

**MORRIS COMMUNITY
HIGH SCHOOL DISTRICT NO. 101**

MORRIS, ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

Prepared by:

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CERTIFIED PUBLIC ACCOUNTANTS

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

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INDEPENDENT AUDITORS' REPORT



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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Education
Morris Community High
School District No. 101
Morris, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Morris Community High School District No. 101 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Morris Community High School District No. 101 as of June 30, 2018, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morris Community High School District No. 101's basic financial statements. The combining and individual fund financial statements on pages 39-54, IMRF and TRS pension data schedules on pages 55-57, notes to other information on pages 58-59, and supplementary information on pages 60-62, which is the responsibility of management, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The IMRF and TRS pension data schedules, notes to other information, and the supplementary information 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 any assurance on them.

Comparative Information

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Morris Community High School District No. 101 for the year ended June 30, 2017, which are presented in summary for comparative purposes with the accompanying financial statements. In our report dated September 11, 2017, we expressed unmodified opinions on the respective modified cash basis financial statements of the governmental activities and each major fund.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2018, on our consideration of the Morris Community High School District No. 101's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morris Community High School District No. 101's internal control over financial reporting and compliance.

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 10, 2018

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
June 30, 2018

	Governmental Activities	
	2018	2017
<u>Assets</u>		
Cash	\$ 621,475	683,191
Investments	1,999,850	1,676,788
Capital Assets		
Land	62,042	62,042
Construction in progress	93,010	-
Improvements	752,931	719,061
Buildings	18,858,281	18,606,923
Transportation equipment	240,547	218,355
Cafeteria equipment	305,603	305,603
Other equipment	4,890,413	4,764,151
Accumulated depreciation	(16,406,424)	(15,780,202)
Total assets	\$ 11,417,728	11,255,912
<u>Liabilities</u>		
Current Liabilities:		
Teachers' pension payable	\$ 30,186	24,789
Insurance payable	2,613	8,662
Total current liabilities	32,799	33,451
Long term liabilities:		
Due within one year	1,980,000	1,860,000
Due in more than a year	3,500,000	3,785,000
Total Long-Term Liabilities	5,480,000	5,645,000
Total liabilities	5,512,799	5,678,451
<u>Net Position</u>		
Net investment in capital assets	3,316,403	3,250,933
Restricted	425,128	348,078
Unrestricted	2,163,398	1,978,450
Total net position	5,904,929	5,577,461
Total liabilities and net position	\$ 11,417,728	11,255,912

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

Government-wide Financial Statement
Statement of Activities - Modified Cash Basis
For the Year Ended June 30, 2018

Program Activities	Expenditures	Program Revenues			Net (Expenditures) Revenue And Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2018	2017
Governmental activities:						
Instruction	\$ 6,843,512	67,662	770,996	-	(6,004,854)	(6,017,848)
Supporting services	4,750,540	430,140	318,839	-	(4,001,561)	(3,983,133)
Community services	40,713	35,035	-	-	(5,678)	5,655
Payments to other districts	2,209,767	117,205	-	-	(2,092,562)	(1,784,873)
On-behalf payments	584,640	-	584,640	-	-	-
Unallocated interest & fees	221,976	-	-	-	(221,976)	(236,256)
Total government	\$ 14,651,148	650,042	1,674,475	-	(12,326,631)	(12,016,454)
General revenues						
Taxes:						
Property taxes					\$ 8,062,462	7,692,220
Leasing taxes					132,546	124,079
Special education taxes					84,450	80,179
Replacement taxes					368,169	439,998
TIF revenue					1,959,452	1,835,560
Evidence based funding formula					1,779,014	1,370,340
Refund of prior years' expenditures					67,000	56,800
Interest on investments					51,835	13,641
Miscellaneous					92,134	61,835
Total general revenues					12,597,062	11,674,652
Special items:						
Bond issuance premiums					57,037	59,455
Change in net position					327,468	(282,347)
Net position at beginning of year					5,577,461	5,859,808
Net position at end of year					\$ 5,904,929	5,577,461

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

Statement of Assets, Liabilities, and Fund Balance - Modified Cash Basis
Governmental Funds
June 30, 2018

	Special Revenue Funds					Capital Projects	Debt Service	Total	
	General Fund	Transportation Fund	SS/IMRF Fund	Tort Fund	Life Safety Fund	Site and Construction Fund	Bond and Interest Fund	Governmental funds	
								2018	2017
Assets									
Cash in bank	\$ 545,052	27,803	12,022	8,583	22,374	1,553	4,088	621,475	683,191
Investments	1,408,339	243,003	276,988	41,520	30,000	-	-	1,999,850	1,676,788
Total assets	<u>\$ 1,953,391</u>	<u>270,806</u>	<u>289,010</u>	<u>50,103</u>	<u>52,374</u>	<u>1,553</u>	<u>4,088</u>	<u>2,621,325</u>	<u>2,359,979</u>
Liabilities									
Teacher's pension payable	\$ 29,880	-	-	306	-	-	-	30,186	24,789
Insurance payable	2,613	-	-	-	-	-	-	2,613	8,662
Total liabilities	<u>32,493</u>	<u>-</u>	<u>-</u>	<u>306</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,799</u>	<u>33,451</u>
Fund Balance									
Restricted	29,859	-	289,010	49,797	52,374	-	4,088	425,128	348,078
Committed	739,875	-	-	-	-	-	-	739,875	827,918
Assigned	-	270,806	-	-	-	1,553	-	272,359	358,714
Unassigned	1,151,164	-	-	-	-	-	-	1,151,164	791,818
Total fund balance	<u>1,920,898</u>	<u>270,806</u>	<u>289,010</u>	<u>49,797</u>	<u>52,374</u>	<u>1,553</u>	<u>4,088</u>	<u>2,588,526</u>	<u>2,326,528</u>
Total liabilities and fund balance	<u>\$ 1,953,391</u>	<u>270,806</u>	<u>289,010</u>	<u>50,103</u>	<u>52,374</u>	<u>1,553</u>	<u>4,088</u>		

Reconciliation of Statement of Net Position:

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

Capital assets used in governmental activities of \$25,202,827 (net of accumulated depreciation of \$16,406,424), are not financial resources and, therefore, are not reported in the funds.

\$ 8,796,403 8,895,933

Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(5,480,000) (5,645,000)

Net position of governmental activities

\$ 5,904,929 5,577,461

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

Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2018

	General Fund	Special Revenue Funds				Capital Projects	Debt Service	Total	
		Transportation Fund	SS/IMRF Fund	Tort Fund	Life Safety Fund	Site and Construction Fund	Bond and Interest Fund	Governmental Funds	
								2018	2017
Revenues received:									
Local sources	\$ 8,159,721	513,982	345,764	331,344	88,378	-	2,038,800	11,477,989	10,997,215
State sources	2,275,102	251,924	-	-	-	-	-	2,527,026	1,890,332
Federal sources	331,924	-	-	-	-	-	-	331,924	303,767
On behalf payments	584,640	-	-	-	-	-	-	584,640	1,958,737
Total revenues received	11,351,387	765,906	345,764	331,344	88,378	-	2,038,800	14,921,579	15,150,051
Expenditures disbursed:									
Current:									
Instruction	6,602,118	-	91,226	-	-	-	-	6,693,344	6,521,798
Supporting services	3,375,761	652,261	202,659	330,120	60,233	-	-	4,621,034	4,263,298
Community services	40,713	-	-	-	-	-	-	40,713	32,146
Payments to other districts	2,209,767	-	-	-	-	-	-	2,209,767	1,900,335
On-behalf payments	584,640	-	-	-	-	-	-	584,640	1,958,737
Capital outlay	180,144	-	-	-	-	-	-	180,144	222,443
Debt service:									
Interest	-	-	-	-	-	-	177,320	177,320	190,412
Principal	-	-	-	-	-	-	1,860,000	1,860,000	1,730,000
Total expenditures disbursed	12,993,143	652,261	293,885	330,120	60,233	-	2,037,320	16,366,962	16,819,169
Excess (deficiency) of revenues received over (under) expenditures disbursed	(1,641,756)	113,645	51,879	1,224	28,145	-	1,480	(1,445,383)	(1,669,118)
Other financing sources (uses)									
Bond proceeds	1,695,000	-	-	-	-	-	-	1,695,000	1,690,000
Bond premium	57,037	-	-	-	-	-	-	57,037	59,455
Bond issuance costs	(44,656)	-	-	-	-	-	-	(44,656)	(45,844)
Transfer to/(from)	200,000	(200,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	1,907,381	(200,000)	-	-	-	-	-	1,707,381	1,703,611
Net change in fund balance	265,625	(86,355)	51,879	1,224	28,145	-	1,480	261,998	34,493
Fund balances, beginning of year	1,655,273	357,161	237,131	48,573	24,229	1,553	2,608	2,326,528	2,292,035
Fund balances, end of year	\$ 1,920,898	270,806	289,010	49,797	52,374	1,553	4,088	2,588,526	2,326,528

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

**Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018**

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - governmental activities	\$ 261,998	34,493
Issuance of debt is a revenue in the governmental funds, but the issuance increases long-term liabilities in the Statement of Net Position: Debt Issuance	(1,695,000)	(1,690,000)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position: Principal payments	1,860,000	1,730,000
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.		
Capital assets purchases	526,692	218,004
Depreciation	<u>(626,222)</u>	<u>(574,844)</u>
Change in net position of governmental activities (Statement B)	<u>\$ 327,468</u>	<u>(282,347)</u>

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

Statement of Fiduciary Net Position
June 30, 2018

		Student Activities Agency Funds	
		June 30,	
		2018	2017
<u>Assets</u>			
Cash in bank		\$ 174,836	157,179
<u>Liabilities</u>			
Due to student organizations		\$ 174,836	157,179

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

NOTES TO BASIC FINANCIAL STATEMENTS

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Morris Community High School District No. 101 (District) is a public educational agency operating under the applicable laws and regulations of the State of Illinois. It is governed by a seven-member Board of Education (Board) elected by registered voters of the District. The financial statements of the District have been prepared on a prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Illinois, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the District's accounting policies are described below:

Reporting Entity

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from numerous Districts, should be included within its financial reporting entity. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public services, and special financing relationships. There are no component units as defined above that are included in the District's reporting entity. The District is not included in any other governmental "reporting entity." The District is a member of the controlling board for Grundy County Special Education Cooperative. The Grundy County Special Education Cooperative provides special education to the District's students.

A. Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

A. *Basis of Presentation (Continued)*

The Statement of Net Position presents the financial condition of the governmental activities of the District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenditures are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenditures with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column.

B. *Fund Accounting*

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenues received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. total assets, liabilities, revenues, and expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

B. Fund Accounting (continued)

There are two categories of funds utilized by the District: governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions of the District are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the District's major governmental funds:

General Fund - which consists of the Educational Fund, the Operations and Maintenance Fund, and the Working Cash Fund, is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Special Education and the Lease Tax are included in these funds.

Special Revenue Funds – Special Revenue funds are used to account for proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Project, or Fiduciary Funds) that are legally restricted expenditures for specified purposes. Four special revenue funds are considered to be major funds, they are:

- Transportation Fund – The Transportation Fund is used to account for expenditures related to transporting the students of the District. Main sources of revenue include property taxes and state aid.
- SS/IMRF Fund – The SS/IMRF Fund is used to account for expenditures related to the District's payroll taxes and IMRF contributions.
- Tort Fund – The Tort Fund is used to account for the accumulation of property tax revenues for the purpose of paying insurance related expenditures.
- Life Safety Fund - The Life Safety Fund is used to account for the financial resources to be used for preventative health/safety related expenditures.

Capital Projects Fund:

- The Capital Projects Fund is used to account for expenditures related to the improvements and the purchase of capital assets.

Debt Service Fund:

- Bond and Interest Fund – The Bond and Interest Fund is used to account for principal and interest related to long-term debt issued by the District. The fund balance in this fund is restricted for debt service related expenditures.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

B. Fund Accounting (continued)

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trustee agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The District's only fiduciary fund is comprised of multiple agency funds which report resources that belong to the student bodies of the District.

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This means that only balances resulting from previous cash transactions are shown on the Statement of Net Position, with two modifications: capital assets net of related depreciation and long term liabilities resulting from debt issuances are also included. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenditures) in total net position, with three modifications: capital acquisitions are not reported as expenditures but rather capitalized and shown as assets on the Statement of Net Position, depreciation expense is reported in the Statement of Activities and long-term debt principal payments are shown as a reduction of long-term liabilities on the Statement of Net Position rather than an expenditure on the Statement of Activities.

Fund Financial Statements - All governmental funds are accounted for using the current financial resources measurement focus and the cash basis of accounting. This means that only current assets, liabilities and fund balances resulting from previous cash transactions are shown on the Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions. The Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances reports on the sources (i.e. revenues) and uses (i.e. expenditures).

Revenues are recognized when cash is received. Expenditures are recognized when checks are written. Allocations of cost, such as depreciation, are not recognized in governmental funds. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

D. Cash, Cash Equivalents and Investments

Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit. Trust account investments in open-ended mutual funds are also considered cash equivalents.

To improve cash management, the District utilizes a pooled account. Monies for all funds, excluding fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as "cash."

Investments

During the fiscal year, investments were limited to certificates of deposit, the Illinois Funds and Illinois School District Liquid Asset Fund. Investments are stated at cost which approximates market value. Gains or losses on the sale of investments are recognized upon realization. The institutions in which investments are made must be approved by the Board of Education.

E. Capital Assets

In the government-wide financial statements, capital assets arising from cash transactions are accounted for as assets in the Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if the actual cost is unavailable. Estimated historical cost was used to value the majority of the assets acquired prior to July 1, 2004. Assets acquired since July 1, 2004 are recorded at cost.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. Investments are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Depreciation of all exhaustible capital assets arising from cash transactions is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Improvements	10-20 years
Buildings	39-50 years
Equipment	5-10 years

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

F. Compensated Absences

Full-time teacher certified employees receive 2 personal days per year and are allowed to accrue 3 days of personal leave total. Any days which accumulate in excess of 3 days will be transferred to sick leave at the end of the school year. Full-time teacher certified employees receive 15 days of sick leave each school year to a maximum of 370 days.

G. Accrued Liabilities and Long-Term Obligations

The District prepares its government-wide financial statements using the modified cash basis. On the modified cash basis, only long-term obligations are reported in the government-wide financial statements. Payables and accrued liabilities are not reflected in the government-wide statements.

The District prepares its fund financial statements using the cash basis. On the cash basis, payables, accrued liabilities and long-term obligations are not reflected in the fund financial statements.

H. Net Position

In the government-wide financial statements net position represents the difference between assets and liabilities, and is displayed in three components:

1. Net Position invested in capital assets – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowings used for acquisition, construction or improvement of these assets. At June 30, 2018, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 25,202,827
Less: Accumulated depreciation	<u>(16,406,424)</u>
Capital assets, net	8,796,403
Less:	
General obligation bonds	<u>(5,480,000)</u>
Net investment in capital assets	<u><u>\$ 3,316,403</u></u>

2. Restricted net position – consists of net position with constraints on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position – all other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES- (Continued)

I. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

J. Pensions

For purposes of measuring the net pension liability, and pension expense, information about the fiduciary net position of TRS and IMRF and additions to/deductions from the TRS and IMRF fiduciary net position have been determined on the same basis as they are reported by TRS and IMRF.

K. Reclassifications

Certain prior year balances may have been reclassified to conform to the current year presentation.

NOTE 2: CASH AND INVESTMENTS

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7. The District has adopted a formal written investment and cash management policy. The institution in which investments are made must be approved by the Board of Education. These are reported on the financial statements as cash.

Deposits

Custodial Credit Risk – is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's custodial credit risk policy is included in a formal written investment and cash management policy.

The District's deposits and certificates of deposits are required to be covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the District's deposits at each financial institution.

Deposit balances over \$250,000 are collateralized with securities held by the pledging financial institution. At June 30, 2018, the carrying amount of the District's deposits was \$621,475 and the bank balance was \$731,899. As of June 30, 2018, all uninsured deposits (\$450,245) are fully collateralized with securities held by the pledging financial institution or covered under FDIC insurance.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 2: **CASH AND INVESTMENTS** – (Continued)

Investments - Investments consist of the following:

	<u>Carrying Amount</u>	<u>Market Value</u>
Illinois School District		
Liquid Asset Fund	\$ 1,542,030	1,542,030
The Illinois Funds	457,820	457,820
	<u>\$ 1,999,850</u>	<u>1,999,850</u>

The Illinois Funds. The Illinois Funds is an external investment pool created by the Illinois General Assembly. The fund invests in U.S. Treasury bills and notes, treasury-only money market funds, repurchase agreements backed by the U.S. Treasuries, and certificates of deposit at Illinois financial institutions backed by U.S. Treasuries. The Illinois Funds perfects collateral on all investments in the aggregate and in the case of certificates of deposit perfected collateral is on amounts in excess of the FDIC limits. The monies invested in The Illinois Funds are reported at cost which represents market value.

The Illinois School District Liquid Asset Fund. The Illinois School District Liquid Asset Fund is an external investment pool sponsored by the Illinois Association of School Boards, the Illinois Association of School Administrators and the Illinois Association of School Business Officials. PMA Securities, Inc. administers the fund. A thirteen-member Board of Trustees oversees the actions of the Administrator and decides on general policies. The fund invests in high-quality, short-term debt instruments guaranteed by the full faith and credit of the United States, certain U.S. government agency obligations, commercial paper, bank obligations and other obligations permitted by Illinois law. The monies invested in the Illinois School District Liquid Asset Funds are reported at cost which represents market value.

Credit Risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's investing activities are managed under the custody of the District Superintendent and Treasurer. Investing is performed in accordance with investment policies adopted by the Board of Education complying with the School Code of Illinois.

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The District's procedures provide that to the extent practicable, investments are matched with anticipated cash flows. Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer.

Concentration Risk is the risk that is a result of the Board placing no limit on the amount that can be invested with any single issuer.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 3: COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all District funds; instead, cash of certain funds is combined in one common bank account. Individual accounting records are maintained showing the cash balance attributed to each fund. The Educational Fund maintains a \$5,000 imprest account and a \$29,859 recreational center cash account which are not included in the pooled total below. As of June 30, 2018, the funds participating in the common bank account had the following cash balances:

<u>Fund</u>	<u>Cash</u>	<u>Investments</u>	<u>Total</u>
Educational Fund	\$ 439,119	1,187,084	1,626,203
Operations & Maintenance Fund	61,925	220,000	281,925
Working Cash Fund	9,149	1,255	10,404
Total General Fund	510,193	1,408,339	1,918,532
Bond & Interest Fund	4,088	-	4,088
Transportation Fund	27,803	243,003	270,806
IMRF and Social Security Fund	12,022	276,988	289,010
Capital Projects Fund	1,553	-	1,553
Tort Fund	8,583	41,520	50,103
Life Safety Fund	22,374	30,000	52,374
Total	<u>\$ 586,616</u>	<u>1,999,850</u>	<u>2,586,466</u>

NOTE 4: PROPERTY TAXES

The District's property tax levy must be adopted by the Board by the last Tuesday of December. On the cash basis of accounting, property taxes are recognized as revenues when they are received. The property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1 subsequent to the year of the levy. Taxes are remitted to the District in the month following the due dates. The 2016 tax levy was passed by the Board on December 12, 2016 in the amount of \$6,883,073, increased by bond and interest of \$1,645,727 and reduced by statutory limitations to \$8,264,279. The 2016 tax levy was received by the District in the current fiscal year. The 2017 tax levy was passed by the Board on December 11, 2017 in the amount of \$7,122,214, increased by bond and interest of \$1,778,587 but reduced by statutory limitations to \$8,487,694. The 2017 tax levy will be received by the District in the subsequent fiscal year.

Two specific levies that could result in restricted fund balances in the general fund are:

Special Education - Revenues collected and the related expenditures paid from this restricted tax levy are accounted for in the Educational Fund. A total of \$84,450 was collected and all was spent, resulting in no restricted fund balance.

Lease - Revenue collected and the related expenditures paid from this restricted tax levy are accounted for in the Educational Fund. During the current year, a total of \$132,546 was collected and all was spent, resulting in no restricted fund balance.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 5: CHANGES IN CAPITAL ASSETS

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
Capital assets, not depreciable				
Land	\$ 62,042	-	-	62,042
Construction in progress	-	93,010	-	93,010
Total capital assets, not depreciable	62,042	93,010	-	155,052
Capital assets, depreciable				
Land improvements	719,061	33,870	-	752,931
Buildings and improvements	18,606,923	251,358	-	18,858,281
Other equipment	4,764,151	126,262	-	4,890,413
Cafeteria equipment	305,603	22,192	-	327,795
Transportation equipment	218,355	-	-	218,355
Total capital assets, depreciable	24,614,093	433,682	-	25,047,775
Total capital assets	24,676,135	526,692	-	25,202,827
Less accumulated depreciation				
Land improvements	473,915	25,758	-	499,673
Buildings and improvements	10,370,760	429,117	-	10,799,877
Other equipment	4,453,696	156,635	-	4,610,331
Cafeteria equipment	289,474	5,232	-	294,706
Transportation equipment	192,357	9,480	-	201,837
Total accumulated depreciation	15,780,202	626,222	-	16,406,424
Total capital assets, net	\$ 8,895,933	(99,530)	-	8,796,403

Current year depreciation is allocated as follows:

Instructional Expenditures	\$ 101,813
Support Service Expenditures	<u>524,409</u>
Total Current Year Depreciation	<u>\$ 626,222</u>

Significant capital asset purchases include:

Track Facility Improvements	\$ 93,010
Football Field Improvements	72,050
Restroom Renovation	61,231
Heating System	42,358
New Sign/Message Center	36,500
Baseball Field Fence	33,870
Boilers	31,240

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 6: LONG-TERM DEBT OBLIGATIONS

The following is a summary of general long-term debt transactions of the District for the year ended June 30, 2018.

	Payable at July 1, 2017	Debt Issued	Bonds Retired	Payable at June 30, 2018	Due Within One Year
General Obligation					
Refunding Bonds, Series 2012B	\$ 2,460,000	-	325,000	2,135,000	330,000
Working Cash Bonds, Series 2018	-	1,695,000	-	1,695,000	-
Working Cash Bonds, Series 2016	1,495,000	-	1,495,000	-	-
Working Cash Bonds, Series 2017	1,690,000	-	40,000	1,650,000	1,650,000
Total	<u>\$ 5,645,000</u>	<u>1,695,000</u>	<u>1,860,000</u>	<u>5,480,000</u>	<u>1,980,000</u>

The schedule of long-term debt as of June 30, 2018 follows:

Name of Issue	General Obligation Working Cash Bonds, Series 2017	General Obligation Working Cash Bonds, Series 2016	General Obligation Working Cash Bonds Series 2018	General Obligation Refunding Bonds Series 2012B
Paying Agent	PMA Securities Chicago, Illinois	PMA Securities Chicago, Illinois	PMA Securities Chicago, Illinois	PMA Securities Chicago, Illinois
Interest Rate	Variable	4.00%	Variable	Variable
Interest Payable	8/1 & 2/1	8/1 & 2/1	8/1 & 2/1	5/1 & 11/1
Principal Payable	February 1	February 1	February 1	November 1
Original Issue	\$ 1,690,000	1,495,000	1,695,000	2,460,000
Debt Retired to June 30, 2018	<u>40,000</u>	<u>1,495,000</u>	<u>-</u>	<u>325,000</u>
Debt Outstanding June 30, 2018	<u>\$ 1,650,000</u>	<u>-</u>	<u>1,695,000</u>	<u>2,135,000</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 6: LONG-TERM DEBT OBLIGATIONS- (Continued)

On March 20, 2017, the District issued General Obligation (Working Cash) Bonds, Series 2017 to finance District working cash in the amount of \$1,690,000. The final maturity for the bonds is February 1, 2019. As of June 30, 2018, the General Obligation (Working Cash) Bonds, Series 2017 had an outstanding balance of \$1,650,000.

Future payments due on the General Obligation Working Cash Bonds, Series 2017 are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
8/1/2018	\$ -	28,875
2/1/2019	1,650,000	28,875
	<u>\$ 1,650,000</u>	<u>57,750</u>

On February 2, 2016, the District issued General Obligation Working Cash Bonds, Series 2016 to finance District working cash in the amount of \$1,690,000. The final maturity for the bonds was February 1, 2018. As of June 30, 2018, the bonds have been paid in full.

On February 7, 2018, the District issued General Obligation Working Cash Bonds, Series 2018 to finance District working cash in the amount of \$1,695,000. The final maturity for the bonds is February 1, 2020. As of June 30, 2018, the General Obligation Working Cash Bonds, Series 2018 had an outstanding balance of \$1,695,000.

Future payments due on the General Obligation Working Cash Bonds, Series 2018 are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
2/1/2019	\$ -	70,837
8/1/2019	-	36,019
2/1/2020	1,695,000	36,019
	<u>\$ 1,695,000</u>	<u>142,874</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 6: LONG-TERM DEBT OBLIGATIONS- (Continued)

On March 2, 2012, the District issued General Obligation Refunding Bonds, Series 2012B in the amount of \$3,465,000 to partially refinance the 2004 G.O. Bonds. As of June 30, 2018, the General Obligation Refunding Bonds, Series 2012B had an outstanding balance of \$2,135,000.

Future payments due on the General Obligation Refunding Bonds, Series 2012B are as follows:

Due Date	Principal	Interest
11/1/18	\$ 330,000	31,266
5/1/19	-	27,141
11/1/19	340,000	27,141
5/1/20	-	22,466
11/1/20	350,000	22,466
5/1/21	-	17,434
11/1/21	360,000	17,434
5/1/22	-	12,034
11/1/22	375,000	12,034
5/1/23	-	6,175
11/1/23	380,000	6,175
	<u>\$ 2,135,000</u>	<u>201,766</u>

NOTE 7: LEGAL DEBT MARGIN

Legal debt margin is the percent of the District's assessed valuation which is subject to debt limitation. The statutory debt limitation for the District is 6.9%. The District's legal debt margin limitation is as follows for the fiscal year ended June 30, 2018:

Assessed Valuation (2017)	<u>\$ 428,217,234</u>
Statutory debt limitation (6.9%)	\$ 29,546,989
Amount of debt applicable to debt limitation	<u>5,480,000</u>
Legal Debt Margin	<u>\$ 24,066,989</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 8: LEASE COMMITMENTS

Operating Leases

During the fiscal year, the District had two operating lease agreements for copiers through McGrath Office Equipment. The District has an agreement leasing two copiers for \$576/month maturing in fiscal year 2022. In addition, the District has a lease agreement for five copiers for \$995/month maturing during fiscal year 2023. The District also has a lease agreement with Providence Capital Network for computers for \$33,439/year maturing during fiscal year 2022. Total expenditures under these leases amounted to \$42,341 for the year ended June 30, 2018. Future lease payments until expiration are as follows:

June 30, 2019	\$	52,291
June 30, 2020		52,291
June 30, 2021		52,291
June 30, 2022		52,291
June 30, 2023		9,950
Total	\$	<u>219,114</u>

NOTE 9: OTHER CONTRACTS AND COMMITMENTS

Teachers' Contracts

Teachers' contracts for services rendered during the school year for teachers electing twelve-month pay schedules are recorded in the fiscal year when such checks are drawn. At June 30, 2018, unpaid teachers' contracts for services performed during the year, amounted to \$739,875.

Shared Use Track Facility

In consideration for the shared use of the Track Facility at Morris High School, the total costs of improvements, including design fees and construction costs shall be shared by Morris High School (65%) and Morris Elementary School District #54 (35%). Morris High School shall make all initial payments, and District #54 shall reimburse Morris High School its proportionate share. District #54 shall have the right to host a minimum of five events annually at the track facility. District #54 shall also have the right to request additional uses of the track facility, which Morris High School shall use all reasonable efforts to accommodate. During the current fiscal year, District #54 reimbursed Morris High School \$32,550 toward the track facility improvement costs which totaled \$93,010 and are included as Construction in Progress on the accompanying Statement of Net Position.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 10: RETIREMENT FUND COMMITMENTS

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

General Information about the Plan

Plan Description

The District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <http://www.trsil.org/financial/cafrs/fy2017>; or by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 members qualify for retirement benefits at age 62 with five years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 10 years of creditable service and the percentage of average salary to which the member is entitled. Most members retire under a formula that provides 2.2 percent of final average salary up to a maximum of 75 percent with 34 years of service. Disability and death benefits are also provided.

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later. Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

Public Act 100-0023, enacted in 2017, creates an optional Tier 3 hybrid retirement plan, but has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On Behalf Contributions to TRS – The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective NPL associated with the District, and the District recognized revenue and expenditures of \$523,481 in pension contributions from the state of Illinois.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$30,061.

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 Public Act 100-0340, the federal and special trust fund contributions rate is the total employer normal cost beginning with the year ended June 30, 2018.

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

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$80,544 were paid from federal and special trust funds that required employer contributions of \$8,135.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

A. *Teachers Retirement System of the State of Illinois (Continued)*

Contributions (Continued)

Employer Retirement Cost Contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The District is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the District paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

Pension Liabilities

At June 30, 2018, the District has an unreported liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 1,054,856
State's proportionate share of the net pension liability associated with the employer	<u>36,567,442</u>
Total	<u>\$ 37,622,298</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was .00138 percent, which was an increase of .00001 percent from its proportion measured as of June 30, 2016.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6%	8.09%
International equities developed	14.4%	7.46%
Emerging market equities	3.6%	10.15%
U.S. bonds core	10.7%	2.44%
International debt developed	5.3%	1.70%
Real Estate	15.0%	5.44%
Commodities (real return)	11.0%	4.28%
Hedge funds (absolute return)	8.0%	4.16%
Private Equity	14.0%	10.63%
Total	100%	

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

A. Teachers Retirement System of the State of Illinois (Continued)

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates

Based on those assumptions, TRS’s fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1’s liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS’s fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District’s proportionate share of the net pension liability	\$ 1,296,028	1,054,856	857,315

Fiduciary Net Position

Detailed information about the TRS’s fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

B. THIS Fund Contributions

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

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

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

- On behalf contributions 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 the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$61,159, and the District recognized revenue and expenditures of this amount during the year.
- District contributions to THIS Fund
The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the District paid \$45,610 to the THIS Fund, which was 100 percent of the required contribution.

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2018

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

C. *Illinois Municipal Retirement Defined Benefit Pension Plan*

IMRF Plan Description

The District's defined benefit pension plan for regular employees provides retirement and disability benefits, post-retirement increases, and death benefits to plan members and beneficiaries. The District's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at www.imrf.org.

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date). All of the District's employees participate in the Regular Plan.

All three IMRF benefit plans have two tiers. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

C. *Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)*

Benefits Provided (Continued)

Employees hired *on or after* January 1, 2011, are eligible for Tier 2 benefits. For Tier 2 employees, pension benefits vest after ten years of service. Participating employees who retire at age 62 (at reduced benefits) or after age 67 (at full benefits) with ten years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any 96 consecutive months within the last 10 years of service, divided by 96. Under Tier 2, the pension is increased on January 1 every year after retirement, upon reaching age 67, by the *lesser* of:

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

Retirees and Beneficiaries currently receiving benefits	52
Inactive, Non-Retired Members	185
Active Plan Members	<u>123</u>
Total	<u><u>360</u></u>

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate and actual District contributions for calendar year 2017 and the fiscal year ended June 30, 2018 are summarized below. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Plan member required contribution rate	4.50%
District required contribution rate for 2017	9.59%
District required contribution rate for 2018	9.65%
District actual contributions for 2017	\$ 106,632
District actual contributions for fiscal year 2018	\$ 116,204

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Net Pension Liability

The District's net pension liability (asset) was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date.

At December 31, 2017, the District had a net pension asset for the plan, determined as follows:

Total Pension Liability	\$ 11,288,356
Plan Fiduciary Net Position	11,042,844
Net Pension Liability (Asset)	<u>\$ 245,512</u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2017:

- The Actuarial Cost Method used was Entry Age Normal.
- The Asset Valuation Method used was Market Value of Assets.
- The Inflation Rate was assumed to be 2.50%.
- Salary Increases were expected to be 3.39% to 14.25%.
- The Investment Rate of Return was assumed to be 7.50%.
- Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016.
- For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates for were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For Active Members, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2018

NOTE 10: **RETIREMENT FUND COMMITMENTS** – (Continued)

C. *Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)*

Actuarial Assumptions (Continued)

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

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

C. Illinois Municipal Retirement Defined Benefit Pension Plan (Continued)

Single Discount Rate (Continued)

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in the Net Pension Liability

A schedule of changes in the net pension liability and related ratios can be found on Schedule C-2 of the Other Information section of this report.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	1% Decrease 6.50%	Current Single Discount Rate Assumption 7.50%	1% Increase 8.50%
Total Pension Liability	\$ 12,792,962	11,288,356	10,057,488
Plan Fiduciary Net Position	11,042,844	11,042,844	11,042,844
Net Pension Liability (Asset)	<u>\$ 1,750,118</u>	<u>245,512</u>	<u>(985,356)</u>

NOTE 11: RISK MANAGEMENT – CLAIMS AND JUDGMENTS

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. The District elected to be self-insured and, therefore, is liable to the State for any payments made to an unemployed worker claiming benefits.

The District's risk management activities are recorded in the Tort Fund. No liability has been recorded on the books for future expenses related to risk management; these expenses are reported as the expenditures are made.

The District is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years. All insurance, including employee health insurance, is covered by commercial insurance policies.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 12: FUND BALANCE - GASB 54 PRESENTATION

	General Fund	Transportation Fund	Capital Projects Fund	SS/IMRF Fund	Tort Fund	Life Safety Fund	Bond and Interest Fund	Total Fund Balance
Restricted For:								
IMRF Retirement Cont.	\$ -	-	-	243,736	-	-	-	243,736
Social Security	-	-	-	45,274	-	-	-	45,274
Tort related insurance	-	-	-	-	49,797	-	-	49,797
Debt Service	-	-	-	-	-	-	4,088	4,088
Recreation Center	29,859	-	-	-	-	-	-	29,859
Life Safety	-	-	-	-	-	52,374	-	52,374
Assigned To:								
Transportation	-	270,806	-	-	-	-	-	270,806
Capital projects	-	-	1,553	-	-	-	-	1,553
Committed To:								
Unpaid Teachers' Contracts	739,875	-	-	-	-	-	-	739,875
Unassigned:								
Operations/Maintenance	281,925	-	-	-	-	-	-	281,925
Working Cash	10,404	-	-	-	-	-	-	10,404
Educational Fund	858,835	-	-	-	-	-	-	858,835
	<u>\$ 1,920,898</u>	<u>270,806</u>	<u>1,553</u>	<u>289,010</u>	<u>49,797</u>	<u>52,374</u>	<u>4,088</u>	<u>2,588,526</u>

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Non-spendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions and how these balances are reported.

A. Non-spendable Fund Balance

The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the District all such items are expensed at the time of purchase, so there is nothing to report for this classification.

B. Restricted Fund Balance

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 12: FUND BALANCE – GASB 54 PRESENTATION- (Continued)

B. Restricted Fund Balance

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2. Leasing Levy

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

3. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2018, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted fund balance.

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2018, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted fund balance.

5. IMRF/Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Social Security & IMRF Fund. As of June 30, 2018, the District has accumulated property taxes in the amount of \$243,736 which are restricted for IMRF retirement contributions, and \$45,274 restricted for Social Security contributions.

6. Debt Service

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Bond & Interest Fund. As of June 30, 2018, the District has a fund balance of \$4,088 restricted for debt service expenditures.

7. Tort Immunity

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Tort Fund. As of June 30, 2018, the District has a fund balance of \$49,797 restricted for Tort related insurance.

8. Recreational Center

Cash disbursed and the related cash receipts for the Recreational Center are accounted for in the Educational Fund. As of June 30, 2018, the District has a fund balance of \$29,859 restricted for Recreation Center expenditures.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 12: FUND BALANCE – GASB 54 PRESENTATION- (Continued)

B. Restricted Fund Balance (Continued)

9. Life Safety

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Life Safety Fund. As of June 30, 2018, the District has a fund balance of \$52,374 restricted for life safety related expenditures.

C. Committed Fund Balance

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

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2018, the total amount of unpaid contracts for services performed amounted to \$739,875. This amount is shown as Committed in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. The District's Transportation Fund has a fund balance of \$270,806 which is assigned for the purpose of pupil transportation and transportation equipment. The District's Capital Projects Fund has a fund balance of \$1,553 which is assigned for the purpose of capital improvements to the District.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. As of June 30, 2018, the District has unassigned fund balances of \$858,835 in the Educational Fund, \$281,925 in the Operations & Maintenance Fund, and \$10,404 in the Working Cash Fund.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2018**

NOTE 12: FUND BALANCE – GASB 54 PRESENTATION- (Continued)

F. Expenditures of Fund Balance

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

NOTE 13: CONTINGENCIES

The District has received funding from state and federal grants in the current and prior years, which are subject to audits by the granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

NOTE 14: INTERFUND TRANSFERS

During the current fiscal year, the District made the following transfers:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund:		
Educational Fund	\$ 1,918,000	-
Operations & Maintenance Fund	200,000	-
Working Cash Fund	-	<u>1,918,000</u>
Total General Fund	<u>2,118,000</u>	<u>1,918,000</u>
Transportation Fund	-	<u>200,000</u>
Total Transfers	<u>\$ 2,118,000</u>	<u>2,118,000</u>

A transfer was made from the Working Cash Fund to the Educational Fund by resolution, abating the Working Cash Fund. A permanent transfer was also made from the Transportation Fund to the Operations & Maintenance Fund to help cover the costs of capital projects.

NOTE 15: SUBSEQUENT EVENTS

Management evaluated subsequent events through September 10, 2018, the date the financial statements were available to be issued. No amounts were required to be recorded or disclosed in the financial statements as of June 30, 2018, as a result of events occurring between July 1, 2018 and September 10, 2018.

OTHER INFORMATION

Combining Statement of Assets, Liabilities and Fund Balances
 Arising from Cash Transactions
 June 30, 2018

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	June 30, 2018	June 30, 2017
<u>Assets</u>					
Cash in bank	\$ 473,978	61,925	9,149	545,052	506,609
Investments	1,187,084	220,000	1,255	1,408,339	1,181,797
Total assets	<u>\$ 1,661,062</u>	<u>281,925</u>	<u>10,404</u>	<u>1,953,391</u>	<u>1,688,406</u>
<u>Liabilities</u>					
Teachers' pension payable	\$ 29,880	-	-	29,880	24,521
Insurance payable	2,613	-	-	2,613	8,612
Total liabilities	<u>32,493</u>	<u>-</u>	<u>-</u>	<u>32,493</u>	<u>33,133</u>
<u>Fund Balance</u>					
Restricted	29,859	-	-	29,859	35,537
Committed	739,875	-	-	739,875	827,918
Unassigned	858,835	281,925	10,404	1,151,164	791,818
Total fund balance	<u>1,628,569</u>	<u>281,925</u>	<u>10,404</u>	<u>1,920,898</u>	<u>1,655,273</u>
Total liabilities and fund balance	<u>\$ 1,661,062</u>	<u>281,925</u>	<u>10,404</u>	<u>1,953,391</u>	<u>1,688,406</u>

**Combining Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)**

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	Year Ended June 30,	
				2018	2017
Revenues received:					
Local sources	\$ 6,321,360	1,627,235	211,126	8,159,721	7,787,447
State sources	2,275,102	-	-	2,275,102	1,732,305
Federal sources	331,924	-	-	331,924	303,767
On behalf payments	584,640	-	-	584,640	1,958,737
Total revenues received	<u>9,513,026</u>	<u>1,627,235</u>	<u>211,126</u>	<u>11,351,387</u>	<u>11,782,256</u>
Expenditures disbursed:					
Instruction	6,683,054	-	-	6,683,054	6,594,136
Supporting services	1,826,876	1,648,093	-	3,474,969	3,135,722
Community services	40,713	-	-	40,713	32,146
Payments to other districts	2,114,776	94,991	-	2,209,767	1,900,335
On behalf payments	584,640	-	-	584,640	1,958,737
Total expenditures disbursed	<u>11,250,059</u>	<u>1,743,084</u>	<u>-</u>	<u>12,993,143</u>	<u>13,621,076</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>(1,737,033)</u>	<u>(115,849)</u>	<u>211,126</u>	<u>(1,641,756)</u>	<u>(1,838,820)</u>
Other financing sources (uses):					
Bond proceeds	-	-	1,695,000	1,695,000	1,690,000
Bond premium	-	-	57,037	57,037	59,455
Bond Issuance Costs	-	-	(44,656)	(44,656)	(45,844)
Transfers (to) from:					
Transportation Fund	-	200,000	-	200,000	-
Working Cash Fund	1,918,000	-	(1,918,000)	-	-
Total other financing sources (uses)	<u>1,918,000</u>	<u>200,000</u>	<u>(210,619)</u>	<u>1,907,381</u>	<u>1,703,611</u>
Net change in fund balance	180,967	84,151	507	265,625	(135,209)
Fund balance, beginning of year	<u>1,447,602</u>	<u>197,774</u>	<u>9,897</u>	<u>1,655,273</u>	<u>1,790,482</u>
Fund balance, end of year	<u>\$ 1,628,569</u>	<u>281,925</u>	<u>10,404</u>	<u>1,920,898</u>	<u>1,655,273</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
<u>Educational Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 3,880,000	3,883,467	3,884,717	3,688,665
Leasing levy	130,000	132,500	132,546	124,079
Special education taxes	84,000	84,000	84,450	80,179
Replacement tax	260,000	190,000	233,169	354,998
Regular tuition	20,000	20,000	22,746	26,182
Interest income	12,000	36,000	51,835	13,641
Cafeteria receipts	225,000	225,000	223,626	227,656
Athletic admissions	50,000	46,200	47,438	64,006
Other admissions	4,500	6,540	6,541	4,733
Fees	12,500	12,000	12,123	14,740
Textbook rentals	146,500	146,500	152,535	158,757
Contributions from private sources	1,000	1,000	4,146	1,281
Refund of prior years' expenditures	-	67,000	67,000	56,800
TIF surplus	1,126,500	1,181,095	1,181,095	1,097,564
Drivers education fees	-	18,000	27,407	20,176
Proceeds from vendors' contracts	18,000	-	-	-
Payments from other districts	124,000	103,000	102,730	98,798
Services provided other districts	-	-	-	6,435
Other local fees	24,500	24,500	17,509	19,494
District 101 Recreation Center	-	-	35,035	37,801
Other local revenues	5,000	26,700	34,712	16,588
Total local sources	6,123,500	6,203,502	6,321,360	6,112,573
State sources:				
Evidence based funding formula	1,675,000	1,784,000	1,779,014	1,370,340
Special education:				
Private facility tuition	235,000	247,000	320,634	147,062
Funding for children requiring sp. ed. services	80,000	80,000	58,794	88,513
Personnel	46,000	48,435	48,436	70,825
Orphanage - individual	20,000	21,128	21,128	24,066
Orphanage - summer	-	2,173	2,173	-
Summer school	-	2,236	2,237	-
State free lunch & breakfast	150	150	434	151
Driver education	31,000	31,000	40,752	31,348
State library grant	-	-	1,500	-
Total state sources	2,087,150	2,216,122	2,275,102	1,732,305
Federal sources:				
Title I - Low Income	90,000	103,000	94,633	90,712
Title IV - safe & drug free schools	-	9,400	5,672	-
Special education - IDEA flow-through	56,000	56,000	48,802	56,703
Special education - IDEA room & board	100,000	106,000	115,493	98,916
Title III-E - tech prep	21,500	21,500	21,580	21,484
Title II - teacher quality	23,000	33,400	25,768	23,942
Medicaid matching funds - outreach	-	-	-	4,834
Medicaid matching funds - fee-for-service program	25,000	25,000	19,976	7,176
Total federal sources	315,500	354,300	331,924	303,767
On behalf payments	2,100,000	2,100,000	584,640	1,958,737
Total revenues received	\$ 10,626,150	10,873,924	9,513,026	10,107,382

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
<u>Educational Fund (Continued)</u>				
Expenditures Disbursed:				
Instructional:				
Regular programs:				
Salaries	\$ 2,337,800	2,431,000	2,479,005	2,338,700
Employee benefits	887,000	850,000	860,853	924,482
Purchased services	174,200	177,150	171,503	168,505
Supplies and materials	81,050	83,689	82,122	76,060
Capital outlay	78,000	55,500	53,393	53,919
Total regular programs	<u>3,558,050</u>	<u>3,597,339</u>	<u>3,646,876</u>	<u>3,561,666</u>
Special education:				
Salaries	404,300	418,300	418,125	385,581
Employee benefits	170,440	168,735	180,956	178,294
Purchased services	615,802	705,802	755,479	641,372
Supplies and materials	9,345	10,845	10,454	13,507
Capital outlay	3,000	3,000	2,650	1,332
Total special education	<u>1,202,887</u>	<u>1,306,682</u>	<u>1,367,664</u>	<u>1,220,086</u>
Remedial programs:				
Salaries	31,183	42,235	39,512	31,077
Employee benefits	21,319	13,532	13,532	21,120
Purchased services	14,520	14,520	210	5,240
Supplies and materials	31,693	30,000	29,280	31,544
Capital outlay	8,940	18,000	17,540	8,572
Total remedial program	<u>107,655</u>	<u>118,287</u>	<u>100,074</u>	<u>97,553</u>
Vocational programs:				
Salaries	302,000	302,000	260,607	297,143
Employee benefits	103,200	103,200	95,051	112,364
Purchased services	476,100	501,400	446,915	599,238
Supplies and materials	12,100	12,100	11,902	13,472
Capital outlay	9,500	10,500	10,431	5,000
Total vocational programs	<u>902,900</u>	<u>929,200</u>	<u>824,906</u>	<u>1,027,217</u>
Interscholastic:				
Salaries	413,600	418,100	436,521	395,024
Employee benefits	71,200	71,200	71,267	72,119
Purchased services	107,400	111,365	105,872	97,965
Supplies and materials	47,650	41,880	38,772	42,300
Capital outlay	15,000	15,000	14,462	4,987
Total interscholastic	<u>654,850</u>	<u>657,545</u>	<u>666,894</u>	<u>612,395</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
<u>Educational Fund</u> (Continued)				
Expenditures Disbursed (continued):				
Instructional (continued):				
Drivers education programs:				
Supplies and materials	\$ 700	-	-	-
Total drivers education programs	700	-	-	-
Bilingual programs:				
Salaries	66,000	55,000	53,812	52,076
Employee benefits	24,300	24,300	22,828	23,143
Total bilingual programs	90,300	79,300	76,640	75,219
Total instructional	6,517,342	6,688,353	6,683,054	6,594,136
Support services:				
Attendance and social work services:				
Salaries	-	6,660	6,660	-
Purchased services	-	1,316	1,250	-
Supplies and materials	-	-	1,513	-
Total attendance and social work services	-	7,976	9,423	-
Guidance services:				
Salaries	404,000	404,000	401,049	385,830
Employee benefits	138,000	138,000	139,397	140,185
Purchased services	26,000	26,000	19,134	18,607
Supplies and materials	900	500	366	909
Total guidance services	568,900	568,500	559,946	545,531
Health services:				
Salaries	79,500	79,500	78,370	75,050
Employee benefits	25,900	25,900	25,885	26,278
Purchased services	1,100	1,100	135	206
Supplies and materials	2,500	2,500	1,674	2,356
Total health services	109,000	109,000	106,064	103,890
Improvement of instruction services:				
Salaries	28,440	29,396	13,054	25,072
Employee benefits	-	-	86	65
Purchased services	5,018	4,042	2,738	1,675
Total improvement of instruction services	33,458	33,438	15,878	26,812

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30.	
			2018	2017
<u>Educational Fund</u> (Continued)				
Expenditures Disbursed (continued):				
Support services (Continued):				
Educational media:				
Salaries	\$ 140,000	140,000	111,840	136,913
Employee benefits	28,500	28,500	30,072	30,550
Purchased services	21,500	31,700	31,168	21,352
Supplies and materials	11,825	14,200	7,534	10,900
Capital outlay	1,000	1,550	1,510	679
Total educational media	202,825	215,950	182,124	200,394
Board of Education:				
Salaries	60,500	60,500	60,470	56,923
Employee benefits	15,843	15,843	15,843	14,946
Purchased services	42,600	57,550	55,508	55,702
Supplies and materials	2,500	3,300	3,614	2,541
Other objects	8,000	8,300	8,234	7,949
Total board of education	129,443	145,493	143,669	138,061
Executive administration:				
Salaries	108,000	108,000	109,906	105,699
Employee benefits	40,000	40,000	35,622	36,608
Purchased services	1,800	2,000	1,693	1,713
Supplies and materials	250	1,200	1,250	673
Other objects	4,000	1,800	1,851	4,837
Total executive administration	154,050	153,000	150,322	149,530
Tort immunity services:				
Salaries	-	7,800	9,994	-
Employee benefits	-	4,100	4,096	-
Total tort immunity services	-	11,900	14,090	-
Principal services:				
Salaries	211,550	222,550	222,538	206,426
Employee benefits	84,430	84,430	70,489	76,643
Purchased services	18,900	19,400	17,507	11,243
Supplies and materials	30,600	30,600	27,128	27,208
Other objects	8,100	8,100	6,735	7,069
Total principal services	353,580	365,080	344,397	328,589
Fiscal services:				
Salaries	41,000	41,000	40,708	44,266
Employee benefits	15,100	15,100	15,100	15,100
Purchased services	6,100	6,100	5,288	5,748
Supplies and materials	1,100	1,400	1,264	783
Total fiscal services	63,300	63,600	62,360	65,897

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30.	
			2018	2017
<u>Educational Fund (Continued)</u>				
Expenditures Disbursed (continued):				
Support services (Continued):				
Food service:				
Salaries	\$ 20,000	20,000	15,225	13,382
Purchased services	260,000	260,000	222,031	243,592
Supplies and materials	-	300	273	316
Total food service	<u>280,000</u>	<u>280,300</u>	<u>237,529</u>	<u>257,290</u>
Internal services:				
Supplies and materials	500	1,200	1,074	237
Total internal services	<u>500</u>	<u>1,200</u>	<u>1,074</u>	<u>237</u>
Total support services	<u>1,895,056</u>	<u>1,955,437</u>	<u>1,826,876</u>	<u>1,816,231</u>
Community services:				
District 101 Recreation Center:				
Salaries	-	-	24,591	23,351
Employee benefits	-	-	2,013	1,913
Purchased services	-	-	4,652	4,109
Supplies and materials	-	-	1,950	2,525
Capital outlay	-	-	5,958	-
Other objects	-	-	1,549	248
Total community services	<u>-</u>	<u>-</u>	<u>40,713</u>	<u>32,146</u>
Payments to other schools:				
Other payments to in-state gov't units	1,116,690	1,154,100	1,154,095	1,079,039
Special education	980,000	980,000	960,681	723,001
Total payments to other schools	<u>2,096,690</u>	<u>2,134,100</u>	<u>2,114,776</u>	<u>1,802,040</u>
On behalf payments	<u>2,100,000</u>	<u>2,100,000</u>	<u>584,640</u>	<u>1,958,737</u>
Total expenditures disbursed	<u>12,609,088</u>	<u>12,877,890</u>	<u>11,250,059</u>	<u>12,203,290</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30.	
			2018	2017
<u>Educational Fund</u> (Continued)				
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ (1,982,938)	(2,003,966)	(1,737,033)	(2,095,908)
Other financing sources (uses):				
Abatement of the Working Cash Fund	1,910,000	1,918,000	1,918,000	1,920,000
Total other financing sources (uses)	1,910,000	1,918,000	1,918,000	1,920,000
Net change in fund balance	\$ (72,938)	(85,966)	180,967	(175,908)
Fund balance, beginning of year			1,447,602	1,623,510
Fund balance, end of year			\$ 1,628,569	1,447,602

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
<u>Operations & Maintenance Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 1,088,500	1,088,500	1,055,630	1,002,256
Payments from local housing authority	15,000	15,000	14,475	10,229
Replacement taxes	120,000	125,000	125,000	75,000
Contributions and donations from private sources	12,000	12,000	5,753	5,345
TIF surplus	380,000	388,356	388,357	345,330
Miscellaneous	7,000	37,750	38,020	36,263
Total revenues received	<u>1,622,500</u>	<u>1,666,606</u>	<u>1,627,235</u>	<u>1,474,423</u>
Expenditures disbursed:				
Support services:				
Facilities acquisition & construction services:				
Purchased services	18,000	22,000	295,807	34,265
Capital outlay	180,000	340,000	-	93,481
Total facilities acquisition & construction services	<u>198,000</u>	<u>362,000</u>	<u>295,807</u>	<u>127,746</u>
Operations & maintenance of plant services:				
Salaries	495,000	486,000	510,069	437,697
Employee benefits	165,000	165,000	175,219	144,879
Purchased services	238,000	253,000	229,821	230,226
Supplies and materials	313,000	322,000	339,479	315,898
Capital outlay	79,000	104,000	97,698	63,045
Total operations & maintenance of plant services	<u>1,290,000</u>	<u>1,330,000</u>	<u>1,352,286</u>	<u>1,191,745</u>
Payments for CTE Programs:				
Purchased services	110,000	87,000	94,991	98,295
Total expenditures disbursed	<u>1,598,000</u>	<u>1,779,000</u>	<u>1,743,084</u>	<u>1,417,786</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>24,500</u>	<u>(112,394)</u>	<u>(115,849)</u>	<u>56,637</u>
Other financing sources (uses):				
Permanent transfer in (out)	-	200,000	200,000	-
Total other financing sources (uses)	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net change in fund balance	<u>\$ 24,500</u>	<u>87,606</u>	84,151	56,637
Fund balance, beginning of year			197,774	141,137
Fund balance, end of year			<u>\$ 281,925</u>	<u>197,774</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
<u>Working Cash Fund</u>				
Revenues received:				
Local sources:				
Property taxes	\$ 210,000	211,058	211,126	200,451
Total revenues received	210,000	211,058	211,126	200,451
Expenditures disbursed	-	-	-	-
Excess (deficiency) of revenues received over (under) expenditures disbursed	210,000	211,058	211,126	200,451
Other financing sources (uses):				
Bond proceeds	1,700,000	1,700,000	1,695,000	1,690,000
Bond premium	-	-	57,037	59,455
Bond issuance costs	-	-	(44,656)	(45,844)
Abatement of the Working Cash Fund	(1,910,000)	(1,918,000)	(1,918,000)	(1,920,000)
Total other financing sources (uses)	(210,000)	(218,000)	(210,619)	(216,389)
Net change in fund balance	\$ -	(6,942)	507	(15,938)
Fund balance, beginning of year			9,897	25,835
Fund balance, end of year			\$ 10,404	9,897

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
TRANSPORTATION FUND**

SCHEDULE B-1

**Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions
June 30, 2018**

<u>Assets</u>		
Cash in bank		\$ 27,803
Investments		243,003
Total assets		<u>\$ 270,806</u>
<u>Fund Balance</u>		
Assigned fund balance		<u>\$ 270,806</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)**

SCHEDULE B-2

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			2018	2017
Revenues received:				
Local sources:				
Property taxes	\$ 506,000	506,000	506,703	481,083
Miscellaneous	4,000	6,813	7,279	6,254
Total local sources	<u>510,000</u>	<u>512,813</u>	<u>513,982</u>	<u>487,337</u>
State sources:				
Transportation - regular/vocational	26,000	6,000	5,965	2,192
Transportation - special education	265,000	199,000	245,959	155,835
Total state sources	<u>291,000</u>	<u>205,000</u>	<u>251,924</u>	<u>158,027</u>
Total revenues received	<u>801,000</u>	<u>717,813</u>	<u>765,906</u>	<u>645,364</u>
Expenditures disbursed:				
Support services:				
Pupil transportation services:				
Salaries	5,000	5,000	5,000	5,000
Purchased services	9,000	32,000	48,037	7,959
Supplies and materials	8,500	9,000	9,595	9,778
Capital outlay	-	23,000	22,192	-
Non-capital equipment	1,000	1,000	-	-
Total pupil transportation services	<u>23,500</u>	<u>70,000</u>	<u>84,824</u>	<u>22,737</u>
Payments to other districts:				
Payments for regular programs	292,000	295,000	257,968	286,593
Payments for special education programs	275,000	275,000	309,469	253,970
Total payments to other districts	<u>567,000</u>	<u>570,000</u>	<u>567,437</u>	<u>540,563</u>
Total expenditures disbursed	<u>590,500</u>	<u>640,000</u>	<u>652,261</u>	<u>563,300</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>210,500</u>	<u>77,813</u>	<u>113,645</u>	<u>82,064</u>
Other financing sources (uses):				
Permanent transfers in (out)	-	(200,000)	(200,000)	-
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ 210,500</u>	<u>(122,187)</u>	<u>(86,355)</u>	<u>82,064</u>
Fund balance, beginning of year			<u>357,161</u>	<u>275,097</u>
Fund balance, end of year			<u>\$ 270,806</u>	<u>357,161</u>

Statement of Assets, Liabilities and Fund Balance
 Arising from Cash Transactions
 June 30, 2018

<u>Assets</u>	
Cash in bank	\$ 12,022
Investments	276,988
Total assets	\$ 289,010
<u>Fund Balance</u>	
Restricted for IMRF	\$ 243,736
Restricted for Social Security	45,274
Fund balance	\$ 289,010

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)

	Original	Final	<u>Year Ended June 30,</u>	
	Budget	Budget	2018	2017
Revenues received:				
Local sources:				
Property tax - IMRF	\$ 130,000	136,933	136,974	128,209
Property tax - Social Security	189,000	198,730	198,790	186,098
Replacement taxes	10,000	10,000	10,000	10,000
Total revenues received	329,000	345,663	345,764	324,307
Expenditures disbursed:				
Instruction - FICA	91,300	94,300	85,867	81,157
Instruction - IMRF	6,000	6,000	5,359	5,224
Supporting services - FICA	81,300	83,809	91,814	81,617
Supporting services - IMRF	95,000	95,000	110,845	96,716
Total expenditures disbursed	273,600	279,109	293,885	264,714
Excess (deficiency) of revenues received over (under) expenditures disbursed	\$ 55,400	66,554	51,879	59,593
Fund balance, beginning of year			237,131	177,538
Fund balance, end of year			\$ 289,010	237,131

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018

<u>Assets</u>		
Cash in bank		\$ 8,583
Investments		41,520
Total assets		<u>\$ 50,103</u>
<u>Liabilities & Fund Balance</u>		
Liabilities:		
Teachers' pension payable		<u>\$ 306</u>
Restricted fund balance		49,797
Total liabilities & fund balance		<u>\$ 50,103</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues received:				
Local sources:				
Tort levy	\$ 330,000	331,233	331,344	351,499
Total revenues received	<u>330,000</u>	<u>331,233</u>	<u>331,344</u>	<u>351,499</u>
Expenditures disbursed:				
Unemployment insurance	1,000	1,000	600	600
Insurance	135,000	135,000	117,754	133,887
Risk management purchases	15,000	16,000	15,661	12,641
Loss prevention:				
Salaries	132,000	132,000	128,005	123,578
Employee benefits	19,800	19,800	17,996	19,144
Purchased services	54,000	54,000	50,104	47,480
Total expenditures disbursed	<u>356,800</u>	<u>357,800</u>	<u>330,120</u>	<u>337,330</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (26,800)</u>	<u>(26,567)</u>	1,224	14,169
Fund balance, beginning of year			<u>48,573</u>	<u>34,404</u>
Fund balance, end of year			<u>\$ 49,797</u>	<u>48,573</u>

**Statement of Assets, Liabilities and Fund Balance
 Arising from Cash Transactions
 June 30, 2018**

<u>Assets</u>	
Cash in bank	\$ 22,374
Investments	30,000
Total assets	\$ 52,374
<u>Fund Balance</u>	
Restricted fund balance	\$ 52,374

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2018
 (With Comparative Figures for 2017)**

SCHEDULE B-8

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues received:				
Local sources:				
Property taxes	\$ 84,000	88,348	88,378	124,065
Total revenues received	84,000	88,348	88,378	124,065
Expenditures disbursed:				
Facilities acquisition & construction services	60,000	60,000	57,589	111,140
Operation & maintenance of plant services	2,000	2,800	2,644	1,197
Total expenditures disbursed	62,000	62,800	60,233	112,337
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 22,000</u>	<u>25,548</u>	28,145	11,728
			<u>24,229</u>	<u>12,501</u>
Fund balance, beginning of year			<u>\$ 52,374</u>	<u>24,229</u>
Fund balance, end of year				

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
CAPITAL PROJECTS FUND**

SCHEDULE B-9

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018**

	<u>Assets</u>	
Cash in bank		<u>\$ 1,553</u>
	<u>Fund Balance</u>	
Assigned fund balance		<u>\$ 1,553</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)**

SCHEDULE B-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues Received:	\$ -	-	-	-
Expenditures Disbursed:	-	-	-	-
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ -</u>	<u>-</u>	-	-
Fund balance, beginning of year			<u>1,553</u>	<u>1,553</u>
Fund balance, end of year			<u>\$ 1,553</u>	<u>1,553</u>

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
BOND AND INTEREST FUND**

SCHEDULE B-11

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2018**

<u>Assets</u>		
Cash in bank		<u>\$ 4,088</u>
<u>Fund Balance</u>		
Restricted fund balance		<u>\$ 4,088</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance

SCHEDULE B-12

**Budget and Actual
For the Year Ended June 30, 2018
(With Comparative Figures for 2017)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues received:				
Local sources:				
Property taxes	\$ 1,645,656	1,648,236	1,648,800	1,529,894
TIF surplus	395,000	390,000	390,000	392,666
Total revenues received	<u>2,040,656</u>	<u>2,038,236</u>	<u>2,038,800</u>	<u>1,922,560</u>
Expenditures disbursed:				
Debt Service:				
Principal	1,860,000	1,860,000	1,860,000	1,730,000
Interest	177,322	177,322	177,320	190,412
Total expenditures disbursed	<u>2,037,322</u>	<u>2,037,322</u>	<u>2,037,320</u>	<u>1,920,412</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 3,334</u>	<u>914</u>	1,480	2,148
Fund balance, beginning of year			<u>2,608</u>	<u>460</u>
Fund balance, end of year			<u>\$ 4,088</u>	<u>2,608</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
(including Grundy County Special Education Cooperative)
Schedule of Contributions
Illinois Municipal Retirement Fund

SCHEDULE C-1

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2017	\$ 275,863	276,151	(288)	2,876,566	9.60%
2016	282,317	282,317	-	2,892,591	9.76%
2015	302,144	306,869	(4,725)	2,913,638	10.53%
2014	287,451	278,516	8,935	2,815,383	9.89%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 each year, which is 12 months prior to the beginning of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Aggregate entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 26-year closed period Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 21 years for most employers (two employers were financed over 30 years).
Asset valuation method	5-year smoothed market; 20% corridor
Wage growth	3.50%
Price inflation	2.75% -- approximate; No explicit price inflation assumption is used in this valuation.
Salary increases	3.75% to 14.50% including inflation
Investment rate of return	7.50%
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes: There were no benefit changes during the year.

This schedule is presented to illustrate the requirement to report information for 10 years. However, until a full 10 year trend is compiled, information is only presented for years for which information is available.

Schedule of Changes in Net Pension Liability and Related Ratios

Calendar Year Ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 287,958	320,188	315,616	317,849	-	-	-	-	-	-
Interest on the Total Pension Liability	809,868	772,535	727,090	667,070	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	117,916	(131,503)	(49,660)	(207,058)	-	-	-	-	-	-
Assumption Changes	(348,122)	(14,121)	13,463	367,487	-	-	-	-	-	-
Benefit Payments and Refunds	(467,040)	(426,907)	(351,296)	(336,651)	-	-	-	-	-	-
Net Change in Total Pension Liability	400,580	520,192	655,213	808,697	-	-	-	-	-	-
Total Pension Liability - Beginning	10,887,776	10,367,584	9,712,371	8,903,674	-	-	-	-	-	-
Total Pension Liability - Ending	\$ 11,288,356	10,887,776	10,367,584	9,712,371	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	\$ 276,151	282,317	306,869	278,516	-	-	-	-	-	-
Contributions - Employee	129,579	130,168	133,077	127,061	-	-	-	-	-	-
Pension Plan Net Investment Income	1,642,351	608,962	46,180	525,369	-	-	-	-	-	-
Benefit Payments and Refunds	(467,040)	(426,907)	(351,296)	(336,651)	-	-	-	-	-	-
Other (Net Transfer)	(134,240)	(123,453)	(201,584)	19,276	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	1,446,801	471,087	(66,754)	613,571	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	9,596,043	9,124,956	9,191,710	8,578,139	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ 11,042,844	9,596,043	9,124,956	9,191,710	-	-	-	-	-	-
Net Pension Liability (Asset)	\$ 245,512	1,291,733	1,242,628	520,661	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.83%	88.14%	88.01%	94.64%	N/A	N/A	N/A	N/A	N/A	N/A
Covered Valuation Payroll	\$ 2,876,566	2,892,591	2,913,638	2,815,383	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	8.53%	44.66%	42.65%	18.49%	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to illustrate the requirement to report information for 10 years. However, until a full 10-year trend is compiled, information is only presented for years for which information is available.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Other Information
Teachers' Retirement System of the State of Illinois

SCHEDULE C-3

Schedule of the District's Share of the Net Pension Liability

	2017*	2016*	2015*	2014*
The District's Proportion of the Net Pension Liability	0.0014%	0.0014%	0.0015%	0.0014%
The District's Proportionate Share of the Net Pension Liability	\$ 1,054,856	1,102,612	976,912	823,495
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>36,567,442</u>	<u>42,623,705</u>	<u>33,835,173</u>	<u>31,476,665</u>
Total	<u>\$ 37,622,298</u>	<u>43,726,317</u>	<u>34,812,085</u>	<u>32,300,160</u>
The District's Covered-Employee Payroll	\$ 4,938,823	5,369,941	5,525,477	5,102,970
The District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	21.36%	20.53%	17.68%	16.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

* The amounts presented were determined as of the prior fiscal year.

SCHEDULE C-4

Schedule of Contributions

	2018	2017	2016	2015
Statutorily Required Contribution	\$ 30,061	28,645	31,146	32,048
Contributions in Relation to the Statutorily Required Contribution	<u>30,061</u>	<u>28,645</u>	<u>31,146</u>	<u>32,048</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
The District's Covered-Employee Payroll	\$ 5,182,982	4,938,823	5,369,941	5,525,477
Contributions as a Percentage of Covered-Employee Payroll	0.58%	0.58%	0.58%	0.58%

NOTES TO OTHER INFORMATION

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Other Information
For the Year Ended June 30, 2018**

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The District's budget for all governmental funds is prepared on the cash basis of accounting (Non-GAAP) which is the same basis that is used in fund financial statements. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes. The budget was passed on September 11, 2017, and was amended on June 11, 2018.

For each fund, total fund expenses paid may not legally exceed the budgeted amounts. The budget lapses at the end of the fiscal year. The District follows these procedures in establishing the budgetary data reflected in the financial statements.

Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them. The proposed operating budget is placed on file and a public hearing is held to obtain comments from the community.

Prior to October 1, the budget is legally adopted by the Board of Education through passage of a resolution. Formal Budgetary integration is employed as a management control device at the function/object level during the year.

The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10 percent of the total of such fund as set forth in the budget. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

NOTE 2: BUDGETARY COMPARISONS

The table below includes budgetary comparisons for the District's major funds.

<u>Fund Expenditures</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Percent Variance</u>
General Fund	\$ 14,656,890	12,993,143	1,663,747	12.80%
Transportation Fund	640,000	652,261	(12,261)	-1.88%
Social Security & IMRF Fund	279,109	293,885	(14,776)	-5.03%
Tort Fund	357,800	330,120	27,680	8.38%
Life Safety Fund	62,800	60,233	2,567	4.26%
Bond & Interest Fund	2,037,322	2,037,320	2	0.00%

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Other Information
For the Year Ended June 30, 2018**

NOTE 3: CHANGES IN ASSUMPTIONS

For the 2017 and 2016 measurement years, the assumed investment rate was 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. However, salary increases were assumed to vary by age.

SUPPLEMENTARY INFORMATION

Statement of Changes in Assets & Liabilities
 For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Student Activity:				
Athletic Pop	\$ 2,928	7,730	3,417	7,241
Band	557	2,793	814	2,536
Band Trip	15,334	55,794	68,061	3,067
London/Paris Trip	-	2,689	1,540	1,149
Cheerleaders	4,328	11,857	16,184	1
Chief	25,158	20,753	12,933	32,978
Choral	957	1,915	972	1,900
Class of '16	412	-	-	412
Class of '17	619	-	-	619
Class of '18	6,474	624	3,864	3,234
Class of '19	2,711	14,098	4,667	12,142
Class of '20	1,451	2,574	1,221	2,804
Class of '21	-	331	-	331
Industrial Tech Club	1,763	-	-	1,763
Concessions	952	14,493	15,311	134
Delta Phi	1,793	230	324	1,699
Donations	1,952	100	-	2,052
Bass Fishing Team	-	1,900	450	1,450
Drama Club	2,721	3,386	4,331	1,776
Faculty/Staff Fund	718	2,485	2,153	1,050
Flag Corps	1,411	6,211	6,346	1,276
M-Club	573	910	760	723
Baseball	4,648	25,880	28,409	2,119
Girls Basketball	15	-	-	15
Basketball	580	49	328	301
Football	5,511	27,125	22,679	9,957
Girls Bowling	166	-	-	166
Cross Country	741	1,091	1,458	374
Boys Track	596	2,430	2,860	166
Girls Track	128	-	94	34
Softball	1,424	3,171	3,905	690
Swim Team	1,465	-	190	1,275
Golf Team	80	-	-	80
Boys Soccer	547	2,090	-	2,637
Girls Soccer	11	3,177	3,158	30
Tennis	245	612	837	20
Girls Tennis	745	1,407	1,035	1,117
Volleyball	7,812	11,022	9,040	9,794
Wrestling	1,035	675	952	758
Mathletes	738	-	56	682
MCHS Athletic Fund	6,741	12,981	6,779	12,943
Media Club	1,512	260	-	1,772
Musical	140	2,716	1,857	999
Nat'l Honor Society	2,042	1,982	2,146	1,878
Pom Poms	4,711	10,601	7,637	7,675
Madrigals/Jazz Choir	431	623	582	472
Science Club	698	521	371	848
Ski Club	3,911	2,385	2,437	3,859
Spanish Club	386	1,940	1,252	1,074
Speech Team	1,836	2,579	3,409	1,006
Student Council	4,645	7,871	10,387	2,129
Co-op	68	-	68	-

Statement of Changes in Assets & Liabilities
For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Student Activity (continued):				
TROUPE	\$ 1,411	867	1,282	996
Scholarship America/MCHS	7,542	10,550	10,993	7,099
FCCLA	721	1,006	523	1,204
Scholastic Bowl	1,439	308	462	1,285
Community Service Club	769	441	639	571
Home for the Holidays	1,000	2,000	2,000	1,000
Unallocated Interest Income	66	-	-	66
MCHS Checking Account	881	136	28	989
Helping Hands	422	274	285	411
Various Scholarships	16,508	1,000	1,500	16,008
Total student activity	<u>\$ 157,179</u>	<u>290,643</u>	<u>272,986</u>	<u>174,836</u>

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

	Tax Year				
	2013	2014	2015	2016	2017
Assessed Valuation	\$ 396,579,206	389,618,512	401,257,553	421,479,108	428,217,234
Tax rates:					
Educational	0.9200	0.9200	0.9200	0.9200	0.9200
Operations & maintenance	0.2500	0.2500	0.2500	0.2500	0.2500
Liability insurance	0.0816	0.0850	0.0877	0.0785	0.0803
Transportation	0.1200	0.1200	0.1200	0.1200	0.1200
Illinois Municipal Retirement	0.0051	0.0345	0.0320	0.0324	0.0300
Social Security	0.0541	0.0452	0.0464	0.0471	0.0429
Bond and interest	0.3582	0.3545	0.3816	0.3905	0.4154
Fire prevention/Life safety	0.0051	0.0106	0.0310	0.0209	0.0214
Lease PBC	0.0204	0.0213	0.0310	0.0314	0.0321
Special education	0.0200	0.0200	0.0200	0.0200	0.0200
Working cash	0.0500	0.0500	0.0500	0.0500	0.0500
Totals	1.8845	1.9111	1.9696	1.9608	1.9821
Tax extensions:					
Educational	\$ 3,648,529	3,584,490	3,691,569	3,877,608	3,939,599
Building	991,448	974,046	1,003,144	1,053,698	1,070,543
Liability insurance	323,648	331,137	351,823	330,735	343,987
Transportation	475,895	467,542	481,509	505,775	513,861
Illinois Municipal Retirement	20,265	134,536	128,322	136,728	128,422
Social Security	214,430	175,913	186,264	198,432	183,491
Bond and interest	1,420,348	1,381,316	1,531,239	1,645,749	1,778,643
Fire prevention/Life safety	20,265	41,416	124,189	88,216	91,767
Lease	80,942	82,794	124,189	132,302	137,629
Special education	79,316	77,924	80,252	84,296	85,643
Working cash	198,290	194,809	200,629	210,740	214,109
Totals	\$ 7,473,377	7,445,923	7,903,129	8,264,279	8,487,694
Tax Collections	\$ 7,437,264	7,433,153	7,896,478	8,261,289	2,692

OTHER REPORTS



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

To the Board of Education
Morris Community High
School District No. 101
Morris, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morris Community High School District No. 101 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Morris Community High School District No. 101's basic financial statements, and have issued our report thereon dated September 10, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Morris Community High School District No. 101's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Morris Community High School District No. 101's internal control. Accordingly, we do not express an opinion on the effectiveness of the Morris Community High School District No. 101's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Morris Community High School District No. 101's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

We noted certain matters that we reported to management of the Morris Community High School District No. 101 in a separate letter dated September 10, 2018.

Purpose of this Report

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

Mack & Associates, P.C.

Mack & Associates, P.C.
Certified Public Accountants

Morris, Illinois
September 10, 2018