	-	-
TOTAL ASSETS	$ 43,976,893	$ 1,486,418	$ 7,768,974	$ 10,851,704
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	$ 390,986	$ 37,343	$ -	$ -
Insurance claims payable	1,003,806	-	-	-
Accrued salaries and related expenditures	4,032,974	-	-	-
Due to other funds	-	1,500,000	-	-
Deferred revenue	15,528,388	436,114	-	4,954,022
Total Liabilities	20,956,154	1,973,457	-	4,954,022
Fund Balances (Deficits):				
Reserved				
Reserved for inventory	227,388	-	-	-
Reserved for capital projects	-	-	-	-
Unreserved - undesignated (deficit)	22,793,351	(487,039)	7,768,974	5,897,682
Unreserved - undesignated - special revenue funds	-	-	-	-
Total Fund Balances (deficit)	23,020,739	(487,039)	7,768,974	5,897,682
TOTAL LIABILITIES AND FUND EQUITY	$ 43,976,893	$ 1,486,418	$ 7,768,974	$ 10,851,704

See accompanying notes to basic financial statements.

Other Governmental Funds	Total Governmental Funds
$ 2,989,606	$ 40,725,793
1,342,937	21,946,334
-	3,717,017
-	1,800,000
-	227,388
$ 4,332,543	$ 68,416,532
$ -	$ 428,329
-	1,003,806
51,992	4,084,966
300,000	1,800,000
1,342,937	22,261,461
1,694,929	29,578,562
-	227,388
2,327,634	2,327,634
-	35,972,968
309,980	309,980
2,637,614	38,837,970
$ 4,332,543	$ 68,416,532

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2010

Total fund balances - governmental funds			$ 38,837,970
Amounts reported for governmental activities in the statement of net assets 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 $96,032,601 and the accumulated depreciation is $38,664,306.			57,368,295
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.			22,261,461
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	(96,648,871)	
	Other post employment benefits	(534,877)	(97,183,748)
Net assets of governmental activities			$ 21,283,978

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010

	General	Transportation	Working Cash	Debt Service	Other Governmental Funds	Totals Governmental Funds
REVENUES						
Local sources	$ 37,683,476	$ 876,065	$ 76,056	$ 9,895,569	$ 3,056,246	$ 51,587,412
State sources	36,545,770	1,330,298	-	-	-	37,876,068
Federal sources	13,065,980	-	-	-	-	13,065,980
Total Revenues	87,295,226	2,206,363	76,056	9,895,569	3,056,246	102,529,460
EXPENDITURES						
Current operating:						
Instruction	60,739,593	-	-	-	824,812	61,564,405
Support services	28,166,475	2,817,115	-	-	2,000,042	32,983,632
Community services	107,992	-	-	-	170	108,162
Non-programmed charges	938,467	-	-	-	-	938,467
Debt service:						
Principal	-	-	-	4,661,696	-	4,661,696
Interest and other	-	-	-	4,583,304	-	4,583,304
Total Expenditures	89,952,527	2,817,115	-	9,245,000	2,825,024	104,839,666
Excess (deficiency) of revenues over expenditures	(2,657,301)	(610,752)	76,056	650,569	231,222	(2,310,206)
OTHER FINANCING SOURCES (USES)						
Transfers In (Out)	(50,000)	-	-	50,000	-	-
Total other financing sources (uses)	(50,000)	-	-	50,000	-	-
Net changes in fund balance	(2,707,301)	(610,752)	76,056	700,569	231,222	(2,310,206)
Fund Balances at beginning of year	25,728,040	123,713	7,692,918	5,197,113	2,406,392	41,148,176
FUND BALANCES (DEFICIT) AT END OF YEAR	$ 23,020,739	$ (487,039)	$ 7,768,974	$ 5,897,682	$ 2,637,614	$ 38,837,970

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, 2010

Net change in fund balances - total governmental funds		$ (2,310,206)
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	$ 1,502,565	
Depreciation expense	(2,365,000)	(862,435)
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.		(1,755,863)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(4,832,929)
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		(168,084)
Accretion on bonds		(1,815,388)
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		743,251
Repayment of bond and loan principal		4,661,696
Change in net assets of governmental activities		$ (6,339,958)

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, 2010

Assets:		
Cash	$	775,318
Liabilities:		
Due to organizations	$	775,318

See accompanying notes to basic financial statements.

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 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 legally separate organization for which the District is financially accountable 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 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. Basis of Presentation

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets 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 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, as are the fiduciary fund financial statements. 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 a revenue of 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.

The District reports the following major governmental funds:

The General Fund is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund. The General Fund consists of the Educational Account and Operations and Maintenance Account that are legally mandated by the State of Illinois.

The Transportation Fund (a special revenue fund) accounts for activity relating to student transportation to and from school.

The Working Cash Fund (a special revenue 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 Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Additionally, the District reports the following fund types:

The Student Activities Agency fund (a fiduciary fund) accounts for assets held on behalf of student groups.

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.

c. 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.

d. 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.

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:

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

e. 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 one-half 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.

f. 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.

g. 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.

h. 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.

i. 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 assets. 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 financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

j. Fund Balance

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

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.

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, 2010 the carrying amount of the District's deposits (excluding petty cash of $7,000), totaled $27,201,426 and the bank balances totaled $26,224,690. 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 entirely insured or collateralized as of June 30, 2010.

As of June 30, 2010, the reported amount of the District's cash and cash equivalents consisted of the following:

	Governmental Funds	Activity Funds	Total
Unrestricted:			
Held by the District	$26,426,108	$ 775,318	$27,201,426
Restricted:			
Held by Township Trustee of Funds	123,367	-	123,367
Held by Trustee in Escrow	5,696,127	-	5,696,127
Total	**$32,245,602**	**$ 775,318**	**$33,020,920**

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

Investments

As of June 30, 2010, the District had the following investments and maturities.

Investment Type	*Fair Value*	*Maturities (in years) 1 to 5*	*% of Portfolio*	*Agency Rating*
Government Obligations:				
Federal Home Loan Bank Note	$5,535,354	$5,535,354	65.3	AAAe
Federal National Mortgage Note	2,012,800	2,012,800	23.8	AAAe
Federal Farm Credit Bureau Note	925,000	925,000	10.9	AAAe
Illinois School District Liquid Asset Fund	37	37	-	AAAm
Total	**$8,473,191**	**$8,473,191**	**100%**	

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.

The Illinois School District Liquid Asset Fund is an investment pool. The value of the position in this SEC registered investment pool is the same as the value of the pool shares.

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, 2010 interfund receivables and payables consisted of the following:

Due From:	Due To:	Balance
Major Funds:		
IMRF/Social Security Fund	Working Cash Fund	$ 300,000
Transportation Fund	General Fund: Educational Account	$1,500,000

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

NOTE 4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	Balance June 30, 2009	*Additions*	*Deletions*	*Balance June 30, 2010*
Capital assets, not being depreciated:				
Land	$ 13,230,678	$	$	$ 13,230,678
Total capital assets not being depreciated	13,230,678	-	-	13,230,678
Capital assets, being depreciated:				
Buildings	64,687,335	-	-	64,687,335
Improvements other than buildings	1,301,242	341,412	-	1,642,654
Equipment	15,372,364	1,161,153	61,583	16,471,934
Total capital assets being depreciated	**81,360,941**	**1,502,565**	**61,583**	**82,801,923**
Accumulated depreciation for:				
Buildings	23,052,371	1,100,000	-	24,152,371
Improvements other than buildings	648,999	65,000	-	713,999
Equipment	12,659,519	1,200,000	61,583	13,797,936
Total accumulation depreciation	36,360,889	2,365,000	61,583	38,664,306
Total capital assets being depreciated, net	45,000,052	(862,435)	-	44,137,617
Total capital assets, net	**$ 58,230,730**	**$ (862,435)**	**$**	**$ 57,368,295**

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

Instructional services:	
Regular programs	$1,608,200
Special programs	189,200
Supporting services:	
Pupils	11,825
Instructional staff	23,650
General administration	11,825
School administration	23,650
Business	11,825
Operations and maintenance of facilities	390,225
Transportation	70,950
Central	23,650
	$2,365,000

NOTE 5. LONG-TERM DEBT

Long-term debt activity for the year ended June 30, 2010 was as follows:

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010	Amount due in one year
General Obligation Bonds Payable:					
5/1/00 Limited Tax Capital Appreciation School Bonds	$ 7,062,817	$ -	$ 2,881,871	$ 4,180,946	$ 2,638,996
2/19/04 Working Cash/Refunding Limited Tax Capital Appreciation School Bonds	29,877,798	-	-	29,877,798	-
11/17/05 General Obligation Capital Appreciation School Bonds	21,850,463	-	1,748,446	20,102,017	1,601,091
12/01/05 General Obligation Capital Appreciation School Bonds	2,035,598	-	-	2,035,598	-
Total Bonds Payable	**$ 60,826,676**	**$ -**	**$ 4,630,317**	**$ 56,196,359**	**$ 4,240,087**
EPA loans	350,491	-	31,379	319,112	33,046
Premium on bonds issued	10,890,430	-	743,251	10,147,179	743,251
Accreted interest on capial appreciation bonds	28,170,833	6,380,071	4,564,683	29,986,221	4,502,166
Total Long-Term Debt	**$ 100,238,430**	**$ 6,380,071**	**$ 9,969,630**	**$ 96,648,871**	**$ 9,518,550**

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2010 are comprised of the following individual issues:

Capital Appreciation Limited Tax School Bonds dated May 1, 2000, issued in the original principal amount of $31,588,560, for the purpose of funding a health insurance reserve, a retirement benefit reserve, and for working cash purposes; principal payments from $1,541,950 to $2,638,996 due on December 1 through the year 2011; having an original accretion rate of 9.0% and an effective interest rate of approximately 6.1%.

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%.

In prior years, the District defeased certain general obligation bonds by placing the refunding portion of the proceeds of new bonds in irrevocable trusts to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements.

As of June 30, 2010, $705,413 of bonds outstanding are considered defeased.

At June 30, 2010 the annual cash flow requirements of all bonds payable to retirement were as follows:

Fiscal year ending June 30,	Principal	Interest	Total
2011	$ 4,240,087	$ 4,954,913	$ 9,195,000
2012	4,557,905	4,637,095	9,195,000
2013	5,385,189	3,809,811	9,195,000
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
Total	**$56,196,359**	**$90,243,641**	**$146,440,000**

Payments to retire bonds payable will be made from debt service levies in future periods. There is $5,897,682 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 6.9% of the most recent available equalized assessed valuation of the District. As of June 30, 2010 the statutory debt limit for the District was $156,489,518 providing a debt margin of $106,190,841 after taking into account amounts available in the Debt Service Fund.

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 5.188%, to be repaid in annual payments of $50,000 through 2018.
At June 30, 2010, the Districts annual cash flow requirements of the EPA loan principal and interest were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	$ 33,046	$ 16,954	$ 50,000
2012	34,802	15,198	50,000
2013	36,651	13,349	50,000
2014	38,598	11,402	50,000
2015	40,648	9,352	50,000
2016	42,808	7,192	50,000
2017	45,082	4,918	50,000
2018	47,477	2,523	50,000
Total	**$ 319,112**	**$ 80,888**	**$ 400,000**

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

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 coverages have occurred nor have any insurance claims in excess of insurance coverages 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, workman's compensation, property and liability protections and to administer some or all insurance coverages and protection other than health, life and accident coverages 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, 2010, were $5,576,699. The District liability will not exceed $125,000 per employee or $6,456,076 in the aggregate as provided by stop loss provisions from private insurance companies. At June 30, 2010, a liability of $1,003,806 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.

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

	Fiscal Year Ended June 30, 2009	Fiscal Year Ended June 30, 2010
Claims liability at July 1	$1,394,681	$1,200,000
Current year claims and changes in estimates	7,467,188	5,380,505
Claim payments	(7,661,869)	(5,576,699)
Claims liability at June 30	$1,200,000	$1,003,806

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

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, 2010, was 9.4 percent of creditable earnings. 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, 2009 and 2008.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees. The District's total payroll reported to TRS for the year ended June 30, 2010 was $40,223,049.

On-behalf contributions. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2010, State of Illinois contributions were based on 23.38 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of $9,143,888 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2009, and June 30, 2008, the State of Illinois contribution rates as percentages of creditable earnings not paid from federal funds were 17.08 percent ($6,257,048) and 13.11 percent ($4,521,495), respectively.

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

2.2 Formula Contributions. Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2010 were $233,294. Contributions for the years ending June 30, 2009, and June 30, 2008, were $221,840 and $209,993, 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 in the fiscal year ended June 30, 2008, employer contributions for employees paid from federal and trust funds will be the same as the state contribution rate to TRS.

For the year ended June 30, 2010, the employer pension contribution was 23.38 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2009 and 2008 the employer contribution was 17.08 and 13.11 percent of salaries paid from federal and special trust funds, respectively. For the year ended June 30, 2010, salaries totaling $1,113,176 were paid from federal and special trust funds that required employer contributions of $260,261. For the years ended June 30, 2009 and June 30, 2008, required district contributions were $275,758 and $225,064, 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.

Under Public Act 94-0004, a "Pipeline ERO" program is provided for members to retire under the same terms as the ERO program that expired June 30, 2005, provided they meet certain conditions and retire on or before July 1, 2008. If members do not meet these conditions, they can retire under "Modified ERO" program which requires higher member and employer contributions to TRS. Also, under Modified ERO, Public Act 94-0004 eliminates the waiver of member and employer ERO contributions that had been in effect for members with 34 years of service (unless the member qualifies for the Pipeline ERO).

Under the Pipeline ERO, the maximum employer contribution is 100 percent of the member's highest salary used in the final average salary calculation. Under the Modified ERO, the maximum employer contribution is 117.5 percent. Both the 100 percent and 117.5 percent maximums apply when the member is age 55 at retirement.

For the year ended June 30, 2010, the district paid $0 to TRS for employer contributions under the ERO program. For the years ended June 30, 2009 and June 30, 2008, the district made $12,264 and $218,796, in payments in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave. Public Act 94-0004 added two new employer contributions to TRS.

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, 2010, the District paid $4,226 to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2009 and 2008, the District made payments of $$45,522 and $0 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 used to calculate final average salary, and the TRS total normal cost rate (8.55 percent of salary during the year ended June 30, 2010).

For the year ended June 30, 2010, the District paid $0 to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2009 and 2008, the District made no payments in employer contributions granted for sick leave days.

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, 2009. The report for the year ended June 30, 2010, is expected to be available in late 2010. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 West Washington Street, Springfield, IL 62794-9253. The most current report is also available on the TRS Web site at www.trs.illinois.gov.

Teacher Health Insurance Security (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but 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 (5ILCS 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. The Illinois Department of Healthcare and Family Services (HFS) and the Illinois Department of Central Management Services (CMS) administer the plan with the cooperation of TRS. The director of HFS determines the rates and premiums from annuitants and dependent beneficiaries and establishes the cost-sharing parameters. 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 make a contribution to THIS.

The percentage of employer required contributions in the future will be determined by the director of Healthcare and Family Services and will not exceed 105 percent of the percentage of salary actually required to be paid in the 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 0.84 percent of pay during the year ended June 30, 2010. State of Illinois contributions were $337,874, 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, 2009 and 2008 were 0.84 percent. State contributions on behalf of district employees were $321,286, and $304,127 respectively.

Employer contributions to THIS Fund. The District also makes contributions to THIS Fund. The District THIS Fund contribution was 0.63 percent during the years ended June 30, 2010, June 30, 2009 and June 30, 2008. For the year ended June 30, 2010, the District paid $253,405 to the THIS Fund. For the years ended June 30, 2009 and June 30, 2008, the District paid $240,964 and $228,095, 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 obtained by writing to the Department of Healthcare and Family Services, 201 S. Grand Ave., Springfield, IL 62763-3838.

Illinois Municipal Retirement Fund:

Plan Description. The employer's defined benefit pension plan for Regular employees provides retirements 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 statue and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statement and required supplementary information. That report may be obtained online at 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 statutes required employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2009 was 9.14 percent of annual covered payroll. Your 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. For 2009, the Districts' annual pension cost of $1,166,537 for the Regular plan was equal to the District's required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2009	$1,166,537	100%	$0
12/31/2008	1,164,914	100%	0
12/31/2007	1,189,107	100%	0

The required contribution for 2009 was determined as part of the December 31, 2007, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2007, 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 15% corridor between the actuarial and market value of assets. Your employer Regular plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2007, was 23 years.

Funded Status and Funding Progress. As of December 31, 2009, the most recent actuarial valuation date, the Regular plan was 70.23 percent funded. The actuarial accrued liability for benefits was $26,819,515 and the actuarial value of assets was $18,835,615, resulting in an underfunded actuarial accrued liability (UAAL) of $7,983,900. The covered payroll (annual payroll of active employees covered by the plan) was $12,762,990 and the ratio of the UAAL to the covered payroll was 63 percent. In conjunction with the December 2009 actuarial valuation the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. In 2010, the unfunded actuarial accrued liability is being amortized on a level percentage of projected payroll on an open 30 year basis.

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 in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 11. OTHER POST EMPLOYMENT BENEFITS

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, 2009 Net OPEN Obligation (NOO), assuming the accounting standard is 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 $856,905.

Development of Annual Required Contribution

The standard sets the method for determining the District's post employment benefits accrual, the Annual Required Contribution (ARC), to include both the value of benefits earned during the year (Normal Cost) and a supplemental cost based on an amortization of the Unfunded Actuarial Accrued Liability. Accordingly, the following table shows the District's 2008-2009 fiscal year ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Preliminary ARC	
a) Normal Cost	$ 856,905
b) Amortization payment	1,182,170
c) Beginning of year contributions	$2,039,075
d) Interest on contributions	50,355
e) Preliminary ARC	$2,089,430
ARC reflecting maximum amortization period	
a) Normal Cost	$ 856,905
b) Unfunded Liability	19,081,495
c) Amortization payment using maximum amortization period	1,182,170
d) ARC reflecting maximum amortization period	2,039,075
e) Interest in contributions	50,355
f) ARC reflecting maximum amortization period adjusted for interest	$2,089,430
Annual Required Contribution	$2,089,430

Development of 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 2010 and 2009 fiscal years.

	2010	2009
Annual Required Contribution	$ 2,089,430	$ 2,089,430
Interest on net OPEB obligations	18,340	0
Adjustment to annual required contribution	(23,641)	(0)
Total Annual OPEB cost	$ 2,084,129	$ 2,089,430
Net OPEB obligation – Beginning of Year	366,793	0
Annual Employer Contribution	(1,916,045)	1,722,637
Net OPEB obligation – End of Year	$ 534,877	$ 366,793

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 in increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The following summarizes active and retiree demographic information:

Actives	
Fully Eligible to Receive Plan Benefits	56
Not Fully Eligible	594
Total	650
Retirees	
Under Age 65	87
Age 65 or over	0
Total Receiving Plan Benefits	87
Total	737
Average Age	
Actives	42.85
Retirees	60.54
Average Service	
Actives	9.75
Retirees	n/a

The District finances its OPEB contributions using a Pay-As-You-Go method. The District has not establishes 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.

Discounted Rate

The rate used to discount liabilities is 5.00%.

Trend Rate

The healthcare trend assumption reflects healthcare cost inflation expected to impact the plan based on forecast information in published papers from industry experts (actuaries, health economists, etc.). This research suggests an 11.00% long-term average increase for all healthcare benefits, trending down to an ultimate 5.00% increase for 2015 and later years.

Year	Medical Trend	Dental Trend
2010	11.00%	5.00%
2010	10.00%	5.00%
2011	9.00%	5.00%
2012	8.00%	5.00%
2013	7.00%	5.00%
2014	6.00%	5.00%
2015 and beyond	5.00%	5.00%

Mortality

Mortality assumptions use the RP-2000 Combined Healthy table projected to 2015 using projections scale AA.

Morbidity

Expected medical claims are assumed to increase 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.

NOTE 12. EXCESS OF EXPENDITURES OVER BUDGETS IN INDIVIDUAL FUNDS

Direct expenditures exceeded the budgeted amount in the following Funds:

	Budget	Actual	Excess
Transportation Fund	$ 2,443,360	$ 2,817,115	$ 373,755

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. INTERFUND TRANSFERS

The following interfund transfers were made during the year ended June 30, 2010:

Transfer From	Transfer To	Amount
General Fund – Operations and Maintenance	Debt Service Fund	$ 50,000
	Total Transfers	$ 50,000

Transfers from the General Fund to the Debt Service Fund were made to provide funds for the debt service payments on an EPA loan.

NOTE 14. DEFICIT FUND BALANCE

As of June 30, 2010, the Transportation Fund had a deficit fund balance of $487,039.

NOTE 15. RESERVED FUND BALANCES/SPECIAL TAX LEVIES

Fund balance reserves represent that portion of fund balance that is legally separated for a specific future use.

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, 2010, the cumulative expenditures had exceeded related cumulative revenues.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

Schedule of Funding Progress (unaudited)
Illinois Municipal Retirement Fund
June 30, 2010

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]
12/31/2009	$18,835,615	$26,819,515	$7,983,900	70.23%	$12,762,990	62.56%
12/31/2008	16,918,849	24,572,751	7,653,902	68.85%	12,046,682	63.54%
12/31/2007	21,548,118	23,067,054	1,518,936	93.42%	11,500,070	13.21%

On a market value basis, the actuarial value of assets as of December 31, 2009 is $18,049,989.
On a market basis, the funded ratio would be 67.30%.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201

Schedule of Funding Progress (unaudited)
Other Post Employment Benefits
June 30, 2010

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) –Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)
7/1/2008	$0	$19,081,495	$19,081,495	0.00%

Note: Actuarial valuation is done biennially.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - BUDGET AND ACTUAL - GENERAL AND MAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2010

	General		
	Original and Final Budget	Actual	Variance Over/ (Under)
REVENUES			
Local sources	$ 36,325,100	$ 37,683,476	$ 1,358,376
State sources	28,250,469	27,064,008	(1,186,461)
Federal sources	13,933,471	13,065,980	(867,491)
Total Direct Revenues	78,509,040	77,813,464	(695,576)
On behalf payments	9,500,000	9,481,762	(18,238)
Total Revenues	88,009,040	87,295,226	(713,814)
EXPENDITURES			
Current operating:			
Instruction	47,436,345	51,257,831	(3,821,486)
Support services	35,085,640	28,166,475	6,919,165
Community services	88,500	107,992	(19,492)
Non-programmed charges	578,539	938,467	(359,928)
Provision for contingencies	2,166,623	-	2,166,623
Total Direct Expenditures	85,355,647	80,470,765	4,884,882
On behalf payments	9,500,000	9,481,762	18,238
Total Expenditures	94,855,647	89,952,527	4,903,120
Excess (deficiency) of revenues over expenditures	(6,846,607)	(2,657,301)	4,189,306
OTHER FINANCING SOURCES (USES)			
Transfers out	(50,000)	(50,000)	-
Total other financing sources (uses)	(50,000)	(50,000)	-
Net changes in fund balance	$ (6,896,607)	(2,707,301)	$ 4,189,306
Fund balances at beginning of year		25,728,040	
FUND BALANCES AT END OF YEAR		$ 23,020,739	

Transportation			Working Cash		
Original and Final Budget	Actual	Variance Over/ (Under)	Original and Final Budget	Actual	Variance Over/ (Under)
$ 818,000	$ 876,065	$ 58,065	$ 77,000	$ 76,056	$ (944)
1,678,000	1,330,298	(347,702)	-	-	-
-	-	-	-	-	-
2,496,000	2,206,363	(289,637)	77,000	76,056	(944)
-	-	-	-	-	-
2,496,000	2,206,363	(289,637)	77,000	76,056	(944)
-	-	-	-	-	-
2,443,360	2,817,115	(373,755)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,443,360	2,817,115	(373,755)	-	-	-
-	-	-	-	-	-
2,443,360	2,817,115	(373,755)	-	-	-
52,640	(610,752)	(663,392)	77,000	76,056	(944)
-	-	-			
-	-	-	-	-	-
$ 52,640	(610,752)	$ (663,392)	$ 77,000	76,056	$ (944)
	123,713			7,692,918	
	$ (487,039)			$ 7,768,974	

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 August 12, 2009.

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.

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

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.

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
GENERAL FUND
BALANCE SHEET BY ACCOUNT
JUNE 30, 2010

	Educational	Operations and Maintenance	Total General
ASSETS			
Cash and investments	$ 19,462,691	$ 4,299,573	$ 23,762,264
Receivables:			
Property taxes	11,819,079	3,394,182	15,213,261
Due from other governments	3,273,980	-	3,273,980
Due from other funds	1,500,000	-	1,500,000
Inventory	227,388	-	227,388
TOTAL ASSETS	$ 36,283,138	$ 7,693,755	$ 43,976,893
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	$ 233,705	$ 157,281	$ 390,986
Insurance claims payable	1,003,806	-	1,003,806
Accrued salaries and related expenditures	4,032,974	-	4,032,974
Deferred revenue	12,134,206	3,394,182	15,528,388
Total Liabilities	17,404,691	3,551,463	20,956,154
Fund Balances (Deficits):			
Reserved:			
Reserved for inventory	227,388	-	227,388
Unreserved - undesignated	18,651,059	4,142,292	22,793,351
Total Fund Balances	18,878,447	4,142,292	23,020,739
TOTAL LIABILITIES AND FUND BALANCES	$ 36,283,138	$ 7,693,755	$ 43,976,893

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, 2010

	Educational	Operations and Maintenance	Total General
REVENUES			
Local sources	$ 30,977,984	$ 6,705,492	$ 37,683,476
State sources	32,295,770	4,250,000	36,545,770
Federal sources	12,315,980	750,000	13,065,980
Total Revenues	75,589,734	11,705,492	87,295,226
EXPENDITURES			
Current operating:			
Instruction	60,739,593	-	60,739,593
Support services	18,995,214	9,171,261	28,166,475
Community services	107,992	-	107,992
Non-programmed charges	938,467	-	938,467
Total Expenditures	80,781,266	9,171,261	89,952,527
Excess (deficiency) of revenues over expenditures	(5,191,532)	2,534,231	(2,657,301)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(50,000)	(50,000)
Total other financing sources (uses)	-	(50,000)	(50,000)
Net changes in fund balance	(5,191,532)	2,484,231	(2,707,301)
Fund balances at beginning of year	24,069,979	1,658,061	25,728,040
FUND BALANCES AT END OF YEAR	$ 18,878,447	$ 4,142,292	$ 23,020,739

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
General tax levy	$ 20,787,000	$ 21,910,969	$ 1,123,969	$ 20,109,557
Tort immunity levy	-	(397)	(397)	(3,482)
Special education levy	367,000	382,932	15,932	351,096
Corporate replacement taxes	5,300,000	4,669,030	(630,970)	5,779,119
Tuition	335,000	264,677	(70,323)	290,927
Earnings on investments	197,000	209,914	12,914	365,717
Food services	2,253,000	2,113,122	(139,878)	2,304,348
Pupil activities	709,800	695,847	(13,953)	785,813
Textbooks	30,000	20,531	(9,469)	34,849
Other (refunds)	64,300	711,359	647,059	166,162
Total Local Sources	30,043,100	30,977,984	934,884	30,184,106
State Sources:				
General state aid	19,700,000	19,440,643	(259,357)	16,556,199
Bilingual education	207,000	47,915	(159,085)	134,434
Vocational education	190,558	98,771	(91,787)	197,923
Special education	2,920,000	2,777,486	(142,514)	2,945,487
School lunch aid	60,500	40,681	(19,819)	94,927
Driver education	205,000	247,928	42,928	203,363
Early childhood	70,500	49,327	(21,173)	85,293
Other grants-in-aid	396,911	111,257	(285,654)	728,989
Total State Sources	23,750,469	22,814,008	(936,461)	20,946,615
Federal Sources:				
Title V	5,839	5,839	-	(1,777)
National school lunch program	1,692,000	1,923,075	231,075	1,634,635
School breakfast program	174,000	192,822	18,822	173,113
Title I - low income	2,320,134	2,522,117	201,983	1,087,956
Safe and drug free schools	30,561	29,465	(1,096)	24,731
IDEA - flow through	1,377,063	1,159,296	(217,767)	1,341,945
Vocational education - Perkins	50,007	50,007	-	49,994
Medicaid matching	$ 290,000	$ 415,224	$ 125,224	$ 329,722

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Federal Sources: (continued)				
Title III - english	$ 45,000	$ 50,694	$ 5,694	$ 65,250
Title II - teacher quality	303,203	246,969	(56,234)	316,391
ARRA funding	6,322,937	5,317,011	(1,005,926)	5,396,249
Other	504,542	403,461	(101,081)	493,363
Total Federal Sources	13,115,286	12,315,980	(799,306)	10,911,572
Total Direct Revenues	66,908,855	66,107,972	(800,883)	62,042,293
On behalf payments - State of Illinois	9,500,000	9,481,762	(18,238)	6,578,334
Total Revenues	76,408,855	75,589,734	(819,121)	68,620,627
EXPENDITURES				
Current operating:				
Instruction:				
Regular programs:				
Salaries	23,786,742	23,547,523	239,219	22,047,212
Employee benefits	4,751,486	10,277,837	(5,526,351)	4,162,412
Purchased services	93,995	30,782	63,213	42,126
Supplies and materials	515,769	379,618	136,151	472,460
Capital outlay	123,630	90,649	32,981	23,759
Other	1,830	1,082	748	4,460
Non-capitalized equipment	-	1,788	(1,788)	-
Total	29,273,452	34,329,279	(5,055,827)	26,752,429
Special programs:				
Salaries	6,160,202	6,063,811	96,391	5,530,180
Employee benefits	1,653,568	228,548	1,425,020	1,296,189
Purchased services	5,000	7,713	(2,713)	33,348
Supplies and materials	49,300	85,082	(35,782)	46,293
Capital outlay	-	356,977	(356,977)	6,882
Other	-	-	-	-
Tuition	2,670,000	3,012,027	(342,027)	2,558,549
Total	10,538,070	9,754,158	783,912	9,471,441
Educationally deprived :				
Salaries	589,235	845,870	(256,635)	614,321
Employee benefits	254,908	307,948	(53,040)	166,292
Purchased services	17,570	21,881	(4,311)	3,430
Supplies and materials	231,975	255,584	(23,609)	123,521
Capital outlay	206,327	289,301	(82,974)	31,469
Total	$ 1,300,015	$ 1,720,584	$ (420,569)	$ 939,033

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Adult education programs:				
Salaries	$ 222,337	$ 190,558	$ 31,779	$ 221,353
Employee benefits	1,185	955	230	1,144
Purchased services	200	167	33	227
Supplies and materials	1,800	505	1,295	1,244
Total	225,522	192,185	33,337	223,968
Vocational programs:				
Salaries	2,115,751	2,147,392	(31,641)	2,046,748
Employee benefits	426,878	20,034	406,844	489,152
Purchased services	10,581	3,480	7,101	2,558
Supplies and materials	172,256	121,218	51,038	208,118
Capital outlay	101,182	100,893	289	74,608
Other	10,000	7,697	2,303	17,552
Non-capitalized equipment	2,500	-	2,500	-
Total	2,839,148	2,400,714	438,434	2,838,736
Interscholastic programs:				
Salaries	805,722	730,175	75,547	749,689
Employee benefits	26,920	3,493	23,427	14,643
Purchased services	212,600	177,573	35,027	197,912
Supplies and materials	166,500	136,697	29,803	163,396
Capital outlay	5,000	-	5,000	7,561
Other	300	95	205	130
Total	1,217,042	1,048,033	169,009	1,133,331
Summer school:				
Salaries	257,614	198,636	58,978	225,557
Employee benefits	5,873	9,959	(4,086)	1,055
Supplies and materials	5,100	2,329	2,771	4,972
Total	268,587	210,924	57,663	231,584
Drivers education:				
Salaries	-	215,572	(215,572)	318,666
Employee benefits	-	1,085	(1,085)	1,656
Purchased services	-	29,019	(29,019)	30,700
Supplies and materials	-	11,170	(11,170)	14,309
Other	-	1,757	(1,757)	-
Total	$ -	$ 258,603	$ (258,603)	$ 365,331

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Bilingual:				
Salaries	$ 911,703	$ 804,803	$ 106,900	$ 907,506
Employee benefits	216,394	7,940	208,454	357,697
Purchased services	-	-	-	450
Supplies and materials	16,000	27,283	(11,283)	22,130
Total	1,144,097	840,026	304,071	1,287,783
Truants Alternative and Optional Programs:				
Salaries	507,083	493,082	14,001	550,298
Employee benefits	105,729	4,924	100,805	126,819
Purchased services	4,200	3,557	643	5,993
Supplies and materials	9,400	1,341	8,059	8,163
Capital outlay	4,000	421	3,579	6,240
Total	630,412	503,325	127,087	697,513
Total Instruction	47,436,345	51,257,831	(3,821,486)	43,941,149
Support Services:				
Pupils:				
Attendance and social work:				
Salaries	1,958,303	2,046,861	(88,558)	1,747,517
Employee benefits	464,711	15,466	449,245	505,116
Purchased services	127,905	94,907	32,998	113,088
Supplies and materials	66,952	52,389	14,563	54,185
Capital outlay	12,100	6,732	5,368	-
Total	2,629,971	2,216,355	413,616	2,419,906
Guidance services:				
Salaries	1,989,365	1,964,219	25,146	1,847,020
Employee benefits	363,203	21,772	341,431	351,431
Purchased services	81,076	33,954	47,122	44,943
Supplies and materials	15,119	28,610	(13,491)	23,772
Other	200	160	40	160
Total	$ 2,448,963	$ 2,048,715	$ 400,248	$ 2,267,326

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Health services:				
Salaries	$ 339,486	$ 357,249	$ (17,763)	$ 305,502
Employee benefits	102,434	-	102,434	84,360
Purchased services	95,343	313,517	(218,174)	316,248
Supplies and materials	7,871	6,272	1,599	6,656
Other	580	-	580	2,849
Non-capitalized equipment	350	325	25	-
Total	546,064	677,363	(131,299)	715,615
Psychological services:				
Salaries	306,282	218,323	87,959	284,593
Employee benefits	67,790	1,266	66,524	46,427
Purchased services	2,100	-	2,100	-
Supplies and materials	-	14,696	(14,696)	1,426
Capital outlay	7,582	4,284	3,298	-
Total	383,754	238,569	145,185	332,446
Speech pathology and audiology services:				
Salaries	245,585	246,797	(1,212)	232,595
Employee benefits	37,479	3,492	33,987	25,714
Purchased services	-	2,000	(2,000)	248
Supplies and materials	-	2,342	(2,342)	-
Total	283,064	254,631	28,433	258,557
Other supporting services:				
Salaries	279,113	205,284	73,829	271,520
Employee benefits	1,351	1,005	346	6,984
Purchased services	24,630	18,252	6,378	16,816
Supplies and materials	4,750	1,957	2,793	3,494
Other	2,595	1,399	1,196	1,306
Total	312,439	227,897	84,542	300,120
Instructional staff:				
Improvement of instruction services:				
Salaries	1,235,575	1,063,700	171,875	834,419
Employee benefits	185,981	34,951	151,030	27,015
Purchased services	335,567	236,852	98,715	208,950
Supplies and materials	71,515	83,368	(11,853)	25,447
Capital outlay	5,000	-	5,000	1,979
Other	1,075	355	720	712
Total	$ 1,834,713	$ 1,419,226	$ 415,487	$ 1,098,522

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Education media:				
Salaries	$ 616,158	$ 607,931	$ 8,227	$ 575,281
Employee benefits	195,138	1,644	193,494	192,806
Purchased services	53,650	16,000	37,650	41,852
Supplies and materials	325,463	254,529	70,934	259,884
Capital outlay	27,900	87,886	(59,986)	13,291
Other	-	-	-	2,671
Non-capitalized equipment	46,325	25,481	20,844	-
Total	1,264,634	993,471	271,163	1,085,785
Assessment and Testing:				
Salaries	47,775	54,751	(6,976)	31,698
Employee benefits	277	107	170	149
Purchased services	14,324	81,974	(67,650)	-
Supplies and materials	36,728	48,454	(11,726)	15,137
Other	3,000	2,537	463	2,469
Total	102,104	187,823	(85,719)	49,453
General administration:				
Board of education:				
Salaries	371,979	290,125	81,854	239,106
Employee Benefits	52,535	6,786	45,749	45,108
Purchased services	525,100	236,998	288,102	374,379
Supplies and materials	23,500	13,565	9,935	5,411
Capital outlay	5,000	-	5,000	-
Other	38,500	27,390	11,110	36,788
Non-capitalized equipment	5,000	6,007	(1,007)	-
Total	1,021,614	580,871	440,743	700,792
Executive administration:				
Salaries	185,716	194,999	(9,283)	218,903
Employee benefits	12,132	3,811	8,321	68,477
Purchased services	25,200	10,998	14,202	25,015
Supplies and materials	5,100	3,559	1,541	4,997
Capital outlay	2,000	-	2,000	-
Other	6,500	6,858	(358)	4,402
Total	$ 236,648	$ 220,225	$ 16,423	$ 321,794

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Special area administrative services:				
Salaries	$ 459,898	$ 454,502	$ 5,396	$ 614,926
Employee benefits	94,754	19,234	75,520	130,135
Purchased services	56,576	8,223	48,353	10,923
Supplies and materials	308	-	308	7,694
Total	611,536	481,959	129,577	763,678
School administration:				
Office of the principal:				
Salaries	2,038,886	1,965,803	73,083	2,207,677
Employee benefits	361,572	12,857	348,715	397,604
Purchased services	77,100	87,483	(10,383)	66,328
Supplies and materials	26,310	21,601	4,709	39,678
Capital outlay	7,500	16,247	(8,747)	-
Other	13,000	11,644	1,356	9,377
Total	2,524,368	2,115,635	408,733	2,720,664
Business:				
Direction of business support services:				
Salaries	98,150	95,275	2,875	95,206
Employee benefits	12,399	673	11,726	5,473
Total	110,549	95,948	14,601	100,679
Fiscal services:				
Salaries	573,973	555,148	18,825	542,487
Employee benefits	165,032	-	165,032	151,861
Purchased services	118,600	117,236	1,364	80,223
Supplies and materials	25,300	33,675	(8,375)	13,832
Other	4,000	1,618	2,382	2,446
Non-capitalized equipment	2,000	840	1,160	-
Total	$ 888,905	$ 708,517	$ 180,388	$ 790,849

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Operation and maintenance of plant services:				
Employee benefits	$ 1,397,020	$ -	$ 1,397,020	$ 1,327,262
Total	1,397,020	-	1,397,020	1,327,262
Pupil transportation services:				
Purchased services	22,763	20,042	2,721	-
Total	22,763	20,042	2,721	-
Food services:				
Salaries	1,509,366	1,544,102	(34,736)	1,441,049
Employee benefits	284,538	-	284,538	269,952
Purchased services	93,000	70,500	22,500	78,173
Supplies and materials	2,339,500	2,145,759	193,741	2,197,855
Capital outlay	107,865	80,809	27,056	1,826
Other	3,000	-	3,000	-
Total	4,337,269	3,841,170	496,099	3,988,855
Internal services:				
Salaries	258,078	248,684	9,394	249,193
Employee benefits	62,599	-	62,599	61,864
Purchased services	126,700	-	126,700	532
Supplies and materials	125,245	153,234	(27,989)	159,262
Total	572,622	401,918	170,704	470,851
Central:				
Information services:				
Salaries	33,108	31,653	1,455	30,970
Employee benefits	11,382	-	11,382	11,248
Purchased services	104,000	59,182	44,818	87,517
Supplies and materials	-	-	-	610
Total	$ 148,490	$ 90,835	$ 57,655	$ 130,345

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Staff services:				
Purchased services	$ 20,000	$ 114	$ 19,886	$ 7,688
Total	20,000	114	19,886	7,688
Data processing services:				
Salaries	481,336	451,679	29,657	461,874
Employee benefits	136,578	-	136,578	146,223
Purchased services	370,100	433,731	(63,631)	431,004
Supplies and materials	182,000	35,708	146,292	58,632
Capital outlay	260,000	126,954	133,046	144,919
Non-capitalized equipment	31,000	11,024	19,976	-
Total	1,461,014	1,059,096	401,918	1,242,652
Other support services:				
Salaries	10,000	12,874	(2,874)	9,794
Employee benefits	58	-	58	51
Purchased services	1,253,000	1,100,857	152,143	896,950
Other	5,000	1,103	3,897	1,370
Total	1,268,058	1,114,834	153,224	908,165
Total Support Services	24,426,562	18,995,214	5,431,348	22,002,004
Community services:				
Salaries	-	4,563	(4,563)	3,202
Employee benefits	-	694	(694)	29
Purchased services	70,500	67,285	3,215	77,614
Supplies and materials	18,000	35,450	(17,450)	1,979
Total Community Services	$ 88,500	$ 107,992	$ (19,492)	$ 82,824

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
Non-programmed charges	$ 578,539	$ 938,467	$ (359,928)	$ 548,243
Provision for contingencies	2,166,623	-	2,166,623	-
Total Direct Expenditures	74,696,569	71,299,504	3,397,065	66,574,220
On behalf payments - State of Illinois	9,500,000	9,481,762	18,238	6,578,334
Total Expenditures	84,196,569	80,781,266	3,415,303	73,152,554
Excess (deficiency) of revenues over expenditures	(7,787,714)	(5,191,532)	2,596,182	(4,531,927)
OTHER FINANCING SOURCES				
Transfers in	-	-	-	200,000
Total other financing sources	-	-	-	200,000
Net changes in fund balance	$ (7,787,714)	(5,191,532)	$ 2,596,182	(4,331,927)
Fund balance at beginning of year		24,069,979		28,401,906
FUND BALANCE AT END OF YEAR		$ 18,878,447		$ 24,069,979

(Concluded)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
General tax levy	$ 6,077,000	$ 6,385,460	$ 308,460	$ 5,859,551
Tort immunity levy (refund)	-	(397)	(397)	(3,659)
Earnings on investments	20,000	36,747	16,747	56,670
Rentals	25,500	37,050	11,550	44,265
Other	159,500	246,632	87,132	189,352
Total Local Sources	6,282,000	6,705,492	423,492	6,146,179
State Sources:				
General state aid	4,500,000	4,250,000	(250,000)	4,300,000
Total State Sources	4,500,000	4,250,000	(250,000)	4,300,000
Federal Sources:				
Other federal aid	318,185	-	(318,185)	-
ARRA - General State Aid Stabilization	500,000	750,000	250,000	700,000
Total Federal Sources	818,185	750,000	(68,185)	700,000
Total Revenues	11,600,185	11,705,492	105,307	11,146,179
EXPENDITURES				
Current operating:				
Support services:				
Facilities acquisition services:				
Purchased services	-	55,022	(55,022)	-
Capital outlay	800,000	163,093	636,907	-
Total Facilities acquisition services	800,000	218,115	581,885	-
Operations and maintenance of Plant Services:				
Salaries	6,166,478	5,760,568	405,910	5,845,315
Employee benefits	-	603	(603)	-
Purchased services	906,500	830,768	75,732	736,084
Supplies and materials	2,059,200	1,723,081	336,119	1,937,752
Capital outlay	241,900	178,319	63,581	855,007
Non-capitalized equipment	-	1,266	(1,266)	-
Total Operation and Maintenance of Plant Services	$ 9,374,078	$ 8,494,605	$ 879,473	$ 9,374,158

(Continued)

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			
	Final Budget	Actual	Variance over/under	2009 Actual
Other support services:				
Purchased services	$ 485,000	$ 458,541	$ 26,459	$ 381,164
Total Other support services	485,000	458,541	26,459	381,164
Total Support Services	10,659,078	9,171,261	1,487,817	9,755,322
Total Expenditures	10,659,078	9,171,261	1,487,817	9,755,322
Excess of revenues over expenditures	941,107	2,534,231	1,593,124	1,390,857
OTHER FINANCING SOURCES (USES)				
US EPA Loan Proceeds	-	-	-	398,767
Transfers out	(50,000)	(50,000)	-	(50,000)
Total other financing sources (uses)	(50,000)	(50,000)	-	348,767
Net changes in fund balance	$ 891,107	2,484,231	$ 1,593,124	1,739,624
Fund balance (deficit) at beginning of year		1,658,061		(81,563)
FUND BALANCE AT END OF YEAR		$ 4,142,292		$ 1,658,061

(Concluded)

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.

Working Cash Fund - 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.

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
General tax levy	$ 816,000	$ 871,935	$ 55,935	$ 792,634
Tort immunity levy (refund)	-	-	-	-
Earnings on investments	2,000	4,130	2,130	4,143
Total Local Sources	818,000	876,065	58,065	796,777
State Sources:				
Transportation aid	1,678,000	1,330,298	(347,702)	1,784,988
Total State Sources	1,678,000	1,330,298	(347,702)	1,784,988
Total Revenues	2,496,000	2,206,363	(289,637)	2,581,765
EXPENDITURES				
Current operating:				
Support Services:				
Pupil Transportation Services:				
Salaries	87,810	80,692	7,118	76,404
Employee benefits	3,000	2,883	117	2,972
Purchased services	2,345,550	2,727,652	(382,102)	2,337,722
Supplies and materials	6,800	5,830	970	4,846
Other	200	58	142	148
Total Support Services	2,443,360	2,817,115	(373,755)	2,422,092
Total Expenditures	2,443,360	2,817,115	(373,755)	2,422,092
Excess (deficiency) of revenues over expenditures	$ 52,640	(610,752)	$ (663,392)	159,673
Fund balance (deficit) at beginning of year		123,713		(35,960)
FUND BALANCE (DEFICIT) AT END OF YEAR		$ (487,039)		$ 123,713

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
WORKING CASH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
General tax levy (refund)	$ -	$ (179)	$ (179)	$ (2,349)
Earnings on investments	77,000	76,235	(765)	114,409
Total Local Sources	77,000	76,056	(944)	112,060
Total Revenues	77,000	76,056	(944)	112,060
Excess of revenues over expenditures	$ 77,000	76,056	$ (944)	112,060
Fund balance at beginning of year		7,692,918		7,580,858
FUND BALANCE AT END OF YEAR		$ 7,768,974		$ 7,692,918

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
General tax levy	$ 9,185,000	$ 9,892,815	$ 707,815	$ 9,263,265
Earnings on investments	52,000	2,754	(49,246)	31,546
Total Local Sources	9,237,000	9,895,569	658,569	9,294,811
Total Revenues	9,237,000	9,895,569	658,569	9,294,811
EXPENDITURES				
Debt service:				
Principal retirement	4,661,398	4,661,696	(298)	5,281,648
Interest on bonds	4,583,602	4,583,304	298	3,963,352
Total Expenditures	9,245,000	9,245,000	-	9,245,000
Excess (deficiency) of revenues over expenditures	(8,000)	650,569	658,569	49,811
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	-	50,000
Transfers out	-	-	-	(200,000)
Total other financing sources (uses)	50,000	50,000	0	(150,000)
Net changes in fund balance	$ 42,000	700,569	$ 658,569	(100,189)
Fund balance at beginning of year		5,197,113		5,297,302
FUND BALANCE AT END OF YEAR		$ 5,897,682		$ 5,197,113

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 FUND

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, 2010

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Governmental Funds
ASSETS			
Assets:			
Cash and investments	$ 661,972	$ 2,327,634	$ 2,989,606
Receivables:			
Property taxes	1,342,937	-	1,342,937
TOTAL ASSETS	$ 2,004,909	$ 2,327,634	$ 4,332,543
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accrued salaries and related expenditures	$ 51,992	$ -	$ 51,992
Due to other funds	300,000	-	300,000
Deferred revenue	1,342,937	-	1,342,937
Total Liabilities	1,694,929	-	1,694,929
Fund Balance:			
Reserved			
Reserved for capital projects	-	2,327,634	2,327,634
Unreserved - undesignated	309,980	-	309,980
Total Fund Balance	309,980	2,327,634	2,637,614
TOTAL LIABILITIES AND FUND EQUITY	$ 2,004,909	$ 2,327,634	$ 4,332,543

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, 2010

	Municipal Retirement/ Social Security	Fire Prevention and Safety	Total Nonmajor Governmental Funds
REVENUES			
Local sources	$ 3,032,715	$ 23,531	$ 3,056,246
Total Revenues	3,032,715	23,531	3,056,246
EXPENDITURES			
Current operating:			
Instruction	824,812	-	824,812
Support services	2,000,042	-	2,000,042
Community services	170	-	170
Total Expenditures	2,825,024	-	2,825,024
Excess of revenues over expenditures	207,691	23,531	231,222
Fund balances at beginning of year	102,289	2,304,103	2,406,392
FUND BALANCES AT END OF YEAR	$ 309,980	$ 2,327,634	$ 2,637,614

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			
	Final Budget	Actual	Variance over/under	2009 Actual
REVENUES				
Local Sources:				
General tax levy	$ 2,580,000	$ 2,779,995	$ 199,995	$ 2,488,994
Corporate replacement taxes	250,000	250,000	-	250,000
Earnings on investments	1,000	2,720	1,720	3,132
Total Local Sources	2,831,000	3,032,715	201,715	2,742,126
Total Revenues	2,831,000	3,032,715	201,715	2,742,126
EXPENDITURES				
Current operating:				
Instruction - employee benefits	835,296	824,812	10,484	764,354
Support services - employee benefits	2,089,772	2,000,042	89,730	1,946,612
Community services - employee benefits	-	170	(170)	403
Total Expenditures	2,925,068	2,825,024	100,044	2,711,369
Excess of revenues over expenditures	$ (94,068)	207,691	$ 301,759	30,757
Fund balance at beginning of year		102,289		71,532
FUND BALANCE AT END OF YEAR		$ 309,980		$ 102,289

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, 2010 WITH COMPARATIVE ACTUAL TOTALS FOR 2009

	2010			2009
	Final Budget	Actual	Variance over/under	Actual
REVENUES				
Local Sources:				
Earnings on investments	$ 16,000	$ 23,531	$ 7,531	$ 34,261
Total Local Sources	16,000	23,531	7,531	34,261
Total Revenues	16,000	23,531	7,531	34,261
EXPENDITURES				
Capital outlay	1,500,000	-	1,500,000	-
Total Expenditures	1,500,000	-	1,500,000	-
Excess (deficiency) of revenues over expenditures	$ (1,484,000)	23,531	$ 1,507,531	34,261
Fund balance at beginning of year		2,304,103		2,269,842
FUND BALANCE AT END OF YEAR		$ 2,327,634		$ 2,304,103

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, 2010

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets:				
Cash	$ 741,776	$ 1,009,392	$ 975,850	$ 775,318
Liabilities:				
Due to organizations	$ 741,776	$ 1,009,392	$ 975,850	$ 775,318

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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 ASSETS BY COMPONENT
LAST SEVEN FISCAL YEARS

	2010	2009	2008	2007
Governmental activities				
Invested in capital assets, net of related debt	$ 57,368,295	$ 44,743,143	$ 65,057,434	$ 62,616,806
Restricted	13,179,336	12,870,395	13,068,474	13,197,422
Unrestricted	(49,263,655)	(29,989,602)	(28,777,734)	(28,751,490)
Total governmental activities net assets	$ 21,283,976	$ 27,623,936	$ 49,348,174	$ 47,062,738

Note: Due to the implementation of GASB Statement #34 in 2003, only eight years data is available.

Note: Certain amounts were reclassified between the components of net assets for 2003 to conform to the current presentation.

2006	2005	2004	2003
$ 64,839,840	$ 65,303,198	$ 61,822,958	$ 49,364,488
12,764,477	11,765,611	11,403,840	13,162,306
(29,980,544)	(27,840,368)	(21,023,021)	(2,785,915)
$ 47,623,773	$ 49,228,441	$ 52,203,777	$ 59,740,879

J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
CHANGES IN NET ASSETS
LAST EIGHT FISCAL YEARS

	2010	2009	2008	2007
Expenses				
Governmental activities				
Instruction:				
Regular programs	$ 45,839,828	$ 35,506,727	$ 32,840,735	$ 31,178,139
Special programs	13,871,762	13,646,452	13,476,188	12,384,801
Other instructional programs	3,918,525	4,590,376	4,004,796	3,981,500
Support services:				
Pupils	5,926,067	6,313,227	5,942,736	6,275,113
Instructional staff	2,634,026	2,315,546	1,524,689	1,350,753
General administration	1,371,944	2,097,396	2,233,817	1,782,995
School administration	2,224,374	2,859,073	2,729,998	2,806,161
Business	5,376,908	5,722,374	5,584,450	5,302,283
Operations and maintenance	10,188,107	11,571,176	11,604,753	11,521,862
Transportation	2,920,439	2,496,884	2,622,414	2,240,105
Central	1,130,022	1,341,619	1,286,712	1,438,314
Other supporting services	1,223,183	991,534	614,345	634,446
Interest and fees	5,655,441	5,779,209	5,812,788	5,811,342
Total governmental activities expenses	102,280,626	95,231,593	90,278,421	86,707,814
Program revenues				
Governmental activities				
Charges for services				
Instruction:				
Regular programs	981,055	1,111,589	1,008,116	1,150,810
Support services:				
Business	2,113,122	2,304,348	2,471,798	2,422,234
Operations and maintenance	37,050	44,265	28,174	32,695
Operating grants and contributions	21,621,187	18,646,339	16,713,537	12,112,869
Capital grants and contributions	-	-	1,531,066	1,252,690
Total governmental activities program revenues	24,752,414	22,106,541	21,752,691	16,971,298
Net expense	(77,528,212)	(73,125,052)	(68,525,730)	(69,736,516)
General revenues				
Governmental activities				
Taxes:				
Real estate taxes, levied for general purposes	27,408,897	27,447,900	25,562,776	25,320,437
Real estate taxes, levied for specific purposes	3,580,715	3,119,627	3,418,626	3,274,119
Real estate taxes, levied for debt service	9,477,658	9,131,114	9,286,805	9,403,735
Payments in lieu of taxes	4,919,030	6,029,119	7,249,782	6,595,617
General state aid	24,072,708	26,952,448	22,919,697	21,840,725
Federal medicaid reimbursements	415,224	329,722	320,483	305,521
Investment earnings	356,031	609,878	1,820,321	2,238,059
Miscellaneous	957,991	355,514	232,676	197,268
Total governmental activities general revenues	71,188,254	73,975,322	70,811,166	69,175,481
Change in net assets	$ (6,339,958)	$ 850,270	$ 2,285,436	$ (561,035)

Note: Due to the implementation of GASB Statement #34 in 2003, only eight years data is available.

2006	2005	2004	2003
$ 28,978,628	$ 29,777,365	$ 28,402,294	$ 33,303,057
11,451,755	11,064,419	8,450,674	6,280,013
3,897,404	4,306,327	8,164,375	1,892,656
5,852,352	5,816,802	5,828,774	5,320,838
1,812,461	1,806,025	2,054,667	2,201,327
1,757,424	1,582,060	1,426,435	917,297
2,658,322	2,383,192	1,645,604	1,409,623
5,259,743	5,081,893	4,768,257	3,959,590
11,214,591	10,412,372	9,359,475	7,675,171
2,049,852	2,067,965	2,225,663	2,031,427
1,268,620	1,427,533	1,454,405	1,405,772
1,081,480	742,338	397,414	318,380
5,168,366	3,774,565	4,238,407	3,039,331
82,450,998	80,242,856	78,416,444	69,754,482
1,076,755	949,259	898,365	799,954
2,318,747	2,291,870	2,259,995	2,199,142
21,420	8,363	3,825	6,073
11,268,988	13,093,149	13,068,509	10,856,399
598,324	2,092,001	286	18,753,574
15,284,234	18,434,642	16,230,980	32,615,142
(67,166,764)	(61,808,214)	(62,185,464)	(37,139,340)
25,303,564	24,309,212	24,046,415	24,011,557
2,962,532	2,261,500	2,171,983	3,190,361
9,698,903	9,514,418	9,563,459	9,461,878
5,754,067	4,581,705	3,575,991	3,402,463
19,656,739	16,955,608	14,200,652	10,768,818
264,976	130,438	190,356	226,555
1,690,119	537,553	800,589	704,805
231,196	542,444	98,917	168,253
65,562,096	58,832,878	54,648,362	51,934,690
$ (1,604,668)	$ (2,975,336)	$ (7,537,102)	$ 14,795,350

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

	2010	2009	2008	2007
General Fund				
Reserved	$ 227,388	$ 194,629	$ 1,794,287	$ 9,036,103
Unreserved	22,793,351	25,533,411	26,526,056	22,871,722
Total general fund	23,020,739	25,728,040	28,320,343	31,907,825
All Other Governmental Funds				
Reserved	2,327,634	7,501,216	7,567,144	7,718,461
Unreserved, reported in:				
Special revenue funds	13,489,597	7,918,920	7,616,430	8,706,182
Total all other governmental funds	$ 15,817,231	$ 15,420,136	$ 15,183,574	$ 16,424,643

Source of Information: Fiscal Years 2001-2010 Annual Financial Statements

2006	2005	2004	2003	2002	2001
$ 21,714,848	$ 89,255	$ 6,765,788	$ 11,296,691	$ 16,010,165	$ 28,646,879
17,191,643	322,224	(5,890,977)	(8,916,101)	(6,229,494)	(4,555,504)
38,906,491	411,479	874,811	2,380,590	9,780,671	24,091,375
7,284,978	6,321,271	5,954,864	18,265,523	16,609,640	17,443,546
8,520,068	14,971,331	20,445,897	7,370,479	6,216,506	5,306,728
$ 15,805,046	$ 21,292,602	$ 26,400,761	$ 25,636,002	$ 22,826,146	$ 22,750,274

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

	2010	2009	2008	2007
Revenues				
Local sources				
Taxes	$ 42,223,133	$ 38,855,607	$ 37,659,115	$ 36,960,952
Earnings on investments	356,031	609,878	1,820,321	2,238,059
Other local sources	9,008,248	9,844,835	10,990,546	10,398,624
Total local sources	51,587,412	49,310,320	50,469,982	49,597,635
State sources	37,876,068	33,609,937	34,301,165	31,297,773
Federal sources	13,065,980	11,611,572	5,165,618	4,214,032
Total revenues	102,529,460	94,531,829	89,936,765	85,109,440
Expenditures				
Current:				
Instruction	61,564,405	51,133,318	47,026,928	44,243,329
Supporting services	32,983,632	35,098,833	33,203,340	32,437,013
Community services	108,162	83,227	80,780	78,769
Nonprogrammed charges	938,467	548,243	572,105	652,990
Debt service				
Principal	4,661,696	5,281,648	6,496,502	7,422,885
Interest and other	4,583,304	3,963,352	2,698,498	1,772,115
Capital outlay	-	1,177,716	2,017,163	4,881,408
Total expenditures	104,839,666	97,286,337	92,095,316	91,488,509
Excess (deficiency) of revenue over expenditures	(2,310,206)	(2,754,508)	(2,158,551)	(6,379,069)
Other Financing Sources (Uses)				
Proceeds from borrowing	-	398,767	-	-
Payments to escrow agent	-	-	-	-
Transfers in	50,000	-	500,000	-
Transfers out	(50,000)	-	(500,000)	-
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	-	398,767	-	-
Net change in fund balances	$ (2,310,206)	$ (2,355,741)	$ (2,158,551)	$ (6,379,069)
Debt service as a percentage of noncapital expenditures	8.82%	9.62%	10.21%	10.62%

Source of information: Fiscal Years 2001-2010 Annual Financial Statements

2006	2005	2004	2003	2002	2001
$ 37,698,979	$ 35,801,282	$ 34,623,114	$ 35,735,566	$ 33,346,696	$ 30,222,141
1,690,119	537,553	800,589	704,805	945,821	2,929,122
9,402,185	8,373,641	6,837,093	6,575,885	7,221,211	7,863,982
48,791,283	44,712,476	42,260,796	43,016,256	41,513,728	41,015,245
26,675,664	27,562,922	23,306,841	36,146,940	18,196,980	16,749,965
5,113,363	4,708,274	4,152,962	4,458,406	5,401,934	5,183,309
80,580,310	76,983,672	69,720,599	83,621,602	65,112,642	62,948,519
41,072,233	42,352,174	42,400,169	39,188,597	36,701,596	35,795,436
32,047,089	30,498,387	28,515,177	24,661,469	26,552,097	22,534,358
83,300	81,804	-	-	-	-
644,766	452,638	573,034	456,938	319,579	360,643
8,464,514	8,451,010	9,942,561	6,446,536	6,433,628	5,230,000
589,971	804,570	1,457,858	1,221,470	1,234,203	1,120,863
1,983,748	4,134,467	16,264,311	16,236,817	8,106,371	5,723,828
84,885,621	86,775,050	99,153,110	88,211,827	79,347,474	70,765,128
(4,305,311)	(9,791,378)	(29,432,511)	(4,590,225)	(14,234,832)	(7,816,609)
41,492,685	6,621,857	58,567,798	-	-	-
(4,179,918)	(2,401,970)	(29,876,307)	-	-	-
14,214,030	9,398,926	16,750,679	-	1,903,893	5,107,373
(14,214,030)	(9,398,926)	(16,750,679)	-	(1,903,893)	(5,107,373)
-	-	-	-	-	-
37,312,767	4,219,887	28,691,491	-	-	-
$ 33,007,456	$ (5,571,491)	$ (741,020)	$ (4,590,225)	$ (14,234,832)	$ (7,816,609)
10.92%	11.20%	13.75%	10.65%	10.76%	9.76%

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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
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	(31,903,177)	-1.96%	4,791,772,221
2002	1,629,160,584	329,458,026	25.35%	4,887,481,752
2001	1,299,702,558	32,967,810	2.60%	3,899,107,674
2000	1,266,734,748	3,966,060	0.31%	3,800,204,244

Source of information: Cook County Levy, Rate, and Extension Reports for the years 2000 to 2009.

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

Taxing District	2009	2008	2007	2006	2005	2004
OVERLAPPING GOVERNMENT:						
County of Cook	0.394	0.415	0.466	0.500	0.533	0.593
Forest Preserve District	0.049	0.051	0.053	0.057	0.060	0.060
Suburban TB Sanitarium	-	-	-	0.005	0.005	0.001
Consolidated Elections	0.021	-	0.012	-	0.014	-
Town of Berwyn	0.032	0.031	0.032	0.031	0.029	0.033
General Assistance - Berwyn	0.026	0.025	0.026	0.025	0.023	0.027
Metropolitan Water Reclamation District	0.261	0.252	0.263	0.284	0.315	0.347
Community College #527	0.393	0.389	0.411	0.417	0.397	0.471
City of Berwyn	2.278	1.937	2.135	2.040	2.053	2.691
Public Health - Berwyn	0.061	0.059	0.061	0.060	0.057	0.066
Mental Health - Berwyn	0.046	0.046	0.048	0.051	0.049	0.061
School District #98	2.814	2.949	-	-	-	-
Berwyn Park District	0.307	0.300	0.320	0.321	0.274	0.324
Total overlapping rate (note)	6.682	6.454	3.827	3.791	3.809	4.674
DIRECT:						
Morton S.D. #201	1.848	1.835	1.960	2.001	1.925	2.298
Total Rate	8.530	8.289	5.787	5.792	5.734	6.972
OTHER:						
North Berwyn Park District	0.286	0.286	-	-	-	-
Berwyn Library Fund	0.281	0.280	0.308	0.176	0.168	0.208
School District #100	2.492	2.443	2.568	2.615	2.545	2.970
Town of Cicero	3.344	3.243	3.613	3.754	3.610	4.366
General Assistance - Cicero	0.036	-	0.023	0.024	0.024	0.027
Clyde Park District	0.308	0.289	0.363	0.368	0.349	0.417
Cicero Library Fund	0.161	0.156	0.168	0.174	0.171	0.200
Mental Health - Cicero	0.062	0.060	0.065	0.068	0.067	0.078
School District #99	2.786	2.704	2.893	2.655	2.760	3.371
Town of Lyons	0.047	0.046	0.033	0.033	0.031	0.036
Road and Bridges - Lyons	0.033	-	0.034	0.034	0.032	0.037
General Assistance - Lyons	0.002	0.002	0.003	0.003	0.002	0.002
Des Plaines Valley Mosquito	0.011	0.012	0.012	0.012	0.011	0.012
Mental Health - Lyons	0.076	0.074	0.081	0.081	0.077	0.090
School District #103	3.287	3.263	3.444	3.521	3.419	3.922
Village of Lyons	1.634	1.419	1.410	1.431	1.395	1.916
Village of Lyons Library	0.243	0.298	0.254	1.557	0.214	0.242
Town of Stickney	0.181	0.180	0.191	0.194	0.179	0.201
Road and Bridge - Stickney Twp.	0.045	0.043	0.045	0.045	0.041	0.046
General Assistance - Stickney	0.015	0.009	0.010	0.010	0.009	0.010
Stickney - Forest View Library	0.338	0.327	0.350	0.360	0.333	0.392
Public Health - Stickney	0.180	0.164	0.195	0.198	0.183	0.207
Village of Stickney	2.118	-	1.961	1.970	1.749	2.052

*Tax rates are expressed in dollars per one hundred of assessed valuations.
The other overlapping districts noted above may be included within a taxpayer's property tax bill, depending on location within the district.
Source of information: Cook County Clerk's office.

2003	2002	2001	2000
0.630	0.690	0.746	0.824
0.059	0.061	0.067	0.069
0.004	0.006	0.007	0.008
0.029	-	0.032	-
0.033	0.032	0.037	0.039
0.027	0.024	0.034	0.034
0.361	0.371	0.401	0.415
0.471	0.450	0.551	0.569
2.742	2.868	3.543	3.450
0.068	0.065	0.081	0.083
0.063	0.062	0.079	0.078
-	4.620	4.647	4.626
0.311	0.270	0.339	0.317
4.798	9.519	10.564	10.512
2.305	2.163	2.617	2.599
7.103	11.682	13.181	13.111
-	-	0.388	0.385
0.213	0.200	-	-
2.974	2.879	3.582	3.645
4.294	4.005	4.804	4.661
0.026	0.025	0.029	-
0.392	0.336	0.424	0.445
0.192	0.179	-	-
0.075	0.070	-	-
3.354	3.121	3.817	3.695
0.035	0.033	0.039	0.038
0.037	0.035	0.042	0.042
0.002	0.005	0.005	0.005
0.012	0.011	0.013	0.013
0.088	0.085	0.102	0.101
3.901	2.606	3.073	3.070
1.348	1.280	1.746	1.894
0.239	0.151	-	-
0.201	0.187	0.213	0.212
0.046	0.043	0.049	0.049
0.011	0.010	0.014	0.014
0.286	0.270	0.307	0.270
0.205	0.191	0.220	0.224
1.838	1.732	2.008	1.990

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

Name of Taxpayer (1)	2009 Equalized Assessed Valuation	Rank	Percentage of total 2009 Equalized Assessed Valuation (2)
McNeal Hospital Finance	$ 22,770,098	1	1.00%
Hawthorne Works Center Ltd	13,875,571	2	0.61%
Cermak Plaza Assoc.	11,204,672	3	0.49%
Thomas Carey Heris	11,093,281	4	0.49%
KTR Capital Ptr. Tax Dept.	10,203,254	5	0.45%
DiMucci Companies	10,156,993	6	0.45%
Heartland Bank	10,133,891	7	0.45%
United States Cold Storage	8,304,850	8	0.37%
Cicero Marketplace	8,168,927	9	0.36%
Cambridge Realty Capital	7,981,741	10	0.35%
Jose Montoyo	-		-
Individual	-		-
Hawthorne Partners	-		-
Target	-		-
Mobil Oil Corp.	-		-
First Avenue Development LLC	-		-
Home Depot	-		-
	$ 113,893,278		5.02%

(1) Source of information: Cook County Clerk and Assessors Office

(2) 2009 and 2000 total assessed valuation is $2,267,964,034 and $1,266,734,748, respectively.

2000 Equalized Assessed Valuation	Rank	Percentage of total 2000 Equalized Assessed Valuation (2)
$ 21,521,523	1	1.70%
-		-
8,717,530	5	0.69%
-		-
-		-
-		-
-		-
5,715,987	8	0.45%
-		-
-		-
12,799,329	2	1.01%
11,474,141	3	0.91%
9,970,174	4	0.79%
6,083,483	6	0.48%
6,001,956	7	0.47%
4,956,218	9	0.39%
4,732,155	10	0.37%
$ 91,972,496		7.26%

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

	2009	2008	2007	2006
Rates extended:				
Educational	0.9464	0.9627	0.9994	1.0162
Special education	0.0168	0.0166	0.0175	0.0183
Operations and maintenance	0.2753	0.2804	0.2910	0.2963
Tort immunity	0.0000	0.0000	0.0000	0.0000
Transportation	0.0430	0.0329	0.0435	0.0405
Illinois municipal retirement/Social security	0.1323	0.1106	0.1308	0.1314
Bond and interest	0.4338	0.4317	0.4769	0.4980
Working Cash	0.0000	0.0000	0.0000	0.0000
Total rates extended	1.8476	1.8349	1.9591	2.0007
Property tax extensions:				
Educational	$ 21,464,054	$ 21,940,177	$ 20,618,955	$ 20,075,766
Special education	380,298	379,038	360,518	360,867
Operations and maintenance	6,244,227	6,391,524	6,004,073	5,854,041
Tort immunity	1	1	1	1
Transportation	974,999	750,000	900,000	800,000
Illinois municipal retirement/Social security	3,000,092	2,522,668	2,698,038	2,594,268
Bond and interest	9,838,650	9,838,650	9,838,650	9,838,650
Working Cash	-	-	-	-
Total levies extended	$ 41,902,321	$ 41,822,058	$ 40,420,235	$ 39,523,593
Current year collections	20,703,666	18,366,839	17,808,015	17,520,465
Subsequent collections	-	21,559,906	21,028,151	20,361,814
Total collections	$ 20,703,666	$ 39,926,745	$ 38,836,166	$ 37,882,279
Percentage of extensions collected	49.41%	95.47%	96.08%	95.85%

(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 2000-2009

2005	2004	2003	2002	2001	2000
0.9802	1.1803	1.1778	0.9632	1.1789	1.2000
0.0163	0.0197	0.0200	0.0161	0.0196	0.0180
0.2859	0.3443	0.3495	0.2809	0.3438	0.3500
0.0000	0.0045	0.0000	0.1127	0.1231	0.1170
0.0300	0.0161	0.0183	0.0919	0.1179	0.1120
0.1198	0.1290	0.1235	0.1066	0.1454	0.1180
0.4926	0.6044	0.6160	0.5510	0.6394	0.6440
0.0000	0.0000	0.0000	0.0401	0.0491	0.0400
1.9248	2.2983	2.3051	2.1625	2.6172	2.5990
$ 19,578,626	$ 19,219,993	$ 18,812,770	$ 15,692,087	$ 15,321,962	$ 15,200,817
325,761	320,452	318,977	261,535	255,366	228,014
5,710,708	5,605,831	5,582,099	4,576,859	4,468,906	4,433,572
-	72,840	-	1,836,486	1,600,001	1,484,665
600,000	262,787	292,860	1,497,526	1,532,196	1,418,743
2,394,710	2,100,000	1,971,900	1,736,536	1,890,000	1,491,987
9,838,650	9,842,897	9,839,276	8,977,100	8,309,834	8,152,686
-	-	-	653,837	638,415	506,693
$ 38,448,455	$ 37,424,800	$ 36,817,882	$ 35,231,966	$ 34,016,680	$ 32,917,177
17,482,667	16,725,032	16,401,962	15,798,580	15,516,639	14,498,613
19,746,650	19,709,088	19,681,770	18,673,367	19,202,889	18,154,963
$ 37,229,317	$ 36,434,120	$ 36,083,732	$ 34,471,947	$ 34,719,528	$ 32,653,576
96.83%	97.35%	98.01%	97.84%	102.07% (1)	99.20%

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

Fiscal Year Ended June 30,	General Obligation Bonds	Loans	Total
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
2003	40,798,396	-	40,798,396
2002	47,244,932	-	47,244,932
2001	53,678,560	-	53,678,560

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

Fiscal Year Ended June 30,	Tax Levy Year	General Bonded Debt	Equalized Assessed Valuation	Percentage of General Bonded Debt to Assessed Valuation	Estimated population	General Bonded Debt Per Capita	Percentage of General Bonded Debt to Personal Income
2010	2009	$ 56,196,359	$2,267,964,034	2.48%	147,312	381	0.79%
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	0.96%
2007	2006	72,556,550	1,975,591,559	3.67%	149,849	484	1.06%
2006	2005	79,979,435	1,997,335,543	4.00%	151,497	528	1.27%
2005	2004	62,258,136	1,628,408,754	3.82%	152,470	408	1.04%
2004	2003	66,076,500	1,597,257,407	4.14%	153,317	431	1.17%
2003	2002	40,798,396	1,629,160,584	2.50%	154,831	264	0.75%
2002	2001	47,244,932	1,299,702,558	3.64%	156,026	303	0.87%
2001	2000	53,678,560	1,266,734,748	4.24%	156,877	342	1.00%

n/a - information not available

Source of information: Annual Financial Statements 2001 to 2010.

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

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J. STERLING MORTON HIGH SCHOOL DISTRICT NO. 201
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
JUNE 30, 2010

Jurisdiction overlapping		Debt outstanding	Overlapping percent	Direct and overlapping debt
Cook County		$ 2,283,705,000	1.299%	$ 29,654,266
Cook County Forest Preserve District		115,105,000	1.299%	1,494,656
Metropolitan Water Reclamation District	(2)	2,301,850,000	1.326%	30,512,741
City of Berwyn	(1)	96,055,140	100.000%	96,055,349
Village of Forest View		2,435,000	45.482%	1,107,475
Village of Lyons	(3)	13,180,000	95.270%	12,556,576
Village of McCook		15,030,000	31.205%	4,690,054
Village of Stickney		10,245,000	99.996%	10,244,601
Clyde Park District	(1)(3)	1,180,000	100.000%	1,180,000
School District #98		3,980,000	100.000%	3,980,000
School District #99		67,280,000	100.000%	67,280,000
School District #100	(3)	41,135,000	100.000%	41,135,000
School District #103	(1)	7,544,000	74.398%	5,612,580
School District #104	(1)	66,033,385	3.453%	2,280,046
Community College District #527		2,970,000	98.934%	2,938,330
Total indirect debt		5,027,727,525		310,721,674
J. Sterling Morton High School District # 201	(1)	56,196,359	100.00%	56,196,359
		$ 5,083,923,884		$ 366,918,033

The percentage of overlapping debt is estimated using taxable property values. Applicable percentages are estimated by determining the portion of another governmental unit's taxable value that is within the District's boundaries and dividing it by each unit's total taxable value.

Debt outstanding for the overlapping jurisdictions are as of December 1, 2009. Debt outstanding for J. Sterling Morton High School District #201 is as of June 30, 2010.

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

(2) Includes IEPA Revolving Loan Fund 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.

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

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

	2010	2009	2008	2007
Debt limit	$ 156,489,518	$ 157,255,828	$ 142,354,988	$ 136,315,818
Total net debt applicable to limit	50,298,677	55,629,563	60,762,746	67,008,084
Legal debt margin	106,190,841	101,626,265	81,592,242	69,307,734
Total net debt applicable to the limit as a percentage of debt limit	32.14%	35.38%	42.68%	49.16%

Legal Debt Margin calculation for fiscal year June 30, 2010

Assessed valuation of taxable properties for the tax year 2009	$ 2,267,964,034
Rate	6.9%
Bonded debt limit	$ 156,489,518
Debt subject to limitation:	
General obligation bonds payable	$ 56,196,359
Less Debt Service Fund balance	5,897,682
Net debt outstanding subject to limitation	$ 50,298,677
Legal bonded debt margin at June 30, 2010	$ 106,190,841

Source of Information: Fiscal Years 2001-2010 Annual Financial Statements

2006	2005	2004	2003	2002	2001
$ 137,816,152	$ 112,360,204	$ 110,210,761	$ 112,412,080	$ 89,679,477	$ 87,404,698
74,792,058	57,946,881	62,107,231	34,510,219	42,261,813	49,547,290
63,024,094	54,413,323	48,103,530	77,901,861	47,417,664	37,857,408
54.27%	51.57%	56.35%	30.70%	47.13%	56.69%

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)
2010	163,445	$ 7,110,674,275	$ 43,505	8.9%
2009	147,312	6,846,325,200	46,475	6.5%
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%
2002	154,831	5,452,838,158	35,218	7.4%
2001	156,026	5,388,357,910	34,535	6.1%

Sources:

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

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

	2010		2001	
Employer	Employees	Rank	Employees	Rank
MacNeal Hospital	2,200	1	2,493	1
A&R Janitorial Services, Inc.	1,800	2	1,800	2
USF Holland, Inc.	500	3	500	5
Brad Foote Gear Works, Inc.	450	4		
Meade Electric Co.	400	5		
Terrace Paper Co., Inc.	400	6		
Campagna-Turano Baker, Inc.	300	7	347	10
Groot Industries, Inc.	250	8		
Morton College	250	9	450	6
Tru-Vue, Inc.	250	10		
World Marketing - Chicago	250	11		
Reynolds Metals Co.			650	3
National Castings			450	7
Household Bank, FSB			360	8
UOP, LLC			350	9
Waste Management			550	4
AKZO Nobel Chemicals, Inc.			250	11
Chicago Extruded Metals Co.			225	12
Total	7,050		8,425	

Source: Illinois Services and Manufacturer's Directories and the Harris Illinois Industrial Directory.

Percentage of total city employment was not available.

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

	2010	2009	2008	2007
Instructional services:				
Regular programs				
Teachers	369.0	324.2	317.8	322.4
Clerical	-	-	-	-
Special programs				
Administrators	3.0	-	-	-
Teachers	68.0	59.0	61.2	58.2
Teaching assistants/clerical	63.0	63.0	57.0	51.0
Other programs				
Administrators	-	-	-	-
Teachers	68.0	53.2	60.4	64.4
Teaching assistants/clerical	26.0	26.0	27.0	23.0
Support services:				
Pupil support services				
Dean of students/administrators	9.0	9.0	9.0	9.0
Social workers	9.0	9.0	8.0	8.0
Guidance counselors	28.0	27.0	25.0	26.0
Psychologists	4.0	3.0	3.6	4.0
Speech pathologists	3.0	3.0	3.0	3.0
Clerical	34.0	33.5	31.5	35.5
Instructional staff services				
Administrators	5.0	7.8	-	-
Testing facilitator	-	-	-	-
Teachers	-	-	-	-
Librarians	5.0	5.0	5.0	5.6
Clerical/aides	13.0	13.0	13.0	12.0
General administration services				
Treasurer	1.0	1.2	0.2	-
Superintendent/asst. superintendents	3.0	1.0	1.0	1.0
Special area administration	7.0	6.3	5.0	5.0
Clerical	9.0	9.0	9.0	9.0
School administration services				
Principals and assistant principals	12.0	17.0	17.0	17.0
Clerical	17.0	17.5	16.5	15.5
Business services				
Direction of business services	1.0	1.8	1.8	2.0
Fiscal services	18.0	18.0	18.0	18.0
Food service	25.0	25.0	25.0	23.0
Operations and maintenance of facilities				
Director/clerical	2.0	2.0	2.0	2.0
Engineers/custodial/maintenance	71.0	70.0	70.0	71.0
Security	47.0	47.0	39.0	37.0
Transportation services				
Bus drivers	2.0	2.0	2.0	2.0
Central services				
Information services	-	1.0	2.0	1.0
Data processing services	10.0	12.0	11.0	9.0
Total employees	932.0	866.5	841.0	834.6

Source: District records - full time equivalents.

Information prior to 2003 is unavailable

2006	2005	2004	2003
318.4	314.8	278.0	267.2
-	2.5	11.0	10.0
-	1.0	3.5	3.5
57.0	55.0	57.0	55.0
46.0	44.0	47.0	46.0
-	-	2.0	2.0
64.6	65.4	81.0	87.8
29.0	29.0	25.0	28.0
9.0	9.0	11.0	8.0
8.0	8.0	9.0	5.0
25.0	25.0	27.0	25.0
4.0	4.0	3.0	3.0
2.0	2.0	2.0	2.0
34.5	33.0	36.0	30.0
1.0	1.0	2.5	2.5
-	1.0	-	1.0
-	-	3.0	6.0
5.6	5.6	4.6	4.0
11.0	9.0	10.0	12.0
-	-	-	-
1.0	1.5	1.5	1.5
5.0	4.0	0.5	0.5
9.0	6.0	4.0	4.0
17.0	16.0	11.5	11.5
18.0	17.0	5.0	5.0
2.0	2.0	2.0	2.0
18.0	17.0	15.0	15.0
23.0	24.0	17.0	24.0
2.0	2.0	2.0	2.0
70.0	69.0	59.0	58.0
42.0	40.0	39.0	40.0
2.0	2.0	1.0	2.0
1.0	2.5	3.5	3.5
12.0	13.0	11.0	13.0
837.1	825.3	784.6	780.0

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

	2010	2009	2008	2007
Instruction				
Enrollment				
Regular education	7,414	7,392	7,145	7,122
Special Education	992	1,018	963	964
Total enrollment	8,406	8,410	8,108	8,086
Percentage of limited English proficient	5.6%	5.4%	3.6%	5.3%
Pupil support services				
Percentage of students with disabilities	11.8%	12.1%	11.9%	11.9%
School administration				
Student attendance rate	84.8%	90.5%	89.7%	86.3%
Fiscal services				
Purchase orders processed	4,600	4,700	4,500	4,000
W-2's issued	1,214	1,226	1,232	1,233
Maintenance				
District square footage maintained by custodians and maintenance staff	1,345,425	1,345,425	1,345,425	1,324,895
District acreage maintained by grounds staff	69	69	69	66

Source of information: District records

Information prior to 2003 is unavailable

2006	2005	2004	2003
7,340	6,922	6,765	6,480
932	862	841	830
8,272	7,784	7,606	7,310
5.8%	7.7%	6.8%	7.1%
11.3%	11.1%	11.1%	11.4%
90.2%	91.1%	90.4%	91.3%
4,200	4,600	5,700	6,900
1,225	1,307	1,311	1,251
1,324,895	1,324,895	1,111,865	1,111,865
66	66	54	54

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

	2010	2009	2008	2007
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)	3,462	3,539	3,496	3,300
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)	3,260	3,501	3,184	3,428
Morton Freshman Center (2004)				
Grounds area (acres)	14.17	14.17	14.17	17.23
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)	1,308	1,260	1,265	1,223
Morton Alternative School (2008)				
Grounds area (acres)	3.06	3.06	3.06	n/a
Buildings (square feet)	20,530	20,530	20,530	n/a
Available capacity (students)	126	126	126	n/a
Enrollment (students housed)	99	76	82	n/a
Morton Alternative School (leased)				
Enrollment (students housed)	n/a	n/a	n/a	61

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

Information prior to 2003 is unavailable

2006	2005	2004	2003
12.75	12.75	12.75	12.75
639,997	639,997	639,997	639,997
3,300	3,300	3,300	3,300
3,362	3,061	4,071	3,932
41.60	41.60	41.60	41.60
471,868	471,868	471,868	471,868
3,000	3,000	3,000	3,000
3,452	3,369	3,403	3,255
17.23	17.23	n/a	n/a
213,030	213,030	n/a	n/a
1,500	1,500	n/a	n/a
1,326	1,228	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
n/a	n/a	n/a	n/a
63	63	55	53

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
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	4.65%
2003	52,057,420	6,282.00	8,287	0.09%
2002	48,748,333	5,888.25	8,279	2.82%
2001	45,520,611	5,653.47	8,052	-1.52%

(1) Total allowance for per capita tuition computation