

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

MORRIS, ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

Prepared by:

*Mack & Associates, P.C.
Certified Public Accountants*

*116 E. Washington Street, Suite One
Morris, IL 60450
Telephone: (815) 942-3306*



CERTIFIED PUBLIC ACCOUNTANTS

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Table of Contents

	PAGE
INDEPENDENT AUDITORS' REPORT	1-3
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position - Modified Cash Basis (Statement A).....	4
Statement of Activities - Modified Cash Basis (Statement B)	5
Fund Financial Statements:	
Statement of Assets, Liabilities and Fund Balances- Modified Cash Basis - Governmental Funds (Statement C)	6
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances – Governmental Funds (Statement D).....	7-8
Statement of Fiduciary Net Position (Statement E)	9
NOTES TO BASIC FINANCIAL STATEMENTS.....	10-38
OTHER INFORMATION	
General Fund:	
Combining Statement of Assets, Liabilities, and Fund Balances Arising from Cash Transactions (Schedule A-1)	39
Combining Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances (Schedule A-2)	40
Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance – Budget & Actual (Schedule A-3)	41-48

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Table of Contents

	PAGE
Special Revenue Funds:	
Transportation Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule B-1)	49
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Budget & Actual (Schedule B-2)	49
Social Security and IMRF Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule B-3)	50
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Budget & Actual (Schedule B-4)	50
Tort Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising From Cash Transactions (Schedule B-5)	51
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Budget & Actual (Schedule B-6)	51
Life Safety Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule B-7)	52
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance- Budget & Actual (Schedule B-8)	52
Capital Projects Fund:	
Site and Construction Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule B-9)	53
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Budget & Actual (Schedule B-10)	53

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Table of Contents

	PAGE
Debt Service Fund:	
Bond and Interest Fund:	
Statement of Assets, Liabilities, and Fund Balance Arising from Cash Transactions (Schedule B-11)	54
Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balance – Budget & Actual (Schedule B-12)	54
Illinois Municipal Retirement Fund	
Schedule of Contributions (Schedule C-1)	55
Schedule of Changes in Net Pension Liability and Related Ratios (Schedule C-2)	56
Teachers’ Retirement System of the State of Illinois:	
Schedule of District’s Share of Net Pension Liability (Schedule C-3)	57
Schedule of Contributions (Schedule C-4)	57
NOTES TO OTHER INFORMATION	58-59
SUPPLEMENTARY INFORMATION	
Agency Funds	
Statement of Changes in Assets & Liabilities (Schedule D)	60-61
Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections (Schedule 1)	62
Other Reports:	
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 <i>Government Auditing Standards</i>	63-64

INDEPENDENT AUDITORS' REPORT



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA
ERICA BLUMBERG, CPA
TREVOR DEBELAK, CPA
MATT MELVIN
CHRIS CHRISTENSEN
STEPHANIE HEISNER

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, 2017, 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 an opinion 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, 2017, 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 other information on pages 39-54, 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 notes to other information (pages 58-59), IMRF and TRS pension data schedules (pages 55-57), and the supplementary information (pages 60-62) 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 for the year ended June 30, 2016, which are presented in summary for comparative purposes with the accompanying financial statements. In our report dated September 12, 2016, we expressed unmodified opinions on the respective 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 11, 2017, 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 11, 2017

BASIC FINANCIAL STATEMENTS

Government-wide Financial Statement
Statement of Net Position - Modified Cash Basis
June 30, 2017

	Primary Government	
	2017	2016
<u>Assets</u>		
Cash	\$ 683,191	235,865
Investments	1,676,788	2,184,645
Capital Assets		
Land	62,042	62,042
Improvements	719,061	719,061
Buildings	18,606,923	18,518,007
Transportation Equipment	218,355	218,355
Cafeteria Equipment	305,603	305,603
Other Equipment	4,764,151	4,635,063
Accumulated Depreciation	(15,780,202)	(15,205,358)
Total assets	<u>\$ 11,255,912</u>	<u>11,673,283</u>
<u>Liabilities</u>		
Overdraft Payable	\$ -	127,314
Teachers' Pension Payable	24,789	-
Insurance Payable	8,662	1,161
Long term liabilities:		
Due within one year	1,860,000	1,730,000
Due in more than a year	3,785,000	3,955,000
Total liabilities	<u>5,678,451</u>	<u>5,813,475</u>
<u>Net Position</u>		
Net investment in capital assets	3,250,933	3,567,773
Restricted	348,078	258,536
Unrestricted	1,978,450	2,033,499
Total net position	<u>5,577,461</u>	<u>5,859,808</u>
Total liabilities and net position	<u>\$ 11,255,912</u>	<u>11,673,283</u>

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, 2017

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2017	2016
Governmental activities:						
Instruction	\$ 6,719,214	77,862	623,504	-	(6,017,848)	(5,642,808)
Supporting services	4,645,166	455,152	206,881	-	(3,983,133)	(4,021,553)
Community services	32,146	37,801	-	-	5,655	(1,990)
Payments to other districts	1,900,335	115,462	-	-	(1,784,873)	(1,893,014)
On-behalf payments	1,958,737	-	1,958,737	-	-	-
Unallocated interest	190,412	-	-	-	(190,412)	(147,525)
Total government	\$ 15,446,009	686,277	2,789,122	-	(11,970,610)	(11,706,890)
General revenues						
Taxes:						
Property taxes					\$ 7,692,220	7,272,701
Leasing taxes					124,079	82,663
Special education taxes					80,179	77,789
EDPA income					-	6,508
Replacement taxes					439,998	396,098
TIF revenue					1,835,560	1,714,682
General state aid					1,370,340	1,346,961
Refund of prior years' expenditures					56,800	138,806
Insurance Reimbursement					-	11,427
Interest on investments					13,641	5,713
Miscellaneous					61,835	33,885
Total general revenues					11,674,652	11,087,233
Special items:						
Bond premiums/discount/issuance costs					13,611	12,264
Change in net position					(282,347)	(607,393)
Net position at beginning of year					5,859,808	6,467,201
Net position at end of year					\$ 5,577,461	5,859,808

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, 2017

	General Fund	Special Revenue Funds				Capital Projects Site and Construction Fund	Debt Service Bond and Interest Fund	Total Governmental funds	
		Transportation Fund	SS/IMRF Fund	Tort Fund	Life Safety Fund			2017	2016
Assets									
Cash in bank	\$ 506,609	69,158	30,143	48,891	24,229	1,553	2,608	683,191	235,865
Investments	1,181,797	288,003	206,988	-	-	-	-	1,676,788	2,184,645
Total assets	\$ 1,688,406	357,161	237,131	48,891	24,229	1,553	2,608	2,359,979	2,420,510
Liabilities									
Overdraft payable	\$ -	-	-	-	-	-	-	-	127,314
Teacher's pension payable	24,521	-	-	268	-	-	-	24,789	-
Insurance payable	8,612	-	-	50	-	-	-	8,662	1,161
Total liabilities	33,133	-	-	318	-	-	-	33,451	128,475
Fund Balance									
Restricted	35,537	-	237,131	48,573	24,229	-	2,608	348,078	258,536
Committed	827,918	-	-	-	-	-	-	827,918	976,404
Assigned	-	357,161	-	-	-	1,553	-	358,714	276,650
Unassigned	791,818	-	-	-	-	-	-	791,818	780,445
Total fund balance	1,655,273	357,161	237,131	48,573	24,229	1,553	2,608	2,326,528	2,292,035
Total liabilities and fund balance	\$ 1,688,406	357,161	237,131	48,891	24,229	1,553	2,608		

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 \$24,676,135 (net of accumulated depreciation of \$15,780,202), are not financial resources and, therefore, are not reported in the funds.	\$ 8,895,933	9,252,773
Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,645,000)	(5,685,000)
Net position of governmental activities	\$ 5,577,461	5,859,808

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, 2017

	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	
								2017	2016
Revenues Received									
Local sources	\$ 7,787,447	487,337	324,307	351,499	124,065	-	1,922,560	10,997,215	10,378,394
State sources	1,732,305	158,027	-	-	-	-	-	1,890,332	2,087,173
Federal sources	303,767	-	-	-	-	-	-	303,767	200,997
On behalf payments	1,958,737	-	-	-	-	-	-	1,958,737	1,993,859
Total Revenues Received	11,782,256	645,364	324,307	351,499	124,065	-	1,922,560	15,150,051	14,660,423
Expenditures Disbursed									
Current									
Instruction	6,435,417	-	86,381	-	-	-	-	6,521,798	6,273,639
Supporting services	3,071,998	563,300	178,333	337,330	112,337	-	-	4,263,298	4,194,739
Community services	32,146	-	-	-	-	-	-	32,146	38,185
Payments to other districts	1,900,335	-	-	-	-	-	-	1,900,335	1,964,813
On-behalf payments	1,958,737	-	-	-	-	-	-	1,958,737	1,993,859
Capital Outlay	222,443	-	-	-	-	-	-	222,443	253,370
Debt Service									
Interest	-	-	-	-	-	-	190,412	190,412	147,525
Principal	-	-	-	-	-	-	1,730,000	1,730,000	1,625,000
Total Expenditures Disbursed	13,621,076	563,300	264,714	337,330	112,337	-	1,920,412	16,819,169	16,491,130
Excess (Deficiency) of revenues received over (under) expenditures disbursed	(1,838,820)	82,064	59,593	14,169	11,728	-	2,148	(1,669,118)	(1,830,707)
Other financing sources (uses)									
Bond proceeds	1,690,000	-	-	-	-	-	-	1,690,000	1,690,000
Bond premium	59,455	-	-	-	-	-	-	59,455	59,903
Bond discount	(7,200)	-	-	-	-	-	-	(7,200)	-
Bond issuance costs	(38,644)	-	-	-	-	-	-	(38,644)	(47,639)
Transfer to/(from)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,703,611	-	-	-	-	-	-	1,703,611	1,702,264
Net change in fund balance	(135,209)	82,064	59,593	14,169	11,728	-	2,148	34,493	(128,443)
Fund balances, beginning of year	1,790,482	275,097	177,538	34,404	12,501	1,553	460	2,292,035	2,420,478
Fund balances, end of year	\$ 1,655,273	357,161	237,131	48,573	24,229	1,553	2,608	2,326,528	2,292,035

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, 2017

Reconciliation to the Statement of Activities:

Net Change in Fund Balances - governmental activities	\$ 34,493	(128,443)
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	(1,690,000)	(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	1,730,000	1,625,000
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	218,004	215,705
Capital assets disposals, net	-	(23,886)
Depreciation	<u>(574,844)</u>	<u>(605,769)</u>
Change in net position of governmental activities (Statement B)	<u>\$ (282,347)</u>	<u>(607,393)</u>

Statement of Fiduciary Net Position

June 30, 2017

		Student Activities Agency Funds	
		June 30,	
		2017	2016
	<u>Assets</u>		
Cash in bank		\$ 157,179	124,337
	<u>Liabilities</u>		
Due to student organizations		\$ 157,179	124,337

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017

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, 2017, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 24,676,135
Less: Accumulated depreciation	<u>(15,780,202)</u>
Capital assets, net	8,895,933
Less:	
General obligation bonds	<u>(5,645,000)</u>
Net investment in capital assets	<u><u>\$ 3,250,933</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, 2017**

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, 2017, the carrying amount of the District's deposits was \$683,191 and the bank balance was \$807,388. As of June 30, 2017, all deposit accounts 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, 2017

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	\$ 1,350,795	1,350,795
The Illinois Funds	325,993	325,993
	<u>\$ 1,676,788</u>	<u>1,676,788</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, 2017

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 \$35,537 recreational center cash account which are included in the pooled total. As of June 30, 2017, 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	\$ 299,713	1,181,022	1,480,735
Operations & Maintenance Fund	197,774	-	197,774
Bond & Interest Fund	2,608	-	2,608
Transportation Fund	69,158	288,003	357,161
IMRF and Social Security Fund	30,143	206,988	237,131
Capital Projects Fund	1,553	-	1,553
Working Cash Fund	9,122	775	9,897
Tort Fund	48,891	-	48,891
Life Safety Fund	24,229	-	24,229
Total	<u>\$ 683,191</u>	<u>1,676,788</u>	<u>2,359,979</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 2015 tax levy was passed by the Board on December 14, 2015 in the amount of \$6,543,601, increased by bond and interest of \$1,531,239 but reduced by statutory limitations to \$7,903,129. The 2015 tax levy was received by the District in the current fiscal year. 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 but reduced by statutory limitations to \$8,264,280. The 2016 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 \$ 80,179 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 \$124,079 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, 2017**

NOTE 5: CHANGES IN CAPITAL ASSETS

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets, not depreciable				
Land	\$ 62,042	-	-	62,042
Total capital assets, not depreciable	62,042	-	-	62,042
Capital assets, depreciable				
Land improvements	719,061	-	-	719,061
Buildings and improvements	18,518,007	88,916	-	18,606,923
Other equipment	4,635,063	129,088	-	4,764,151
Cafeteria equipment	305,603	-	-	305,603
Transportation equipment	218,355	-	-	218,355
Total capital assets, depreciable	24,396,089	218,004	-	24,614,093
Total capital assets	24,458,131	218,004	-	24,676,135
Less accumulated depreciation				
Land improvements	449,850	24,065	-	473,915
Buildings and improvements	9,964,483	406,277	-	10,370,760
Other equipment	4,321,054	132,642	-	4,453,696
Cafeteria equipment	283,164	6,310	-	289,474
Transportation equipment	186,807	5,550	-	192,357
Total accumulated depreciation	15,205,358	574,844	-	15,780,202
Total capital assets, net	\$ 9,252,773	(356,840)	-	8,895,933

Current year depreciation is allocated as follows:

Instructional Expenditures	\$ 86,259
Support Service Expenditures	<u>488,585</u>
Total Current Year Depreciation	<u>\$ 574,844</u>

Significant capital asset purchases include:

Building and Boiler Improvements	\$ 88,916
Hustler Lawn Mower	21,729
Fire Alarms	20,224

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2017.

	Payable at July 1, 2016	Debt Issued	Bonds Retired	Payable at June 30, 2017	Due Within One Year
General Obligation					
Refunding Bonds, Series 2012B	\$ 2,775,000	-	315,000	2,460,000	325,000
Working Cash Bonds, Series 2015	1,220,000	-	1,220,000	-	-
Working Cash Bonds, Series 2016	1,690,000	-	195,000	1,495,000	1,495,000
Working Cash Bonds, Series 2017	-	1,690,000	-	1,690,000	40,000
Total	\$ 5,685,000	1,690,000	1,730,000	5,645,000	1,860,000

The schedule of long-term debt as of June 30, 2017 follows:

Name of Issue	General Obligation Working Cash Bonds, Series 2017	General Obligation Working Cash Bonds, Series 2016	General Obligation Working Cash Bonds Series 2015	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	1,690,000	1,375,000	3,465,000
Debt Retired to June 30, 2017	-	195,000	1,375,000	1,005,000
Debt Outstanding June 30, 2017	\$ 1,690,000	1,495,000	-	2,460,000

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2018. As of June 30, 2017, the General Obligation Refunding Bonds, Series 2017 had an outstanding balance of \$1,690,000.

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

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
8/1/2017	\$ -	25,463
2/1/2018	40,000	25,463
8/1/2018	-	28,875
2/1/2019	1,650,000	28,875
	<u>\$ 1,690,000</u>	<u>108,676</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 is February 1, 2018. As of June 30, 2017, the General Obligation Refunding Bonds, Series 2016 had an outstanding balance of \$1,495,000.

Future payments due on the General Obligation Refunding Bonds, Series 2016 are as follows:

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
8/1/2017	\$ -	59,800
2/1/2018	1,495,000	59,800
	<u>\$ 1,495,000</u>	<u>119,600</u>

On February 3, 2015, the District issued General Obligation (Working Cash) Bonds, Series 2015 to finance District working cash in the amount of \$1,375,000. The final maturity for the bonds was February 1, 2017. As of June 30, 2017, the bonds have been paid in full.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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, 2017, the General Obligation Refunding Bonds, Series 2012B had an outstanding balance of \$2,460,000.

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

<u>Due Date</u>	<u>Principal</u>	<u>Interest</u>
11/1/17	\$ 325,000	35,328
5/1/18	-	31,266
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>\$ 2,460,000</u>	<u>268,359</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, 2017:

Assessed Valuation (2016)	<u>\$ 421,479,108</u>
Statutory debt limitation (6.9%)	\$ 29,082,058
Amount of debt applicable to debt limitation	<u>5,645,000</u>
Legal Debt Margin	<u>\$ 23,437,058</u>

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 8: LEASE COMMITMENTS

Operating Leases

During the fiscal year, the District had several operating lease agreements for copiers through McGrath Office Equipment. The District renewed two 60 month leases for \$100 a month each ending during fiscal year 2019. The District also has an agreement leasing two copiers for \$596/month maturing in fiscal year 2017. The District has a lease agreement for two copiers for \$200/month maturing during fiscal year 2018. In addition, the District has a lease agreement for two copiers for \$620/month maturing during fiscal year 2020. The District entered into a lease agreement with Providence Capital Network for computers for \$33,439/year maturing during fiscal year 2022 during the year ended June 30, 2017. Future lease payments until expiration are as follows:

June 30, 2018	\$	52,591
June 30, 2019		50,191
June 30, 2020		47,791
June 30, 2021		40,351
June 30, 2022		40,351
Total	\$	<u>231,275</u>

NOTE 9: OTHER CONTRACT COMMITMENTS

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, 2017, unpaid teachers' contracts for services performed during the year, amounted to \$827,918.

NOTE 10: RETIREMENT FUND COMMITMENTS

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

Plan Description

The employer 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/forms-and-publications> or by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

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

Benefits Provided

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

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

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

Contributions

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

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

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

Contributions (Continued)

On Behalf Contributions to TRS – The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2017, state of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$1,903,422 in pension contributions from the state of Illinois.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017, were \$29,620.

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

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$73,276 were paid from federal and special trust funds that required employer contributions of \$28,241.

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 employer 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, 2017, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The employer 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, 2017, 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.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

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

Pension Liabilities

At June 30, 2017, the employer 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 employer. The state's support and total are for disclosure purposes only. The amount recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net pension liability	\$ 1,102,612
State's proportionate share of the net pension liability associated with the employer	<u>42,623,705</u>
Total	<u>\$ 43,726,317</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015 and rolled forward to June 30, 2016. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, the employer's proportion was .0014 percent, which was an increase of .00009 from its proportion measured as of June 30, 2015.

Actuarial Assumptions

The total pension liability in the June 30, 2016 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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2017

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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	<u>100%</u>	

Discount Rate

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

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

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

Discount Rate (Continued)

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

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

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

	1% Decrease (5.83%)	Current Discount Rate (6.83%)	1% Increase (7.83%)
Employer's proportionate share of the net pension liability	\$1,348,539	1,102,612	901,755

TRS Fiduciary net position

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

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2017

NOTE 10: RETIREMENT FUND COMMITMENTS – (Continued)

B. THIS Fund Contributions

The employer 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 employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$55,315 and the employer recognized revenue and expenditures of this amount during the year.
- Employer contributions to THIS Fund
The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the employer paid \$41,486 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, 2017**

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, 2017**

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, 2016, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	50
Inactive, Non-retired members	170
Active Members	<u>117</u>
Total	<u><u>337</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 2016 and the fiscal year ended June 30, 2017 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 2016	9.76%
District required contribution rate for 2017	9.59%
District actual contributions for 2016	\$ 105,355
District actual contributions for fiscal year 2017	\$ 101,957

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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, 2016. 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, 2016, the District had a net pension liability for the plan, determined as follows:

Total Pension Liability	\$ 10,887,776
Plan Fiduciary Net Position	9,596,043
Net Pension Liability (Asset)	<u><u>\$ 1,291,733</u></u>

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016:

- 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 2.75%.
- Salary Increases were expected to be 3.75% to 14.50%
- 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 2014 valuation according to an experience study from years 2011 to 2013.
- The IMRF-specific rates for Mortality (for non-disabled retirees) 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.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements
For the Year Ended June 30, 2017

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	38%	7.77%
International Equity	17%	3.54%
Fixed Income	27%	4.85%
Real Estate	8%	8.97%
Alternative Investments	9%	N/A
Cash Equivalents	<u>1%</u>	N/A
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, 2017**

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 3.78%, 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	\$ 12,419,137	10,887,776	9,641,777
Plan Fiduciary Net Position	9,596,043	9,596,043	9,596,043
Net Pension Liability (Asset)	\$ 2,823,094	1,291,733	45,734

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, 2017**

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.	\$ -	-	-	212,966	-	-	-	212,966
Social Security	-	-	-	24,165	-	-	-	24,165
Tort related insurance	-	-	-	-	48,573	-	-	48,573
Debt Service	-	-	-	-	-	-	2,608	2,608
Recreation Center	35,537	-	-	-	-	-	-	35,537
Life Safety	-	-	-	-	-	24,229	-	24,229
Assigned To:								
Transportation	-	357,161	-	-	-	-	-	357,161
Capital projects	-	-	1,553	-	-	-	-	1,553
Committed To:								
Unpaid Teachers' Contracts	827,918	-	-	-	-	-	-	827,918
Unassigned:								
Operations/Maintenance	197,774	-	-	-	-	-	-	197,774
Working Cash	9,897	-	-	-	-	-	-	9,897
Educational Fund	584,147	-	-	-	-	-	-	584,147
	<u>\$1,655,273</u>	<u>357,161</u>	<u>1,553</u>	<u>237,131</u>	<u>48,573</u>	<u>24,229</u>	<u>2,608</u>	<u>2,326,528</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. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for 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, 2017**

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, 2017, 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, 2017, 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, 2017, the District has accumulated property taxes in the amount of \$212,966 which are restricted for IMRF retirement contributions, and \$24,165 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, 2017, the District has a fund balance of \$2,608 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, 2017, the District has a fund balance of \$48,573 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, 2017, the District has a fund balance of \$35,537 restricted for Recreation Center expenditures.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Basic Financial Statements For the Year Ended June 30, 2017

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, 2017, the District has a fund balance of \$24,229 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, 2017, the total amount of unpaid contracts for services performed amounted to \$827,918. 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 \$357,161 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, 2017, the District has unassigned fund balances of \$584,147 in the Educational Fund, \$197,774 in the Operations & Maintenance Fund, \$9,897 in the Working Cash Fund.

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

**Notes to Basic Financial Statements
For the Year Ended June 30, 2017**

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>
Major Governmental Funds:		
Educational Fund	\$ 1,920,000	-
Working Cash Fund	-	<u>1,920,000</u>
 Total Transfers	 <u>\$ 1,920,000</u>	 <u>1,920,000</u>

A transfer was made from the Working Cash Fund to the Educational Fund by resolution, abating the Working Cash Fund.

NOTE 15: SUBSEQUENT EVENTS

Management evaluated subsequent events through September 11, 2017, 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, 2017, as a result of events occurring between July 1, 2017 and September 11, 2017.

OTHER INFORMATION

**Combining Statement of Assets, Liabilities and Fund Balances
 Arising from Cash Transactions
 June 30, 2017**

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	June 30, 2017	June 30, 2016
<u>Assets</u>					
Cash in bank	\$ 299,713	197,774	9,122	506,609	186,947
Investments	1,181,022	-	775	1,181,797	1,604,696
Total assets	<u>\$ 1,480,735</u>	<u>197,774</u>	<u>9,897</u>	<u>1,688,406</u>	<u>1,791,643</u>
<u>Liabilities</u>					
Teachers' pension payable	\$ 24,521	-	-	24,521	-
Insurance payable	8,612	-	-	8,612	1,161
Total Liabilities	<u>33,133</u>	<u>-</u>	<u>-</u>	<u>33,133</u>	<u>1,161</u>
<u>Fund Balance</u>					
Restricted fund balance	35,537	-	-	35,537	33,633
Committed fund balance	827,918	-	-	827,918	976,404
Unassigned fund balance	584,147	197,774	9,897	791,818	780,445
Total fund balance	<u>1,447,602</u>	<u>197,774</u>	<u>9,897</u>	<u>1,655,273</u>	<u>1,790,482</u>
Total liabilities and fund balance	<u>\$ 1,480,735</u>	<u>197,774</u>	<u>9,897</u>	<u>1,688,406</u>	<u>1,791,643</u>

Combining Statement of Revenues Received, Expenditures Disbursed and
Changes in Fund Balances
For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Educational Fund	Operations & Maintenance Fund	Working Cash Fund	Year Ended June 30,	
				2017	2016
Revenues Received:					
Local sources	\$ 6,112,573	1,474,423	200,451	7,787,447	7,439,129
State sources	1,732,305	-	-	1,732,305	1,883,385
Federal sources	303,767	-	-	303,767	200,997
On behalf payments	1,958,737	-	-	1,958,737	1,993,859
Total revenues received	10,107,382	1,474,423	200,451	11,782,256	11,517,370
Expenditures Disbursed:					
Instruction	6,594,136	-	-	6,594,136	6,354,002
Supporting services	1,816,231	1,319,491	-	3,135,722	3,132,668
Community services	32,146	-	-	32,146	38,185
Payments to other districts	1,802,040	98,295	-	1,900,335	1,964,813
On behalf payments	1,958,737	-	-	1,958,737	1,993,859
Total expenditures disbursed	12,203,290	1,417,786	-	13,621,076	13,483,527
Excess (Deficiency) of revenues received over (under) expenditures disbursed	(2,095,908)	56,637	200,451	(1,838,820)	(1,966,157)
Other financing sources (uses):					
Bond proceeds	-	-	1,690,000	1,690,000	1,690,000
Bond premium	-	-	59,455	59,455	59,903
Bond discount	-	-	(7,200)	(7,200)	-
Bond Issuance Costs	-	-	(38,644)	(38,644)	(47,639)
Transfers (to) from:					
Transportation Fund	-	-	-	-	175,000
Working Cash Fund	1,920,000	-	(1,920,000)	-	-
Total other financing sources (uses)	1,920,000	-	(216,389)	1,703,611	1,877,264
Net change in fund balance	(175,908)	56,637	(15,938)	(135,209)	(88,893)
Fund balance, beginning of year	1,623,510	141,137	25,835	1,790,482	1,879,375
Fund balance, end of year	\$ 1,447,602	197,774	9,897	1,655,273	1,790,482

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

For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund</u>				
Revenues Received:				
Local sources:				
Property taxes	\$ 3,680,000	3,687,490	3,688,665	3,578,311
Leasing levy	123,000	124,038	124,079	82,663
Special education taxes	79,000	80,153	80,179	77,789
Replacement tax	266,340	288,000	354,998	311,098
Regular tuition	18,200	18,200	26,182	51,028
Interest income	5,000	10,733	13,641	5,713
Cafeteria receipts	225,000	225,000	227,656	227,706
Athletic admissions	40,000	62,000	64,006	38,362
Admissions-drama/music	5,000	5,000	4,733	5,002
Admissions - fees	8,500	11,010	-	-
Test preparation fees	-	-	12,010	-
Textbook rentals	152,000	154,000	158,757	160,905
Contributions from private sources	200	-	-	-
Refund of prior years' expenditures	56,800	56,800	56,800	138,806
TIF revenue	1,100,430	1,097,563	1,097,564	1,070,811
Drivers education fees	20,000	20,000	20,176	9,235
Payments from other districts	80,000	80,000	98,798	2,894
Local grants	-	-	1,281	200
Services provided to other districts	-	-	6,435	-
Local fees	15,000	25,546	19,494	20,512
District 101 Recreation Center	-	-	37,801	36,195
Other local revenues	1,000	1,000	19,318	18,677
Total local sources	5,875,470	5,946,533	6,112,573	5,835,907
State sources:				
General state aid	1,370,340	1,370,340	1,370,340	1,346,961
Special education - private facility	350,000	99,954	147,062	237,761
Special education - extraordinary	117,000	59,116	88,513	119,315
Special education - personnel	84,000	46,606	70,825	84,172
Special education - orphanage	43,000	10,679	24,066	42,494
Special education - orphanage - summer	-	-	-	5,232
Special education - summer school	2,000	2,000	-	2,331
State free lunch & breakfast	200	200	151	261
Driver education	41,000	31,347	31,348	44,108
State library grant	750	750	-	750
Total state sources	2,008,290	1,620,992	1,732,305	1,883,385
Title I - Low Income	94,338	94,338	90,712	93,099
Special education - IDEA Flow Through	56,186	56,186	56,703	52,611
Special education - IDEA Room & Board	-	73,719	98,916	-
Title III E - Tech Prep	21,484	21,484	21,484	21,730
Title II - Teacher Quality	33,458	33,458	23,942	16,081
Medicaid Outreach	-	-	4,834	9,189
Medicaid Fee-For-Service	15,000	23,988	7,176	8,287
Total federal sources	220,466	303,173	303,767	200,997
On behalf payments	2,113,500	2,113,500	1,958,737	1,993,859
Total revenues received	\$ 10,217,726	9,984,198	10,107,382	9,914,148

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund (Continued)</u>				
Expenditures Disbursed:				
Instructional:				
Regular programs				
Salaries	\$ 2,279,800	2,323,800	2,338,700	2,455,640
Employee benefits	841,500	906,000	924,482	970,210
Purchased services	173,850	171,600	168,545	154,675
Supplies and materials	82,350	81,350	76,020	95,462
Capital outlay	69,950	62,000	53,919	42,182
Total regular programs	3,447,450	3,544,750	3,561,666	3,718,169
Special education				
Salaries	409,021	391,181	385,581	352,697
Benefits	160,681	181,681	178,294	141,579
Purchased services	606,960	626,960	641,372	462,463
Supplies and materials	13,948	13,948	13,507	10,494
Capital Outlay	3,416	1,416	1,332	4,968
Total special education	1,194,026	1,215,186	1,220,086	972,201
Remedial program				
Salaries	31,183	31,183	31,077	21,696
Employee benefits	21,319	21,319	21,120	14,859
Purchased services	9,133	14,520	5,240	200
Supplies and materials	23,763	31,693	31,544	47,348
Capital outlay	8,940	8,940	8,572	9,914
Total remedial program	94,338	107,655	97,553	94,017
Vocational programs:				
Salaries	275,000	300,000	297,143	401,271
Employee benefits	96,400	108,000	112,364	151,439
Purchased services	633,200	608,400	599,238	321,032
Supplies and materials	17,434	17,434	13,472	15,190
Capital outlay	5,000	5,000	5,000	16,943
Total vocational programs	1,027,034	1,038,834	1,027,217	905,875
Interscholastic:				
Salaries	374,500	378,000	395,024	381,627
Employee benefits	69,200	69,200	72,119	80,364
Purchased services	96,550	100,646	97,965	87,484
Supplies and materials	47,600	49,900	42,300	36,147
Capital Outlay	5,000	5,000	4,987	4,953
Total interscholastic	592,850	602,746	612,395	590,575

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund (Continued)</u>				
Instructional (Continued):				
Drivers education programs:				
Supplies and materials	\$ 630	630	-	-
Total drivers education programs	630	630	-	-
Bilingual programs:				
Salaries	52,400	52,400	52,076	50,612
Employee benefits	23,600	23,600	23,143	22,553
Total bilingual programs	76,000	76,000	75,219	73,165
Total instructional	6,432,328	6,585,801	6,594,136	6,354,002
Support services:				
Guidance services				
Salaries	395,990	395,990	385,830	373,490
Employee benefits	133,500	141,500	140,185	135,726
Purchased services	21,000	24,000	18,607	22,646
Supplies and materials	900	900	909	794
Total guidance services	551,390	562,390	545,531	532,656
Health services				
Salaries	72,000	72,000	75,050	69,176
Employee benefits	25,700	25,700	26,278	25,412
Purchased services	1,100	1,100	206	181
Supplies and materials	2,300	2,500	2,356	2,212
Total health services	101,100	101,300	103,890	96,981
Improvement of instruction services				
Salaries	28,390	28,440	25,072	19,709
Employee benefits	-	-	65	-
Purchased services	5,018	5,018	1,675	2,582
Total improvement of instruction services	33,408	33,458	26,812	22,291

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund (Continued)</u>				
Support services (Continued):				
Library media:				
Salaries	\$ 125,960	131,960	136,913	72,545
Employee benefits	28,200	28,200	30,550	28,200
Purchased services	18,250	21,900	21,352	9,855
Supplies and materials	12,925	11,925	10,900	12,587
Capital outlay	700	700	679	695
Total library media	186,035	194,685	200,394	123,882
Board of Education:				
Salaries	56,700	57,100	56,923	53,495
Employee benefits	14,950	14,950	14,946	14,100
Purchased services	57,300	62,000	55,702	38,076
Supplies and materials	2,000	2,200	2,541	1,872
Other objects	8,000	8,000	7,949	7,485
Total board of education	138,950	144,250	138,061	115,028
Executive administration:				
Salaries	98,000	98,000	105,699	96,655
Employee benefits	39,000	39,000	36,608	34,776
Purchased services	3,600	3,600	1,713	3,194
Supplies and materials	500	500	673	518
Other objects	3,500	4,900	4,837	3,470
Total executive administration	144,600	146,000	149,530	138,613
Principal services:				
Salaries	209,800	209,800	206,426	214,083
Employee benefits	84,150	84,150	76,643	85,493
Purchased services	14,000	14,000	11,243	13,611
Supplies and materials	28,000	28,000	27,208	26,388
Other objects	8,100	8,100	7,069	7,304
Total principal services	344,050	344,050	328,589	346,879
Fiscal services:				
Salaries	48,500	48,500	44,266	64,137
Employee benefits	15,100	15,100	15,100	19,719
Purchased services	11,000	6,900	5,748	5,428
Supplies and materials	1,500	1,500	783	1,453
Total fiscal services	76,100	72,000	65,897	90,737

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund (Continued)</u>				
Support services (Continued):				
Food service:				
Salaries	\$ 15,000	15,000	13,382	14,580
Purchased services	260,000	260,000	243,592	259,266
Supplies and materials	1,000	-	316	882
Capital outlay	1,000	-	-	-
Total food service	277,000	275,000	257,290	274,728
Internal services:				
Supplies and materials	1,000	1,000	237	985
Total internal services	1,000	1,000	237	985
Total support services	1,853,633	1,874,133	1,816,231	1,742,780
Community services:				
District 101 Recreation Center:				
Salaries	-	-	23,351	23,218
Employee benefits	-	-	1,913	1,877
Purchased services	-	-	4,109	10,379
Supplies and materials	-	-	2,525	1,087
Capital Outlay	-	-	-	-
Other objects	-	-	248	603
Non-Capitalized equipment	-	-	-	1,021
Total community services	-	-	32,146	38,185
Payment to other schools:				
Other payments to in-state gov't units	1,080,430	1,080,000	1,079,039	1,070,811
Special education	660,000	660,000	723,001	707,006
Total payments to other schools	1,740,430	1,740,000	1,802,040	1,777,817
On behalf payments	2,113,500	2,113,500	1,958,737	1,993,859
Total expenditures disbursed	12,139,891	12,313,434	12,203,290	11,906,643

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Educational Fund (Continued)</u>				
Excess (Deficiency) of revenues received over (under) expenditures disbursed	\$ (1,922,165)	(2,329,236)	(2,095,908)	(1,992,495)
Other financing sources (uses): Abatement of the Working Cash Fund	<u>1,900,500</u>	<u>1,900,500</u>	<u>1,920,000</u>	<u>1,920,000</u>
Total other financing sources (uses)	<u>1,900,500</u>	<u>1,900,500</u>	<u>1,920,000</u>	<u>1,920,000</u>
Net change in fund balance	<u>\$ (21,665)</u>	<u>(428,736)</u>	(175,908)	(72,495)
Fund balance, beginning of year			<u>1,623,510</u>	<u>1,696,005</u>
Fund balance, end of year			<u>\$ 1,447,602</u>	<u>1,623,510</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
Budget & Actual
For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Operations & Maintenance Fund</u>				
Revenues Received:				
Property taxes	\$ 1,000,000	1,000,000	1,002,256	972,366
Local housing authority	7,000	4,774	10,229	9,608
Replacement taxes	75,000	75,000	75,000	75,000
Other payments in lieu of taxes	6,000	-	-	6,508
Contributions and donations from private sources	5,000	-	5,345	17,178
TIF receipts	345,330	345,330	345,330	249,851
Payments from other districts	-	-	-	59,297
Insurance reimbursement	-	-	-	11,427
Miscellaneous	25,000	10,000	36,263	7,514
Total revenues received	<u>1,463,330</u>	<u>1,435,104</u>	<u>1,474,423</u>	<u>1,408,749</u>
Expenditures Disbursed:				
Facilities Acquisition & Construction Services				
Purchased services	23,000	38,000	34,265	12,846
Capital outlay	90,000	100,000	93,481	100,566
Operations & Maintenance of Plant Services				
Salaries	434,000	436,000	437,697	526,116
Employee benefits	145,000	145,000	144,879	152,988
Purchased services	205,800	225,000	230,226	219,235
Supplies and materials	318,000	335,000	315,898	342,128
Capital outlay	60,000	70,000	63,045	36,009
Payments for CTE Program				
Purchased services	62,000	99,000	98,295	186,996
Total expenditures disbursed	<u>1,337,800</u>	<u>1,448,000</u>	<u>1,417,786</u>	<u>1,576,884</u>
Excess (Deficiency) of revenues received over (under) expenditures disbursed	<u>125,530</u>	<u>(12,896)</u>	<u>56,637</u>	<u>(168,135)</u>
Other financing sources (uses):				
Permanent transfer in (out)	-	-	-	175,000
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>175,000</u>
Net change in fund balance	<u>\$ 125,530</u>	<u>(12,896)</u>	<u>56,637</u>	<u>6,865</u>
Fund balance, beginning of year			<u>141,137</u>	<u>134,272</u>
Fund balance, end of year			<u>\$ 197,774</u>	<u>141,137</u>

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

For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
<u>Working Cash Fund</u>				
Revenues Received:				
Property taxes	\$ 200,500	200,500	200,451	194,473
Total revenues received	200,500	200,500	200,451	194,473
Expenditures Disbursed	-	-	-	-
Excess (Deficiency) of revenues received over (under) expenditures disbursed	200,500	200,500	200,451	194,473
Other financing sources (uses):				
Bond proceeds	1,700,000	1,700,000	1,690,000	1,690,000
Bond premium	-	-	59,455	59,903
Bond discount	-	-	(7,200)	-
Bond issuance costs	-	-	(38,644)	(47,639)
Abatement of the Working Cash Fund	(1,900,500)	(1,900,500)	(1,920,000)	(1,920,000)
Total other financing sources (uses)	(200,500)	(200,500)	(216,389)	(217,736)
Net change in fund balance	\$ -	-	(15,938)	(23,263)
Fund balance, beginning of year			25,835	49,098
Fund balance, end of year			\$ 9,897	25,835

Statement of Assets, Liabilities and Fund Balance Arising from Cash Transactions
 June 30, 2017

<u>Assets</u>	
Cash in bank	\$ 69,158
Investments	288,003
Total Assets	\$ 357,161
<u>Fund Balance</u>	
Fund Balance	\$ 357,161

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
Revenues Received				
Local revenues:				
Property taxes	\$ 475,000	480,930	481,083	466,736
Miscellaneous	7,000	7,000	6,254	7,694
State revenues:				
Transportation - regular/vocational	5,586	1,152	2,192	4,327
Transportation - special education	233,000	102,795	155,835	199,461
Total revenues received	720,586	591,877	645,364	678,218
Expenditures Disbursed:				
Pupil Transportation Services:				
Salaries	5,000	5,000	5,000	5,000
Purchased services	16,000	9,000	7,959	11,346
Supplies and materials	8,000	8,000	9,778	8,925
Non-capital equipment	1,800	1,800	-	-
Payments to Other Districts				
Payments for Regular Program	280,000	280,000	286,593	261,950
Payments for Special Education Programs	350,000	350,000	253,970	292,139
Total expenditures disbursed	660,800	653,800	563,300	579,360
Excess (Deficiency) of revenues received over (under) expenditures disbursed	59,786	(61,923)	82,064	98,858
Other financing sources (uses):				
Permanent Transfers In (Out)	-	-	-	(175,000)
Total other financing sources (uses)	-	-	-	(175,000)
Net change in fund balance	\$ 59,786	(61,923)	82,064	(76,142)
Fund balance, beginning of year			275,097	351,239
Fund balance, end of year			\$ 357,161	275,097

**MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101
SOCIAL SECURITY/IMRF FUND**

SCHEDULE B-3

**Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2017**

<u>Assets</u>	
Cash in bank	\$ 30,143
Investments	206,988
Total Assets	<u>\$ 237,131</u>
<u>Fund Balance</u>	
Restricted for IMRF	\$ 212,966
Restricted for Social Security	24,165
Fund Balance	<u>\$ 237,131</u>

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

SCHEDULE B-4

**For the Year Ended June 30, 2017
(With Comparative Figures for 2016)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2017</u>	<u>2016</u>
Revenues Received:				
Property tax-IMRF	\$ 128,200	128,200	128,209	134,300
Property tax-Social Security	186,100	186,100	186,098	175,611
Replacement taxes	10,000	10,000	10,000	10,000
Total revenues received	<u>324,300</u>	<u>324,300</u>	<u>324,307</u>	<u>319,911</u>
Expenditures Disbursed:				
Instruction - FICA	90,720	96,930	81,157	84,170
Instruction - IMRF	-	-	5,224	5,079
Supporting services - FICA	173,195	173,195	81,617	82,162
Supporting services - IMRF	-	-	96,716	104,377
Total expenditures disbursed	<u>263,915</u>	<u>270,125</u>	<u>264,714</u>	<u>275,788</u>
Excess (Deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 60,385</u>	<u>54,175</u>	59,593	44,123
Fund balance, beginning of year			<u>177,538</u>	<u>133,415</u>
Fund balance, end of year			<u>\$ 237,131</u>	<u>177,538</u>

Statement of Assets, Liabilities and Fund Balance
Arising from Cash Transactions
June 30, 2017

<u>Assets</u>	
Cash in bank	\$ 48,891
Total Assets	\$ 48,891
<u>Liabilities & Fund Balance</u>	
Liabilities:	
Teachers' pension payable	\$ 268
Insurance payable	50
Total liabilities	318
Fund Balance	48,573
Total Liabilities & Fund Balance	\$ 48,891

Statement of Revenues Received, Expenditures Disbursed
and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2017
(With Comparative Figures for 2016)

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
Revenues Received:				
Tort levy	\$ 351,600	351,600	351,499	330,570
Total revenues received	351,600	351,600	351,499	330,570
Expenditures Disbursed:				
Unemployment insurance	2,700	2,700	600	600
Insurance	125,000	129,000	133,887	121,096
Risk management purchases	15,200	15,200	12,641	15,067
Loss prevention salaries	125,000	125,000	123,578	130,559
Loss prevention employee benefits	19,700	19,700	19,144	18,195
Loss prevention purchased services	44,000	49,000	47,480	39,257
Total expenditures disbursed	331,600	340,600	337,330	324,774
Excess (Deficiency) of revenues received over (under) expenditures disbursed	\$ 20,000	11,000	14,169	5,796
Fund balance, beginning of year			34,404	28,608
Fund balance, end of year			\$ 48,573	34,404

**Statement of Assets, Liabilities and Fund Balance
 Arising from Cash Transactions
 June 30, 2017**

<u>Assets</u>	
Cash in bank	<u>\$ 24,229</u>
<u>Fund Balance</u>	
Fund Balance	<u>\$ 24,229</u>

**Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)**

SCHEDULE B-8

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
Revenues Received:				
Property taxes	\$ 124,000	124,000	124,065	41,369
Total revenues received	<u>124,000</u>	<u>124,000</u>	<u>124,065</u>	<u>41,369</u>
Expenditures Disbursed:				
Capital outlay	120,000	127,000	111,140	49,254
Purchased services	-	2,000	1,197	-
Total expenditures disbursed	<u>120,000</u>	<u>129,000</u>	<u>112,337</u>	<u>49,254</u>
Excess (Deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 4,000</u>	<u>(5,000)</u>	11,728	(7,885)
Fund balance, beginning of year			<u>12,501</u>	<u>20,386</u>
Fund balance, end of year			<u>\$ 24,229</u>	<u>12,501</u>

**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, 2017**

<u>Assets</u>	
Cash in bank	<u>\$ 1,553</u>
 <u>Fund Balance</u>	
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, 2017
(With Comparative Figures for 2016)**

SCHEDULE B-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2017</u>	<u>2016</u>
Revenues Received:				
TIF Revenue	\$ -	-	-	-
Total revenues received	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures Disbursed:				
Capital Outlay	-	-	-	5,902
Total expenditures disbursed	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,902</u>
Excess (Deficiency) of revenues received over (under) expenditures disbursed	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>(5,902)</u>
Fund balance, beginning of year			<u>1,553</u>	<u>7,455</u>
Fund balance, end of year			<u>\$ 1,553</u>	<u>1,553</u>

Statement of Assets, Liabilities and Fund Balance
 Arising from Cash Transactions
 June 30, 2017

<u>Assets</u>	
Cash in bank	<u>\$ 2,608</u>
<u>Fund Balance</u>	
Fund Balance	<u>\$ 2,608</u>

Statement of Revenues Received, Expenditures Disbursed
 and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2017
 (With Comparative Figures for 2016)

SCHEDULE B-12

	Original Budget	Final Budget	Year Ended June 30,	
			2017	2016
Revenues Received:				
Property taxes	\$ 1,530,550	1,530,550	1,529,894	1,378,965
TIF surplus revenues	392,000	392,666	392,666	394,020
Total revenues received	<u>1,922,550</u>	<u>1,923,216</u>	<u>1,922,560</u>	<u>1,772,985</u>
Expenditures Disbursed:				
Debt Service:				
Principal	1,730,000	1,730,000	1,730,000	1,625,000
Interest	190,412	190,414	190,412	147,525
Total expenditures disbursed	<u>1,920,412</u>	<u>1,920,414</u>	<u>1,920,412</u>	<u>1,772,525</u>
Excess (Deficiency) of revenues received over (under) expenditures disbursed	<u>\$ 2,138</u>	<u>2,802</u>	2,148	460
Fund balance, beginning of year			<u>460</u>	<u>-</u>
Fund balance, end of year			<u>\$ 2,608</u>	<u>460</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
2014	\$ 287,451	278,516	8,935	2,815,383	9.89%
2015	302,144	306,869	(4,725)	2,913,638	10.53%
2016	282,317 *	282,317	-	2,892,591	9.76%

*Estimated based on contribution rate of 9.76% and covered valuation payroll of \$2,892,591.

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): 27-year closed period until remaining period reaches 15 years (then 15-year rolling 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 22 years for most employers (two employers were financed over 31 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 2011 valuation pursuant to an experience study of the period 2011 - 2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

Other Information

Notes: There were no benefit changes during the year.

Schedule of Changes in Net Pension Liability and Related Ratios										
Calendar Year Ending December 31,	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total Pension Liability										
Service Cost	\$ 320,188	315,616	317,849	-	-	-	-	-	-	-
Interest on the Total Pension Liability	772,535	727,090	667,070	-	-	-	-	-	-	-
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference between Expected and Actual Experience	(131,503)	(49,660)	(207,058)	-	-	-	-	-	-	-
Assumption Changes	(14,121)	13,463	367,487	-	-	-	-	-	-	-
Benefit Payments and Refunds	(426,907)	(351,296)	(336,651)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	520,192	655,213	808,697	-	-	-	-	-	-	-
Total Pension Liability - Beginning	10,367,584	9,712,371	8,903,674	-	-	-	-	-	-	-
Total Pension Liability - Ending	\$ 10,887,776	10,367,584	9,712,371	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	\$ 282,317	306,869	278,516	-	-	-	-	-	-	-
Contributions - Employee	130,168	133,077	127,061	-	-	-	-	-	-	-
Net Investment Income	608,962	46,180	525,369	-	-	-	-	-	-	-
Benefit Payments and Refunds	(426,907)	(351,296)	(336,651)	-	-	-	-	-	-	-
Other (Net Transfer)	(123,453)	(201,584)	19,276	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	471,087	(66,754)	613,571	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	9,124,956	9,191,710	8,578,139	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Ending	\$ 9,596,043	9,124,956	9,191,710	-	-	-	-	-	-	-
Net Pension Liability (Asset)	\$ 1,291,733	1,242,628	520,661	-	-	-	-	-	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.14%	88.01%	94.64%	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Covered Valuation Payroll	\$ 2,892,591	2,913,638	2,815,383	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of the Covered Valuation Payroll	44.66%	42.65%	18.49%	N/A	N/A	N/A	N/A	N/A	N/A	N/A

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Other Information
Teachers' Retirement System of the State of Illinois

		<u>SCHEDULE C-3</u>		
Schedule of Morris High School District No. 101's Share of the Net Pension Liability				
	<u>2016*</u>	<u>2015</u>	<u>2014</u>	
The District's Proportion of the Net Pension Liability	0.0014%	0.0015%	0.0014%	
The District's Proportionate Share of the Net Pension Liability	\$ 1,102,612	976,912	823,495	
State's Proportionate Share of the Net Pension Liability Associated with the District	<u>42,623,705</u>	<u>33,835,173</u>	<u>31,476,665</u>	
Total	\$ <u>43,726,317</u>	<u>34,812,085</u>	<u>32,300,160</u>	
The District's Covered-Employee Payroll	\$ 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	20.53%	17.68%	16.14%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	36.40%	41.50%	43.00%	

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

		<u>SCHEDULE C-4</u>		
Schedule of Contributions				
	<u>2017</u>	<u>2016</u>	<u>2015</u>	
Statutorily Required Contribution	\$ 56,886	54,096	52,256	
Contributions in Relation to the Statutorily Required Contribution	<u>56,886</u>	<u>54,096</u>	<u>52,256</u>	
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	
The District's Covered-Employee Payroll	\$ 4,938,823	5,369,941	5,525,477	
Contributions as a Percentage of Covered-Employee Payroll	1.15%	1.01%	0.95%	

NOTES TO OTHER INFORMATION

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Other Information For the Year Ended June 30, 2017

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 12, 2016, and was amended on June 12, 2017.

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	\$ 13,761,434	13,621,076	140,358	1.03%
Transportation Fund	653,800	563,300	90,500	16.07%
Social Security & IMRF Fund	270,125	264,714	5,411	2.04%
Tort Fund	340,600	337,330	3,270	0.97%
Life Safety Fund	129,000	112,337	16,663	14.83%
Site and Construction Fund	-	-	-	N/A
Bond & Interest Fund	1,920,414	1,920,412	2	0.00%

MORRIS COMMUNITY HIGH SCHOOL DISTRICT NO. 101

Notes to Other Information For the Year Ended June 30, 2017

NOTE 3: CHANGES IN ASSUMPTIONS

For the 2016 measurement year, 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, 2017

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Student Activity:				
Athletic Pop	\$ 10,881	11,641	19,594	2,928
Band	524	3,456	3,423	557
Band Trip	1,974	33,047	19,687	15,334
Cheerleaders	418	37,110	33,200	4,328
Chief	5,689	23,509	4,040	25,158
Choral	(742)	4,659	2,960	957
Class of '15	961	-	961	-
Class of '16	1,703	-	1,291	412
Class of '17	4,246	6,011	9,638	619
Class of '18	1,422	44,326	39,274	6,474
Class of '19	2,315	1,519	1,123	2,711
Class of '20	-	1,743	292	1,451
Industrial Tech Club	1,763	-	-	1,763
Concessions	357	55,066	54,471	952
Delta Phi	4,038	373	2,618	1,793
Donations	1,952	-	-	1,952
Drama Club	3,391	21,521	22,191	2,721
Faculty/Staff Fund	385	1,164	831	718
Flag Corps	2,492	20,476	21,557	1,411
M-Club	519	804	750	573
Baseball	5,455	24,185	24,992	4,648
Girls Basketball	515	-	500	15
Basketball	249	2,270	1,939	580
Football	9,013	26,773	30,275	5,511
Bowling	166	-	-	166
Cross Country	58	4,812	4,129	741
Boys Track	-	892	296	596
Girls Track	1,230	-	1,102	128
Softball	1,074	2,599	2,249	1,424
Swim Team	415	1,050	-	1,465
Golf Team	80	-	-	80
Boys Soccer	46	3,195	2,694	547
Girls Soccer	2	1,924	1,915	11
Tennis	-	1,909	1,664	245
Girls Tennis	99	1,779	1,133	745
Volleyball	7,380	11,706	11,274	7,812
Wrestling	657	428	50	1,035
Mathletes	545	755	562	738
MCHS Athletic Fund	7,567	11,071	11,897	6,741
Media Club	977	535	-	1,512
Musical	(858)	14,865	13,867	140
Nat'l Honor Society	1,000	2,714	1,672	2,042
Pom Poms	410	31,167	26,866	4,711
Madrigals/Jazz Choir	71	2,546	2,186	431
Science Club	1,153	-	455	698
Ski Club	5,159	8,958	10,206	3,911
Spanish Club	1,485	4,475	5,574	386
Speech Team	1,684	5,379	5,227	1,836
Student Council	1,999	16,764	14,118	4,645
Co-op	92	-	24	68

**Statement of Changes in Assets & Liabilities
 For the Year Ended June 30, 2017**

	Balance June 30, 2016	Additions	Deductions	Balance June 30, 2017
Student Activity:				
TROUPE	\$ 1,207	2,192	1,988	1,411
Scholarship America/MCHS	5,485	10,300	8,243	7,542
FCCLA	414	1,645	1,338	721
Scholastic Bowl	2,131	536	1,228	1,439
Community Service Club	1,227	167	625	769
Home for the Holidays	2,000	2,000	3,000	1,000
Unallocated Interest Income	66	-	-	66
MCHS Checking Account	771	110	-	881
Helping Hands	-	907	485	422
Various Scholarships	19,025	500	3,017	16,508
Total student activity	<u>\$ 124,337</u>	<u>467,533</u>	<u>434,691</u>	<u>157,179</u>

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

	Tax Year				
	2012	2013	2014	2015	2016
Assessed Valuation	\$ 404,683,297	396,579,206	389,618,512	401,257,553	421,479,108
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	0.0829	0.0816	0.0850	0.0877	0.0785
Transportation	0.1200	0.1200	0.1200	0.1200	0.1200
Illinois Municipal Retirement	0.0270	0.0051	0.0345	0.0320	0.0324
Social Security	0.0363	0.0541	0.0452	0.0464	0.0471
Bond and interest	0.3033	0.3582	0.3545	0.3816	0.3905
Fire prevention/Life safety	0.0500	0.0051	0.0106	0.0310	0.0209
Lease PBC	0.0207	0.0204	0.0213	0.0310	0.0314
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	1.8802	1.8845	1.9111	1.9696	1.9608
Tax extensions:					
Educational	\$ 3,720,784	3,648,529	3,584,490	3,691,569	3,877,608
Building	1,011,083	991,448	974,046	1,003,144	1,053,698
Liability insurance	335,396	323,648	331,137	351,823	330,735
Transportation	485,320	475,895	467,542	481,509	505,775
Illinois Municipal Retirement	109,035	20,265	134,536	128,322	136,728
Social Security	146,728	214,430	175,913	186,264	198,432
Bond and interest	1,226,767	1,420,348	1,381,316	1,531,239	1,645,749
Fire prevention/Life safety	202,217	20,265	41,416	124,189	88,216
Lease	83,879	80,942	82,794	124,189	132,302
Special education	80,887	79,316	77,924	80,252	84,296
Working cash	202,217	198,290	194,809	200,629	210,740
Totals	\$ 7,604,313	7,473,377	7,445,923	7,903,129	8,264,279
Tax Collections	\$ 7,600,756	7,437,264	7,433,153	7,896,478	

OTHER REPORTS



116 E. Washington Street
Suite One
Morris, Illinois 60450

Phone: (815) 942-3306
Fax: (815) 942-9430
www.mackcpas.com

TAWNYA R. MACK, CPA
LAURI POPE, CPA
ERICA BLUMBERG, CPA
TREVOR DEBELAK, CPA
MATT MELVIN
CHRIS CHRISTENSEN
STEPHANIE HEISNER

CERTIFIED PUBLIC ACCOUNTANTS

**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, 2017, 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 11, 2017.

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.

We noted certain matters that were reported to management of Morris Community High School District No. 101 in a separate letter dated September 11, 2017.

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 11, 2017.

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 11, 2017