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**MARENGO-UNION ELEMENTARY CONSOLIDATED
SCHOOL DISTRICT NO. 165
STATE OF ILLINOIS**

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

eder, casella & co.

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SCHOOL DISTRICT NO. 165
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SCHOOL DISTRICT NO. 165
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INDEPENDENT AUDITORS' OPINION

To the Board of Education
Marengo-Union Elementary Consolidated School District No. 165
Marengo, Illinois

We have audited the accompanying basic financial statements of

Marengo-Union Elementary Consolidated School District No. 165

as of and for the year ended June 30, 2016 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 financial reporting provisions prescribed or permitted by the Illinois State Board of Education as described in Note 1. 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 fraud or error.

Auditor's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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.

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Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Marengo-Union Elementary Consolidated School District No. 165 in accordance with the financial reporting provisions prescribed or permitted by the Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America. They are intended to assure effective legislative and public oversight of school district financing and spending activities of accountable Illinois public school districts. Also as described in Note 1, Marengo-Union Elementary Consolidated School District No. 165 prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Marengo-Union Elementary Consolidated School District No. 165 as of June 30, 2016, or changes in financial position for the year then ended.

Unmodified Opinion on Regulatory Cash Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of Marengo-Union Elementary Consolidated School District No. 165 as of June 30, 2016, and the revenue it received and expenditures it paid during the fiscal year then ended, on the basis of accounting described in Note 1.

Change in Accounting Principle

As discussed in Note 20 to the financial statements, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Marengo-Union Elementary Consolidated School District No. 165's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information, except for the average daily attendance figure included in the computation of operating expense per pupil and per capita tuition charges, 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, on the basis of accounting described in Note 1.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 8, 2016 on our consideration of Marengo-Union Elementary Consolidated School District No. 165'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 Marengo-Union Elementary Consolidated School District No. 165's internal control over financial reporting and compliance.

Restriction on Use

This report is intended solely for the information and use of management, the Board of Education, others within the organization, and the Illinois State Board of Education and is not intended to be and should not be used by anyone other than these specified parties.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
September 8, 2016



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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
Marengo-Union Elementary Consolidated School District No. 165
Marengo, 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

Marengo-Union Elementary Consolidated School District No. 165

as of and for the year ended June 30, 2016, and the related notes to the financial statements which collectively comprise Marengo-Union Elementary Consolidated School District No. 165's basic financial statements, and have issued our report thereon dated September 8, 2016. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Marengo-Union Elementary Consolidated School District No. 165'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 Marengo-Union Elementary Consolidated School District No. 165's internal control. Accordingly, we do not express an opinion on the effectiveness of Marengo-Union Elementary Consolidated School District No. 165'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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Marengo-Union Elementary Consolidated School District No. 165'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*.

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.

Eder, Casella & Co.

EDER, CASELLA & CO.
Certified Public Accountants

McHenry, Illinois
September 8, 2016

BASIC FINANCIAL STATEMENTS

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2016

<u>ASSETS</u>	<u>EDUCATIONAL</u>	<u>OPERATIONS AND MAINTENANCE</u>	<u>DEBT SERVICES</u>	<u>TRANSPOR- TATION</u>	<u>ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY</u>	<u>CAPITAL PROJECTS</u>
Cash and Cash Equivalents	\$ 5,031,655	\$ 669,968	\$ 114,031	\$ 790,957	\$ 159,730	\$ 520,546
Investments	247,700	-	-	-	-	-
Taxes Receivable	-	-	-	-	-	-
Interfund Receivables	-	-	-	-	-	-
Intergovernmental Accounts Receivable	-	-	-	-	-	-
Other Receivables	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-
Capital Assets						
Land	-	-	-	-	-	-
Building and Building Improvements	-	-	-	-	-	-
Site Improvements and Infrastructure	-	-	-	-	-	-
Capitalized Equipment	-	-	-	-	-	-
Amount Available in Debt Services Fund	-	-	-	-	-	-
Amount to be Provided for Payment on Long-Term Debt	-	-	-	-	-	-
Total Assets	\$ 5,279,355	\$ 669,968	\$ 114,031	\$ 790,957	\$ 159,730	\$ 520,546
 <u>LIABILITIES AND FUND BALANCE</u>						
LIABILITIES						
Current Liabilities						
Due to Activity Fund Organizations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Current Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Long-Term Liabilities						
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Long-Term Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
FUND BALANCE						
Investment in General Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved						
Designated	2,860,066	376,801	103,964	116,324	49,422	-
Undesignated	2,419,289	293,167	10,067	674,633	110,308	520,546
Total Fund Balance	\$ 5,279,355	\$ 669,968	\$ 114,031	\$ 790,957	\$ 159,730	\$ 520,546
Total Liabilities and Fund Balance	\$ 5,279,355	\$ 669,968	\$ 114,031	\$ 790,957	\$ 159,730	\$ 520,546

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
ALL FUNDS AND ACCOUNT GROUPS
AT JUNE 30, 2016

<u>ASSETS</u>	<u>WORKING CASH</u>	<u>AGENCY</u>	<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
Cash and Cash Equivalents	\$ 510	\$ 55,904	\$ -	\$ -	\$ 7,343,301
Investments	-	-	-	-	247,700
Taxes Receivable	-	-	-	-	-
Interfund Receivables	-	-	-	-	-
Intergovernmental Accounts Receivable	-	-	-	-	-
Other Receivables	-	-	-	-	-
Inventory	-	-	-	-	-
Prepaid Items	-	-	-	-	-
Other Current Assets	-	-	-	-	-
Capital Assets					
Land	-	-	59,496	-	59,496
Building and Building Improvements	-	-	5,789,124	-	5,789,124
Site Improvements and Infrastructure	-	-	476,009	-	476,009
Capitalized Equipment	-	-	2,277,099	-	2,277,099
Amount Available in Debt Services Fund	-	-	-	114,031	114,031
Amount to be Provided for Payment on Long-Term Debt	-	-	-	2,893,114	2,893,114
Total Assets	\$ 510	\$ 55,904	\$ 8,601,728	\$ 3,007,145	\$ 19,199,874
<u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES					
Current Liabilities					
Due to Activity Fund Organizations	\$ -	\$ 55,904	\$ -	\$ -	\$ 55,904
Total Current Liabilities	\$ -	\$ 55,904	\$ -	\$ -	\$ 55,904
Long-Term Liabilities					
Long-Term Debt Payable	\$ -	\$ -	\$ -	\$ 3,007,145	\$ 3,007,145
Total Long-Term Liabilities	\$ -	\$ -	\$ -	\$ 3,007,145	\$ 3,007,145
Total Liabilities	\$ -	\$ 55,904	\$ -	\$ 3,007,145	\$ 3,063,049
FUND BALANCE					
Investment in General Fixed Assets	\$ -	\$ -	\$ 8,601,728	\$ -	\$ 8,601,728
Unreserved					
Designated	-	-	-	-	3,506,577
Undesignated	510	-	-	-	4,028,520
Total Fund Balance	\$ 510	\$ -	\$ 8,601,728	\$ -	\$ 16,136,825
Total Liabilities and Fund Balance	\$ 510	\$ 55,904	\$ 8,601,728	\$ 3,007,145	\$ 19,199,874

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF REVENUE RECEIVED, EXPENDITURES DISBURSED, OTHER
FINANCING SOURCES/(USES), AND CHANGES IN FUND BALANCES -
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	WORKING CASH	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED								
Local Sources	\$ 6,019,135	\$ 1,050,798	\$ 195,337	\$ 299,443	\$ 330,866	\$ 7,284	\$ 2	\$ 7,902,865
State Sources	1,349,771	213,990	67,200	442,598	50,000	-	-	2,123,559
Federal Sources	750,303	-	-	-	-	-	-	750,303
On-Behalf Payments	2,262,339	-	-	-	-	-	-	2,262,339
	<u>\$ 10,381,548</u>	<u>\$ 1,264,788</u>	<u>\$ 262,537</u>	<u>\$ 742,041</u>	<u>\$ 380,866</u>	<u>\$ 7,284</u>	<u>\$ 2</u>	<u>\$ 13,039,066</u>
EXPENDITURES DISBURSED								
Instruction	\$ 4,366,636	\$ -	\$ -	\$ -	\$ 95,392	\$ -	\$ -	\$ 4,462,028
Support Services	2,744,496	1,096,629	-	513,201	229,000	1,343,927	-	5,927,253
Community Services	26,274	-	-	-	2,918	-	-	29,192
Payments to Other Districts and Governmental Units	278,873	-	-	-	-	-	-	278,873
Debt Services	-	-	256,573	-	-	-	-	256,573
On-Behalf Payments	2,262,339	-	-	-	-	-	-	2,262,339
	<u>\$ 9,678,618</u>	<u>\$ 1,096,629</u>	<u>\$ 256,573</u>	<u>\$ 513,201</u>	<u>\$ 327,310</u>	<u>\$ 1,343,927</u>	<u>\$ -</u>	<u>\$ 13,216,258</u>
EXCESS OR (DEFICIENCY) OF REVENUE RECEIVED OVER EXPENDITURES DISBURSED	\$ 702,930	\$ 168,159	\$ 5,964	\$ 228,840	\$ 53,556	\$ (1,336,643)	\$ 2	\$ (177,192)
FUND BALANCE - JULY 1, 2015	4,576,425	501,809	108,067	562,117	106,174	1,857,189	508	7,712,289
FUND BALANCE - JUNE 30, 2016	<u>\$ 5,279,355</u>	<u>\$ 669,968</u>	<u>\$ 114,031</u>	<u>\$ 790,957</u>	<u>\$ 159,730</u>	<u>\$ 520,546</u>	<u>\$ 510</u>	<u>\$ 7,535,097</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF REVENUE RECEIVED
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	WORKING CASH	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED								
Local Sources								
Ad Valorem Taxes Levied								
Designated Purpose Levies	\$ 5,387,878	\$ 695,695	\$ 195,077	\$ 219,133	\$ 116,344	\$ -	\$ -	\$ 6,614,127
Leasing Levy	55,560	-	-	-	-	-	-	55,560
FICA/Medicare Only Purposes Levy	-	-	-	-	164,295	-	-	164,295
Payments in Lieu of Taxes								
Corporate Personal Property Replacement Taxes	190,349	293,000	-	50,000	50,000	-	-	583,349
Tuition								
Special Education Tuition from Other Districts (In State)	33,741	-	-	-	-	-	-	33,741
Interest on Investments	13,128	1,574	260	2,176	227	3,760	2	21,127
Food Service								
Sales to Pupils - Lunch	120,444	-	-	-	-	-	-	120,444
Sales to Pupils - Other	143	-	-	-	-	-	-	143
Sales to Adults	7,948	-	-	-	-	-	-	7,948
Other Food Service	6,126	-	-	-	-	-	-	6,126
District/School Activity Income								
Admissions - Athletic	2,805	-	-	-	-	-	-	2,805
Fees	33,870	-	-	-	-	-	-	33,870
Other District/School Activity Revenue	6,398	-	-	-	-	-	-	6,398
Textbooks								
Rentals - Regular Textbook	77,168	-	-	-	-	-	-	77,168
Rentals	-	17,559	-	-	-	-	-	17,559
Contributions and Donations from Private Sources	21,288	8,750	-	-	-	-	-	30,038
Impact Fees From Municipal or County Governments	-	-	-	-	-	3,524	-	3,524
Services Provided Other Districts	59,606	-	-	28,118	-	-	-	87,724
Refund of Prior Years' Expenditures	2,230	9,821	-	-	-	-	-	12,051
Other Local Revenues	453	24,399	-	16	-	-	-	24,868
Total Local Sources	\$ 6,019,135	\$ 1,050,798	\$ 195,337	\$ 299,443	\$ 330,866	\$ 7,284	\$ 2	\$ 7,902,865
State Sources								
Unrestricted Grants-In-Aid								
General State Aid - Sec. 18-8	\$ 750,000	\$ 213,990	\$ 67,200	\$ 140,000	\$ 50,000	\$ -	\$ -	\$ 1,221,190
Restricted Grants-In-Aid								
Special Education								
Private Facility Tuition	63,481	-	-	-	-	-	-	63,481
Extraordinary	137,494	-	-	-	-	-	-	137,494
Personnel	198,570	-	-	-	-	-	-	198,570
Orphanage - Individual	34,301	-	-	-	-	-	-	34,301
Summer School	1,993	-	-	-	-	-	-	1,993
Bilingual Education								
Downstate - TPI & TBE	17,797	-	-	-	-	-	-	17,797
State Free Lunch and Breakfast	1,735	-	-	-	-	-	-	1,735
Transportation								
Regular/Vocational	-	-	-	100,164	-	-	-	100,164
Special Education	-	-	-	193,334	-	-	-	193,334
Early Childhood - Block Grant	139,900	-	-	9,100	-	-	-	149,000
Other Restricted Revenue from State Sources	4,500	-	-	-	-	-	-	4,500
Total State Sources	\$ 1,349,771	\$ 213,990	\$ 67,200	\$ 442,598	\$ 50,000	\$ -	\$ -	\$ 2,123,559

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF REVENUE RECEIVED
ALL FUNDS EXCEPT AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	EDUCATIONAL	OPERATIONS AND MAINTENANCE	DEBT SERVICES	TRANSPOR- TATION	ILLINOIS MUNICIPAL RETIREMENT/ SOCIAL SECURITY	CAPITAL PROJECTS	WORKING CASH	TOTAL (MEMORANDUM ONLY)
REVENUE RECEIVED (Continued)								
Federal Sources								
Restricted Grants-In-Aid Received Directly from the								
Federal Government through the State								
Food Service								
National School Lunch Program	\$ 210,645	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 210,645
School Breakfast Program	35,622	-	-	-	-	-	-	35,622
Title I								
Low Income	142,295	-	-	-	-	-	-	142,295
Federal - Special Education								
Preschool - Flow Through	16,078	-	-	-	-	-	-	16,078
IDEA - Flow Through/Low Incidence	245,095	-	-	-	-	-	-	245,095
Title III - English Language Acquisition	13,000	-	-	-	-	-	-	13,000
Title II - Teacher Quality	21,968	-	-	-	-	-	-	21,968
Medicaid Matching Funds - Administrative Outreach	24,619	-	-	-	-	-	-	24,619
Medicaid Matching Funds - Fee-For-Service Program	40,981	-	-	-	-	-	-	40,981
Total Federal Sources	<u>\$ 750,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 750,303</u>
Total Direct Revenue	<u>\$ 8,119,209</u>	<u>\$ 1,264,788</u>	<u>\$ 262,537</u>	<u>\$ 742,041</u>	<u>\$ 380,866</u>	<u>\$ 7,284</u>	<u>\$ 2</u>	<u>\$ 10,776,727</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Salaries	\$ 2,739,228	\$ 2,558,800
Employee Benefits	392,628	375,043
Purchased Services	4,900	21,937
Supplies and Materials	137,485	105,653
Capital Outlay	25,500	17,727
Other Objects	200	-
Non-Capitalized Equipment	-	8,636
	<u>\$ 3,299,941</u>	<u>\$ 3,087,796</u>
Pre-K Programs		
Salaries	\$ 116,539	\$ 100,422
Employee Benefits	26,817	20,291
Purchased Services	1,200	1,633
Supplies and Materials	5,869	4,283
	<u>\$ 150,425</u>	<u>\$ 126,629</u>
Special Education Programs		
Salaries	\$ 640,852	\$ 636,174
Employee Benefits	152,863	126,767
Purchased Services	1,050	-
Supplies and Materials	25,496	21,408
Capital Outlay	-	2,902
Other Objects	125,000	113,491
Non-Capitalized Equipment	5,532	3,922
	<u>\$ 950,793</u>	<u>\$ 904,664</u>
Special Education Programs Pre-K		
Salaries	\$ 35,500	\$ 36,352
Employee Benefits	4,139	6,817
Supplies and Materials	1,750	1,446
	<u>\$ 41,389</u>	<u>\$ 44,615</u>
Interscholastic Programs		
Salaries	\$ 45,000	\$ 35,541
Employee Benefits	621	388
Purchased Services	8,000	5,929
Supplies and Materials	1,250	100
Capital Outlay	-	2,391
Other Objects	1,500	1,345
	<u>\$ 56,371</u>	<u>\$ 45,694</u>
Summer School Programs		
Salaries	\$ 7,500	\$ 6,563
Employee Benefits	994	858
	<u>\$ 8,494</u>	<u>\$ 7,421</u>
Bilingual Programs		
Salaries	\$ 105,206	\$ 127,521
Employee Benefits	19,800	22,024
Supplies and Materials	500	272
	<u>\$ 125,506</u>	<u>\$ 149,817</u>
Total Instruction	<u>\$ 4,632,919</u>	<u>\$ 4,366,636</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Salaries	\$ 190,000	\$ 176,771
Employee Benefits	26,312	23,582
Purchased Services	90	-
Supplies and Materials	750	372
	<u>\$ 217,152</u>	<u>\$ 200,725</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Pupils (Continued)		
Guidance Services		
Salaries	\$ 55,500	\$ 55,730
Employee Benefits	10,946	7,422
Purchased Services	-	70
Supplies and Materials	100	-
	<u>\$ 66,546</u>	<u>\$ 63,222</u>
Health Services		
Salaries	\$ 125,292	\$ 118,405
Employee Benefits	926	3,521
Purchased Services	25,050	23,021
Supplies and Materials	3,250	933
Other Objects	300	120
	<u>\$ 154,818</u>	<u>\$ 146,000</u>
Psychological Services		
Salaries	\$ 99,000	\$ 98,421
Employee Benefits	8,643	8,624
Supplies and Materials	2,750	468
	<u>\$ 110,393</u>	<u>\$ 107,513</u>
Speech Pathology and Audiology Services		
Salaries	\$ 212,000	\$ 215,121
Employee Benefits	10,186	9,961
Purchased Services	-	514
Supplies and Materials	1,250	1,513
	<u>\$ 223,436</u>	<u>\$ 227,109</u>
Other Support Services - Pupils		
Salaries	\$ 10,000	\$ 8,506
Employee Benefits	-	35
	<u>\$ 10,000</u>	<u>\$ 8,541</u>
Total Support Services - Pupils	<u>\$ 782,345</u>	<u>\$ 753,110</u>
Instructional Staff		
Improvement of Instruction Services		
Salaries	\$ 10,000	\$ 9,264
Employee Benefits	138	187
Purchased Services	37,811	47,001
Supplies and Materials	138,865	167,824
Non-Capitalized Equipment	5,000	3,517
	<u>\$ 191,814</u>	<u>\$ 227,793</u>
Educational Media Services		
Salaries	\$ 42,550	\$ 41,560
Employee Benefits	14,210	13,998
Purchased Services	1,375	1,310
Supplies and Materials	4,850	4,509
	<u>\$ 62,985</u>	<u>\$ 61,377</u>
Assessment and Testing		
Supplies and Materials	\$ 5,000	\$ 5,000
	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Total Support Services - Instructional Staff	<u>\$ 259,799</u>	<u>\$ 294,170</u>
General Administration		
Board of Education Services		
Salaries	\$ 7,750	\$ 7,725
Employee Benefits	40,500	30,290
Purchased Services	161,961	139,763
Supplies and Materials	7,500	8,514
Other Objects	15,000	14,055
	<u>\$ 232,711</u>	<u>\$ 200,347</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
General Administration (Continued)		
Executive Administration Services		
Salaries	\$ 171,376	\$ 173,266
Employee Benefits	50,875	47,674
Purchased Services	4,000	3,361
Supplies and Materials	2,000	2,019
Other Objects	2,539	2,998
	<u>\$ 230,790</u>	<u>\$ 229,318</u>
Special Area Administration Services		
Salaries	\$ 80,480	\$ 80,867
Employee Benefits	29,889	11,788
Purchased Services	2,500	3,559
Supplies and Materials	1,250	883
Other Objects	250	1,466
	<u>\$ 114,369</u>	<u>\$ 98,563</u>
Total Support Services - General Administration	<u>\$ 577,870</u>	<u>\$ 528,228</u>
School Administration		
Office of the Principal Services		
Salaries	\$ 319,500	\$ 317,207
Employee Benefits	100,797	85,909
Purchased Services	2,775	311
Supplies and Materials	18,500	17,587
Other Objects	1,500	1,136
	<u>\$ 443,072</u>	<u>\$ 422,150</u>
Total Support Services - School Administration	<u>\$ 443,072</u>	<u>\$ 422,150</u>
Business		
Direction of Business Support Services		
Salaries	\$ 69,000	\$ 68,892
Employee Benefits	5,435	5,404
Purchased Services	1,736	1,264
Supplies and Materials	100	-
Other Objects	500	325
	<u>\$ 76,771</u>	<u>\$ 75,885</u>
Fiscal Services		
Salaries	\$ 34,000	\$ 33,297
Employee Benefits	155	128
Purchased Services	550	556
Supplies and Materials	1,250	239
Other Objects	-	755
	<u>\$ 35,955</u>	<u>\$ 34,975</u>
Food Services		
Salaries	\$ 150,000	\$ 143,624
Employee Benefits	23,487	28,023
Purchased Services	4,550	2,337
Supplies and Materials	194,568	169,205
Other Objects	1,500	1,464
Non-Capitalized Equipment	2,000	-
	<u>\$ 376,105</u>	<u>\$ 344,653</u>
Total Support Services - Business	<u>\$ 488,831</u>	<u>\$ 455,513</u>
Central		
Planning, Research, Development and Evaluation Services		
Supplies and Materials	\$ -	\$ 4,032
	<u>\$ -</u>	<u>\$ 4,032</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
Central (Continued)		
Information Services		
Salaries	\$ 62,750	\$ 60,184
Employee Benefits	7,215	7,088
Purchased Services	-	2,385
Supplies and Materials	750	476
Other Objects	28,000	26,372
	<u>\$ 98,715</u>	<u>\$ 96,505</u>
Staff Services		
Salaries	\$ -	\$ 2,347
Employee Benefits	-	484
	<u>\$ -</u>	<u>\$ 2,831</u>
Data Processing Services		
Salaries	\$ 80,000	\$ 79,040
Employee Benefits	16,820	14,058
Purchased Services	16,000	9,868
Supplies and Materials	55,000	72,866
Capital Outlay	10,000	-
Other Objects	-	245
Non-Capitalized Equipment	20,000	11,880
	<u>\$ 197,820</u>	<u>\$ 187,957</u>
Total Support Services - Central	<u>\$ 296,535</u>	<u>\$ 291,325</u>
Total Support Services	<u>\$ 2,848,452</u>	<u>\$ 2,744,496</u>
Community Services		
Salaries	\$ 23,441	\$ 21,608
Employee Benefits	1,200	1,623
Purchased Services	3,604	2,203
Supplies and Materials	3,705	840
Total Community Services	<u>\$ 31,950</u>	<u>\$ 26,274</u>
Payments to Other Districts and Governmental Units		
Payments to Other Districts and Other Governmental Units (In-State)		
Payments for Special Education Programs		
Purchased Services	\$ 30,000	\$ 17,416
	<u>\$ 30,000</u>	<u>\$ 17,416</u>
Other Payments to In-State Governmental Units		
Other Objects	\$ 7,750	\$ 5,727
	<u>\$ 7,750</u>	<u>\$ 5,727</u>
Total Payments to Other Districts and Governmental Units (In-State)	<u>\$ 37,750</u>	<u>\$ 23,143</u>
Payments to Other Districts and Governmental Units-Tuition (In-State)		
Payments for Special Education Programs		
Other Objects	\$ 225,000	\$ 255,730
Total Payments to Other Districts and Governmental Units-Tuition (In-State)	<u>\$ 225,000</u>	<u>\$ 255,730</u>
Total Payments to Other Districts and Governmental Units	<u>\$ 262,750</u>	<u>\$ 278,873</u>
Total Direct Expenditures	<u>\$ 7,776,071</u>	<u>\$ 7,416,279</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
 STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
 OPERATIONS AND MAINTENANCE FUND
 FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Operation and Maintenance of Plant Services		
Salaries	\$ 347,100	\$ 353,809
Employee Benefits	58,200	57,532
Purchased Services	304,867	356,685
Supplies and Materials	216,000	199,498
Capital Outlay	220,000	98,905
Other Objects	-	201
Non-Capitalized Equipment	20,000	29,999
	<u>\$ 1,166,167</u>	<u>\$ 1,096,629</u>
Total Support Services - Business	<u>\$ 1,166,167</u>	<u>\$ 1,096,629</u>
Total Support Services	<u>\$ 1,166,167</u>	<u>\$ 1,096,629</u>
Total Direct Expenditures	<u>\$ 1,166,167</u>	<u>\$ 1,096,629</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
DEBT SERVICES FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Debt Services		
Interest		
Other Interest on Long-Term Debt		
Other Objects	\$ 97,588	\$ 97,587
Total Debt Services - Interest	<u>\$ 97,588</u>	<u>\$ 97,587</u>
Debt Services - Payment of Principal on Long-Term Debt		
Other Objects	\$ 157,162	\$ 157,161
Total Debt Services - Payment of Principal on Long-Term Debt	<u>\$ 157,162</u>	<u>\$ 157,161</u>
Debt Services - Other		
Other Objects	\$ 3,000	\$ 1,825
Total Debt Services - Other	<u>\$ 3,000</u>	<u>\$ 1,825</u>
Total Debt Services	<u>\$ 257,750</u>	<u>\$ 256,573</u>
Total Direct Expenditures	<u><u>\$ 257,750</u></u>	<u><u>\$ 256,573</u></u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Pupil Transportation Services		
Salaries	\$ 351,850	\$ 319,515
Employee Benefits	15,195	7,185
Purchased Services	133,950	95,201
Supplies and Materials	100,500	76,166
Capital Outlay	85,000	11,428
Other Objects	5,000	1,803
Non-Capitalized Equipment	25,000	1,903
	<u>\$ 716,495</u>	<u>\$ 513,201</u>
Total Support Services - Business	<u>\$ 716,495</u>	<u>\$ 513,201</u>
Total Support Services	<u>\$ 716,495</u>	<u>\$ 513,201</u>
Total Direct Expenditures	<u><u>\$ 716,495</u></u>	<u><u>\$ 513,201</u></u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Instruction		
Regular Programs		
Employee Benefits	\$ 48,940	\$ 44,235
Pre-K Programs		
Employee Benefits	-	4,933
Special Education Programs		
Employee Benefits	51,908	41,121
Special Education Programs - Pre-K		
Employee Benefits	1,432	1,397
Remedial and Supplemental Programs - K-12		
Employee Benefits	2,396	1,412
Summer School Programs		
Employee Benefits	-	95
Bilingual Programs		
Employee Benefits	2,018	2,199
Total Instruction	<u>\$ 106,694</u>	<u>\$ 95,392</u>
Support Services		
Pupils		
Attendance and Social Work Services		
Employee Benefits	\$ 3,111	\$ 2,563
Guidance Services		
Employee Benefits	1,063	808
Health Services		
Employee Benefits	15,651	12,639
Psychological Services		
Employee Benefits	2,178	1,427
Speech Pathology and Audiology Services		
Employee Benefits	2,242	3,119
Other Support Services - Pupils		
Employee Benefits	1,576	997
Total Supports Services - Pupils	<u>\$ 25,821</u>	<u>\$ 21,553</u>
Instructional Staff		
Improvement of Instruction Services		
Employee Benefits	\$ 704	\$ 219
Educational Media Services		
Employee Benefits	8,260	6,782
Total Support Services - Instructional Staff	<u>\$ 8,964</u>	<u>\$ 7,001</u>
General Administration		
Board of Education Services		
Employee Benefits	\$ 1,540	\$ 1,258
Executive Administration Services		
Employee Benefits	12,019	10,317
Special Area Administrative Services		
Employee Benefits	4,665	4,073
Total Support Services - General Administration	<u>\$ 18,224</u>	<u>\$ 15,648</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
ILLINOIS MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED (Continued)		
Support Services (Continued)		
School Administration		
Office of the Principal Services		
Employee Benefits	\$ 26,524	\$ 22,713
Total Support Services - School Administration	<u>\$ 26,524</u>	<u>\$ 22,713</u>
Business		
Direction of Business Support Services		
Employee Benefits	\$ 14,775	\$ 12,061
Fiscal Services		
Employee Benefits	6,623	5,420
Operation and Maintenance of Plant Services		
Employee Benefits	65,046	54,498
Pupil Transportation Services		
Employee Benefits	53,946	44,979
Food Services		
Employee Benefits	26,663	22,419
Total Support Services - Business	<u>\$ 167,053</u>	<u>\$ 139,377</u>
Central		
Information Services		
Employee Benefits	\$ 12,009	\$ 10,001
Staff Services		
Employee Benefits	-	34
Data Processing Services		
Employee Benefits	15,439	12,673
Total Support Services - Central	<u>\$ 27,448</u>	<u>\$ 22,708</u>
Total Support Services	<u>\$ 274,034</u>	<u>\$ 229,000</u>
Community Services		
Employee Benefits	\$ 4,272	\$ 2,918
Total Community Services	<u>\$ 4,272</u>	<u>\$ 2,918</u>
Total Direct Expenditures	<u>\$ 385,000</u>	<u>\$ 327,310</u>

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

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
STATEMENT OF EXPENDITURES DISBURSED - BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2016

	BUDGET	ACTUAL
EXPENDITURES DISBURSED		
Support Services		
Business		
Facilities Acquisition and Construction Services		
Purchased Services	\$ 22,500	\$ 135,135
Capital Outlay	1,428,694	1,208,792
Total Support Services - Business	<u>\$ 1,451,194</u>	<u>\$ 1,343,927</u>
Total Support Services	<u>\$ 1,451,194</u>	<u>\$ 1,343,927</u>
Total Direct Expenditures	<u><u>\$ 1,451,194</u></u>	<u><u>\$ 1,343,927</u></u>

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

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Marengo-Union Elementary Consolidated School District No. 165's (District) accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. *Principles Used to Determine Scope of Entity*

The reporting entity includes the governing board and all related organizations for which the District exercises oversight responsibility.

The District has developed criteria to determine whether outside agencies with activities which benefit its citizens, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria include, but are not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships.

The joint agreement has been determined not to be part of the reporting entity after applying the manifesting of oversight, scope of public service, and special financing relationships criteria and is therefore excluded from the accompanying financial statements because the District does not control the assets, operations, or management of the joint agreement. In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

B. *Basis of Presentation – Fund Accounting*

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. 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, revenue received, and expenditures disbursed. The District maintains individual funds required by the State of Illinois. 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 purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

Educational Fund – The Educational Fund is the general operating fund of the District. It is used to account for all transactions that are not specifically covered in another fund. Certain expenditures that must be charged to this fund include the direct costs of instructional programs, health and attendance services, lunch programs, all costs of administration, and related insurance costs. Certain revenues that must be credited to this fund include educational tax levies, tuition, and textbook rentals. Special Education is included in this fund.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basis of Presentation – Fund Accounting (Continued)*

Operations and Maintenance Fund – The Operations and Maintenance Fund is used to account for all costs of maintaining, improving, or repairing school buildings and property, renting buildings and property for school purposes, and paying of premiums for insurance on school buildings. Operations of this fund are generally financed by a special tax levied for these purposes.

Debt Services Fund – The Debt Services Fund is used to account for the accumulation of funds for the periodic payment of principal, interest, and related fees on general long-term debt.

Transportation Fund – The Transportation Fund is used to account for the costs associated with transporting pupils for any purpose. Revenue received for transportation purposes from any source must be deposited into this fund, including property taxes levied and state grants received for these purposes.

Illinois Retirement/Social Security Fund – The Illinois Retirement/Social Security Fund is used to account for costs of providing retirement benefits under Illinois Municipal Retirement Fund and Social Security, if there are separate taxes levied for these purposes. If separate taxes are not levied for these purposes, then the payments shall be charged to the fund where the salaries are charged.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities and contributions and donations from private sources.

Working Cash Fund – The Working Cash Fund is used to account for a separate tax levied for working cash purposes and for any bonds sold for this purpose. Cash available in this fund may be loaned to any fund of the District.

Agency Fund – The Agency Fund is used to account for Student Activity Funds and Convenience Accounts, which are assets held by the District as an agent for the students and teachers. This fund is custodial in nature and does not involve the measurement of the results of operations. The amounts due to the Activity Fund organizations are equal to the assets.

General Fixed Assets Account Group – The General Fixed Assets Account Group is used to record physical assets of the District that have a long-term (i.e. more than one year) period of usefulness.

General Long-Term Debt Account Group – The General Long-Term Debt Account Group is used to record total bonded debt and other long-term debt of the District.

Measurement Focus

The financial statements of all funds, except the agency fund and two account groups, focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. *Basis of Presentation – Fund Accounting (Continued)*

General Fixed Assets and General Long-Term Debt Account Groups

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. Fixed assets used in operations are accounted for in the General Fixed Assets Account Group rather than in the funds. Long-term liabilities expected to be financed from the funds are accounted for in the General Long-Term Debt Account Group, not in the funds.

The two account groups are not “funds.” They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

C. *Basis of Accounting*

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Proceeds from sales of bonds are included as other financing sources in the appropriate fund on the date received. Related bond principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

If the District utilized accounting principles generally accepted in the United States of America, the basic financial statements would be replaced with government-wide financial statements and fund financial statements. The fund financial statements would use the modified accrual basis of accounting. The government-wide financial statements would be presented on the accrual basis of accounting.

D. *Budgets and Budgetary Accounting*

The budget for all funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The budget was passed on July 28, 2015.

For each fund, total fund disbursements may not legally exceed the budgeted disbursements. The budget lapses at the end of each fiscal year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. *Budgets and Budgetary Accounting (Continued)*

1. 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.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

E. *Cash and Cash Equivalents and Investments*

Separate bank accounts are not maintained for all District funds. Instead, the funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. Such overdrafts in effect constitute cash borrowed from other District funds and are, therefore, interfund loans which have not been authorized by School Board action

No District fund had a cash overdraft at June 30, 2016.

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents are accounted for at cost, which approximates market.

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization.

F. *Inventories*

It is the District's policy to charge all purchases of items for resale or supplies to expenditures when purchased. No inventory accounts are maintained to reflect the values of resale or supply items on hand.

G. *Interfund Activity*

Interfund activity is reported either as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses.

Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. *General Fixed Assets*

General fixed assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as disbursements in the funds for which the asset was purchased and capitalized at cost, if over \$2,000, in the General Fixed Assets Account Group. Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge, which is calculated on a straight-line basis with useful lives of 50 years for Buildings, 20 years for Improvements Other than Buildings, and 5 to 10 years for Equipment).

I. *Governmental Fund Balances*

Governmental fund balances are reported as “reserved” because they are legally segregated for a specific future use. The remaining balances are “unreserved” fund balances. From time to time, the Board agrees to set aside or “designate” resources for future uses – such as for specific capital projects. These unreserved, designated balances are based on management’s tentative plans and can be changed.

J. *Property Tax Calendar and Revenues*

Property taxes are levied each calendar year on all taxable real property located in the District on or before the last Tuesday in December. The 2015 tax levy was passed by the Board on November 24, 2015. The 2014 tax levy was passed by the Board on November 25, 2014. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year they are for and are payable in two installments early in June and early in September of the following calendar year. The District receives significant distributions of tax receipts within one month after these dates.

K. *Total Memorandum Only*

The “Total Memorandum Only” column represents the aggregation (by addition) of the line item amounts reported for each fund and account group. No consolidating or other eliminations were made in arriving at the totals; thus they do not present consolidated information.

These totals are presented only to facilitate financial analysis and are not intended to reflect the financial position or results of operations of the District as a whole.

NOTE 2 - DEPOSITS AND INVESTMENTS

A. *Deposits*

The District is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 30, Section 235/2 and 6; and Chapter 105, Section 5/8-7.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District has a policy that all deposits and investments in excess of any insurance shall be collateralized by pledged securities and the market value of the pledged securities shall equal or exceed the portion of deposit requiring collateralization. As of June 30, 2016, \$0 of the District’s bank balance of \$7,603,581 was exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

B. *Investments*

As of June 30, 2016 the District had the following investments:

Investment	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
State Investment Pool	\$ 522,012	\$ 522,012	\$ -	\$ -	\$ -

The fair value of investments in the State Investment Pool is the same as the value of pool shares. The State Investment Pool is not SEC-registered, but does have regulatory oversight through the State of Illinois.

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

Credit Risk – State law limits investments based on credit risk. The District has an investment policy that would further limit its investment choices. As of June 30, 2016 the District’s investments were rated as follows:

Investments	Credit Rating	Rating Source
State Investment Pool	AAAm	Standard and Poor’s

NOTE 3 - FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2016:

- State Investment Pools of \$522,012 are valued using quoted market prices (Level 1 inputs)

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Land	\$ 59,496	\$ -	\$ -	\$ 59,496
Building and Building Improvements	4,740,429	1,048,695	-	5,789,124
Site Improvements and Infrastructure	313,107	203,639	40,737	476,009
Capitalized Equipment	2,252,428	89,811	65,140	2,277,099
	<u>\$ 7,365,460</u>	<u>\$ 1,342,145</u>	<u>\$ 105,877</u>	<u>\$ 8,601,728</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT

	Balance		Retirement/	Balance	Amounts
	June 30, 2015	Additions	Refunded	June 30, 2016	Due Within
					One Year
SEDOM Special Education Bonds Dated: 10/24/07	\$ 8,675	\$ -	\$ 8,675	\$ -	\$ -
Limited General Obligation Bonds Dated: 9/15/09	265,000	-	85,000	180,000	65,000
Limited General Obligation Bonds Dated: 2/28/11	405,000	-	10,000	395,000	15,000
Limited GO Bonds Series A Date: 5/6/15	2,075,000	-	-	2,075,000	-
Limited GO Bonds Series B Date: 5/6/15	330,000	-	-	330,000	-
Technology Loan Date: 12/13/13	80,631	-	53,486	27,145	27,145
	<u>\$ 3,164,306</u>	<u>\$ -</u>	<u>\$ 157,161</u>	<u>\$ 3,007,145</u>	<u>\$ 107,145</u>

Bonds and leases payable consisted of the following at June 30, 2016:

	Maturity Date	Interest Rate	Face Amount	Carrying Amount
Limited General Obligation Bonds dated 9/15/09	1/1/2019	3.50% - 4.75%	\$ 1,080,000	\$ 180,000
Limited General Obligation Bonds dated 2/28/11	2/1/2022	4.375%	575,000	395,000
Limited GO Bonds Series A dated 5/6/15	2/1/2035	4.00%	2,075,000	2,075,000
Limited GO Bonds Series B dated 5/6/15	2/1/2025	2.50% - 3.00%	330,000	330,000
Technology Loan dated 12/13/13	12/1/2016	2.00%	159,275	27,145

In 2015, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016, \$395,000 of bonds is considered defeased.

At June 30, 2016, the annual debt service requirements to service all bonded debt are:

Year Ending June 30	Principal	Interest	Total
2017	\$ 107,145	\$ 116,559	\$ 223,704
2018	90,000	112,675	202,675
2019	95,000	109,156	204,156
2020	105,000	105,900	210,900
2021	110,000	101,306	211,306
2022 - 2026	670,000	440,157	1,110,157
2027 - 2031	900,000	298,000	1,198,000
2032 - 2035	930,000	95,400	1,025,400
	<u>\$ 3,007,145</u>	<u>\$ 1,379,153</u>	<u>\$ 4,386,298</u>

NOTE 6 - INTERFUND LOANS

The District had no outstanding interfund loans as of June 30, 2016.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 - SPECIAL TAX LEVIES AND RESERVED EQUITY

A. *Special Education Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Educational Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balance. Accordingly, there is no reserved fund balance for this tax levy.

B. *Social Security Tax Levy*

Revenues and the related expenditures of this reserved tax levy are accounted for in the Illinois Municipal Retirement/Social Security Fund. The current year expenditures exceeded the current year revenues and any prior year carryover balance. Accordingly, there is no reserved fund balance for this tax levy.

C. *Developer Donations*

Revenues and the related expenditures of these reserved donations are accounted for in the Capital Projects Fund. This fund's equity represents the excess of cumulative receipts over cumulative disbursements which is reserved for future brick, mortar, and land expenses. The current year expenditures exceeded the current year revenues and any prior year carryover balance. Accordingly, there is no reserved fund balance for this fund.

NOTE 8 - DESIGNATED FUND BALANCE

The District has designated receipts from the 2015 tax levy for expenditures to be incurred during fiscal year 2017. Amounts have only been designated to the extent the funds had not already been spent at June 30, 2016. At June 30, 2016 the following balances were designated:

Fund	Amount
Educational	\$ 2,860,066
Operations and Maintenance	376,801
Debt Services	116,324
Transportation	49,422
Illinois Municipal Retirement/Social Security	103,964
	<u>\$ 3,506,577</u>

NOTE 9 - DEFICIT FUND BALANCE

No fund had a deficit fund balance at June 30, 2016.

NOTE 10 - PROPERTY TAXES

Taxes recorded in these financial statements are from the 2015 (\$3,628,217) and 2014 (\$3,205,765) tax levies. A summary of assessed valuations, rates, and extensions for tax years 2015, 2014, and 2013 follows:

Tax Year Assessed Valuation	2015		2014		2013	
	Rate	Extension	Rate	Extension	Rate	Extension
		\$200,580,523		\$193,331,829		\$202,502,695
Educational	2.7071	\$ 5,429,889	2.7851	\$ 5,384,568	2.6115	\$ 5,288,323
Special Education	0.0279	55,992	0.0287	55,523	0.0269	54,530
Operations and Maintenance	0.3566	715,364	0.3514	679,285	0.3294	667,141
Debt Service	0.0984	197,377	0.1004	194,090	0.0936	189,507
Transportation	0.1101	220,843	0.1133	218,999	0.1062	215,082
Municipal Retirement	0.0468	93,830	0.0737	142,551	0.0691	140,000
Social Security	0.0872	174,944	0.0795	153,681	0.0745	150,933
	<u>3.4342</u>	<u>\$ 6,888,240</u>	<u>3.5321</u>	<u>\$ 6,828,697</u>	<u>3.3113</u>	<u>\$ 6,705,516</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 11 - OVEREXPENDITURE OF BUDGET

For the year ended June 30, 2016, no fund's expenditures exceeded the budget.

NOTE 12 - LEASE AGREEMENTS

On February 25, 2013, the District's Board of Education entered into a lease agreement with the Governing Board of the McHenry County Regional Office of Education (ROE) with Special Education District of McHenry County (SEDOM) acting as fiscal agent for ROE, to lease to ROE an old school building that the District is no longer using. The lease requires a total annual payment of \$10,000 payable in quarterly installments of \$2,500 due the first day of each quarter starting July 1, 2013. The building and land will remain a property asset of the District. Annual lease payments for the lease are:

<u>Year Ending June 30</u>	<u>Amount</u>
2016	<u>\$ 11,000</u>

On November 25, 2013, the District entered into an operating lease for a postage machine at Marengo Community Middle School. This lease is for 60 months at \$159 per quarter.

On February 7, 2014, the District entered into an operating lease for a postage machine at Locust School. This lease is for 60 months at \$159 per quarter.

Minimum annual lease payments are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2017	\$ 1,272
2018	1,272
2019	795
	<u>\$ 3,339</u>

Rental expense for the year ended June 30, 2016 was \$1,272.

NOTE 13 - RETIREMENT FUND COMMITMENTS

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

➤ **General Information About the Pension Plan**

○ **Plan Description**

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

TRS issues a publicly available financial report that can be obtained at <http://trs.illinois.gov/pubs/cafr>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **General Information About the Pension Plan** (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 ten 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 ten 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% of final average salary up to a maximum of 75% with 34 years of service. Disability and death benefits are also provided.

Tier II members qualify for retirement benefits at age 67 with ten years of service, or a discounted annuity can be paid at age 62 with ten 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% 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 3% of the original benefit or ½% 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% 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% of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

▪ **On-Behalf Contributions to TRS**

The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2016, State of Illinois contributions recognized by the District were based on the State's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$2,217,023 in pension contributions from the State of Illinois.

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **General Information About the Pension Plan** (Continued)

○ **Contributions** (Continued)

▪ **2.2 Formula Contributions**

Employers contribute 0.58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$24,564.

▪ **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, 2016, the District pension contribution was 36.06% of salaries paid from federal and special trust funds. For the year ended June 30, 2015, salaries totaling \$8,748 were paid from federal and special trust funds that required District contributions of \$3,155.

▪ **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 Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program is 146.5% and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District paid \$0 to TRS for employer ERO contributions.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6% 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, 2016, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6% and \$0 for sick leave days granted in excess of the normal annual allotment.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2016, the District has a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the District. The State's support and total are for disclosure purposes only. The District's proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's proportionate share of the net pension liability	\$ 27,060,484
District's proportionate share of the net pension liability	523,625
Total Net Pension Liability	<u>\$ 27,584,109</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014 and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2015, the District's proportion was 0.0007993%, which was an increase of .0000794% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District recognized pension expense of \$2,217,023 and revenue of \$2,217,023 for support provided by the State. At June 30, 2016, the District's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ 195	\$ (574)	\$ (379)
Net difference between projected and actual earnings on pension investments	10,370	(18,336)	(7,966)
Assumption changes	7,241	-	7,241
Changes in proportion and differences between employer contributions and proportionate share of contributions	40,427	(260,544)	(220,117)
Employer contributions subsequent to the measurement date	27,718	-	27,718
	<u>\$ 85,951</u>	<u>\$ (279,454)</u>	<u>\$ (193,503)</u>

\$27,718 of deferred outflows of resources related to pensions results from employer contributions subsequent to the measurement date. Other deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

Year Ending June 30	
2017	\$ (74,981)
2018	(74,981)
2019	(74,981)
2020	3,724
	<u>\$ (221,219)</u>

○ **Actuarial Assumptions**

The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary Increases	varies by amount of service credit
Investment Rate of Return	7.5%, net of pension plan investment expenses, 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 GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5%, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0% to 7.5%. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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:

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

○ **Actuarial Assumptions** (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18.0%	7.53%
Global equity excluding U.S.	18.0%	7.88%
Aggregate bonds	16.0%	1.57%
U.S. TIPS	2.0%	2.82%
NCREIF	11.0%	5.11%
Opportunistic real estate	4.0%	9.09%
ARS	8.0%	2.57%
Risk Parity	8.0%	4.87%
Diversified inflation strategy	1.0%	3.26%
Private Equity	14.0%	12.33%
Total	100.0%	

○ **Discount Rate**

At June 30, 2015, the discount rate used to measure the total pension liability was a blended rate of 7.47%, which was a change from the June 30, 2014 rate of 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and State contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2015 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

○ **Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.47%) or 1-percentage-point-higher (8.47%) than the current rate.

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

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

➤ **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

○ **Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** (Continued)

	1% Decrease 6.47%	Current Discount Rate 7.47%	1% Increase 8.47%
Employer's proportionate share of the net pension liability	\$ 647,072	\$ 523,625	\$ 422,395

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

B. *Illinois Municipal Retirement Fund*

➤ **Plan Description**

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District's plan is 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. That report may be obtained on-line 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 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

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

B. *Illinois Municipal Retirement Fund* (Continued)

➤ **Benefits Provided** (Continued)

rate of earnings is the highest total earnings during any consecutive 48 months within the last ten 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.

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 ten 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**

All appointed employees of a participating employer who are employed in a position normally requiring 600 hours (1,000 hours for certain employees hired after 1981) or more of work in a year are required to participate. At December 31, 2015, the measurement date, the District's membership consisted of:

Retirees and beneficiaries currently receiving benefits	47
Inactive plan members entitled to but not yet receiving benefits	54
Active plan members	<u>63</u>
Total	<u><u>164</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 for calendar year 2015 was 12.96%. For the fiscal year ended June 30, 2016, the District contributed \$135,998 to the Plan. 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.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

B. *Illinois Municipal Retirement Fund* (Continued)

➤ **Net Pension Liability**

The components of the net pension liability of the IMRF as of December 31, 2015, calculated in accordance with GASB Statement No. 68 were as follows:

Total Pension Liability	\$	6,721,960
IMRF Fiduciary Net Position		7,121,745
District's Net Pension Liability/(Asset)	\$	<u>(399,785)</u>
IMRF Fiduciary Net Position as a Percentage of the Total Pension Liability		105.95%

See the Schedule of Changes in the Employer's Net Pension Liability and Related Ratios in the Supplemental Information following the notes to the financial statements for additional information related to the funded status of the Plan.

➤ **Actuarial Assumptions**

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2015 using the following actuarial methods and assumptions.

Assumptions	
Inflation	3.50%
Price Inflation	2.75%
Salary Increases	3.75% - 14.50% including inflation
Interest Rate	7.50%
Asset Valuation Method	Market value of assets
Projected Retirement Age	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 2014). 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 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

➤ **Long-Term Expected Rate of Return**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

B. *Illinois Municipal Retirement Fund* (Continued)

➤ **Long-Term Expected Rate of Return**

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:

Asset Class	Target Allocation	Projected Return
Equities	38.0%	7.39%
International Equities	17.0%	7.59%
Fixed Income	27.0%	3.00%
Real Estate	8.0%	6.00%
Alternatives	9.0%	
Private Equity		8.15%
Hedge Funds		5.25%
Commodities		2.75%
Cash	1.0%	2.25%
	100.0%	

➤ **Single Discount Rate**

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).

For the purpose of this discount rate, the expected rate of return on pension plan investments is 7.50%; the municipal bond rate is 3.57%; and resulting single discount rate is 7.50%.

➤ **Discount Rate Sensitivity**

The following is a sensitive analysis of the net pension liability to changes in the discount rate. The table below presents the pension liability of the District calculated using the discount rate of 7.50% as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 469,015	\$ (399,785)	\$ (1,114,839)

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 13 - RETIREMENT FUND COMMITMENTS (Continued)

B. *Illinois Municipal Retirement Fund* (Continued)

➤ **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended June 30, 2016, the District's pension expense is \$2,782,699. At June 30, 2016, the District's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were as follows:

	Outflows of Resources	Inflows of Resources	Net Outflows of Resources
Differences between expected and actual experience	\$ -	\$ 3,476,012	\$ (3,476,012)
Net difference between projected and actual earnings on pension investments	654,823	-	654,823
Total deferred amounts to be recognized in pension expense in future periods	\$ 654,823	\$ 3,476,012	\$ (2,821,189)
Pension contributions made subsequent to the measurement date	100,699	-	100,699
Total deferred amounts related to pensions	<u>\$ 755,522</u>	<u>\$ 3,476,012</u>	<u>\$ (2,720,490)</u>

Deferred outflows of resources and deferred inflows of resources related to pensions will be part of the pension expense in future years as follows:

Year Ending December 31	Net Deferred Outflows of Resources
2016	\$ (2,218,774)
2017	(914,134)
2018	171,550
2019	140,169
2020	-
Thereafter	-
	<u>\$ (2,821,189)</u>

NOTE 14 - POST EMPLOYMENT BENEFIT COMMITMENTS

Teacher Health Insurance Security Fund (THIS)

The District participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple-employer defined benefit post-employment healthcare plan that was established by the Illinois legislature for the benefit of retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but it does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitants 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% of the percentage of salary actually required to be paid in the previous fiscal year.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - POST EMPLOYMENT BENEFIT COMMITMENTS (Continued)

Teacher Health Insurance Security Fund (THIS) (Continued)

➤ **On behalf contributions to the THIS Fund**

The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07% of pay during the year ended June 30, 2016. State of Illinois contributions were \$45,316, and the District recognized revenue and expenditures of this amount during the year.

➤ **Employer contributions to the THIS Fund**

The District also makes contributions to the THIS Fund. The District THIS Fund contribution was 0.80% during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$33,881 to the THIS Fund, which was 100% of the required contribution.

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."

NOTE 15 - JOINT VENTURE - SPECIAL EDUCATION DISTRICT OF McHENRY COUNTY (SEDOM)

The District and seventeen other districts within McHenry County have entered into a joint agreement to provide special education programs and services to the students enrolled. Each member district has a financial responsibility for annual and special assessments as established by the management council.

A summary of financial condition (cash basis) of SEDOM at June 30, 2015 (most recent information available) is as follows:

Assets	\$ 11,908,203
Liabilities	\$ 207,942
Fund Equity	11,700,261
	<u>\$ 11,908,203</u>
Revenues Received	\$ 19,106,954
Expenditures Disbursed	19,237,846
Net Increase/(Decrease) in Fund Balance	<u>\$ (130,892)</u>

Complete financial statements for SEDOM can be obtained from the Administrative Offices at 1200 Claussen Drive, Woodstock, Illinois 60098.

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance to handle these risks of loss. During fiscal year 2016, there was no significant reduction in insurance coverage for any category. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 16 - RISK MANAGEMENT (Continued)

The District is a member of the Collective Liability Insurance Cooperative (CLIC), a joint risk management pool of school districts through which property, general liability, automobile liability, crime, excess property, excess liability, and boiler and coverage is provided in excess of specified limits for the members, acting as a single insurable unit.

The relationship between the District and CLIC is governed by a contract and by-laws that have been adopted by resolution of each unit's governing body. The District is contractually obligated to make all annual and supplementary contributions for CLIC, to report claims on a timely basis, cooperate with CLIC, its claims administrator and attorneys in claims investigation and settlement, and to follow risk management procedures as outlined by CLIC. Members have a contractual obligation to fund any deficit of CLIC attributable to a membership year during which they were members.

CLIC is responsible for administering the self-insurance program and purchasing excess insurance according to the direction of the Board of Directors. CLIC also provides its members with risk management services, including the defense and settlement of claims, and establishes reasonable and necessary loss of reduction and prevention procedures to be followed by the members.

The District is insured under a retrospectively-rated policy for workers' compensation coverage, whereas the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the year ended June 30, 2016, there were no significant adjustments in premiums based on actual experience.

NOTE 17 - CONTINGENCIES

The District is not aware of any pending litigation or potential nondisclosed liabilities that management believes would have a material adverse effect on the financial statements.

NOTE 18 - LEGAL DEBT LIMITATION

The Illinois Compiled Statutes limits the amount of indebtedness to 6.90% of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

2015 EAV	\$ 200,580,523
Rate	<u>6.90%</u>
Debt Margin	\$ 13,840,056
Current Debt	<u>3,007,145</u>
Remaining Debt Margin	<u><u>\$ 10,832,911</u></u>

NOTE 19 - SUBSEQUENT EVENTS

After year-end, the District was informed by the State that a portion of their fiscal year 2016 special education expenses needed to be paid from the general state aid funding in order to ensure that the State properly demonstrated maintenance of fiscal effort for IDEA Part B Flow Through. For the year ended June 30, 2016, \$1,981 of the District's special education expenses (in State expense line item 1200) was paid with general state aid.

The District has evaluated subsequent events through September 8, 2016 the date on which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended June 30, 2016, the District implemented GASB Statement No. 72, *Fair Value Measurement and Application*. This statement further clarifies how the fair value is determined for assets and liabilities. The statement also requires additional disclosures about the fair value measurement of the investments held by the District (see Note 3).

SUPPLEMENTAL FINANCIAL INFORMATION

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF CHANGES IN THE EMPLOYER'S NET PENSION
LIABILITY AND RELATED RATIOS
JUNE 30, 2016

	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
TOTAL PENSION LIABILITY		
Service Cost	\$ 166,847	\$ 176,683
Interest	897,532	1,031,283
Differences Between Expected and Actual Experience	(5,866,338)	(2,812,818)
Changes in Assumptions	-	533,473
Benefit Payments, Including Refunds of Member Contributions	<u>(719,513)</u>	<u>(694,570)</u>
Net Change in Total Pension Liability	\$ (5,521,472)	\$ (1,765,949)
 Total Pension Liability - Beginning	 <u>12,243,432</u>	 <u>14,009,381</u>
 Total Pension Liability - Ending	 <u>\$ 6,721,960</u>	 <u>\$ 12,243,432</u>
 PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 201,780	\$ 197,894
Contributions - Member	80,138	68,083
Net Investment Income	65,853	835,571
Benefit Payments, Including Refunds of Member Contributions	(719,513)	(694,570)
Other	<u>(5,896,001)</u>	<u>(929,668)</u>
Net Change in Plan Fiduciary Net Position	\$ (6,267,743)	\$ (522,690)
 Plan Net Position - Beginning	 <u>13,389,488</u>	 <u>13,912,178</u>
 Plan Net Position - Ending	 <u>\$ 7,121,745</u>	 <u>\$ 13,389,488</u>
 District's Net Pension Liability	 <u>\$ (399,785)</u>	 <u>\$ (1,146,056)</u>
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 105.95%	 109.36%
 Covered-Employee Payroll	 \$ 1,556,943	 \$ 1,512,951
 Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	 -25.68%	 -75.75%

* This information presented is based on the actuarial valuation performed as of the December 31 year end prior to the fiscal year end listed above.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

See Accompanying Independent Auditors' Opinion

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
ILLINOIS MUNICIPAL RETIREMENT FUND
SCHEDULE OF EMPLOYER CONTRIBUTION
JUNE 30, 2016

	<u>6/30/2016 *</u>	<u>6/30/2015 *</u>
Actuarially Determined Contribution	\$ 201,780	\$ 206,669
Contributions in relation to Actuarially Determined Contribution	<u>201,780</u>	<u>197,894</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ 8,775</u>
Covered-Employee Payroll	\$ 1,556,943	\$ 1,512,951
Contributions as a percentage of Covered-Employee Payroll	12.96%	13.08%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2015 Contribution Rate *

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

Actuarial Cost Method: Aggregate entry age = normal

Amortization Method: Level percentage of payroll, closed

Remaining Amortization Period: 28-year closed period until remaining reaches 15 years (then 15-year rolling period)

Asset Valuation Method: 5-year smoothed market; 20% corridor

Wage Growth: 4%

Price Inflation: 3%, approximate; No explicit price inflation assumption is used in this valuation.

Salary Increases: 4.40% to 16%, 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 2008 to 2010.

Mortality: RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men, 120% of the table rates were used. For women, 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward ten years.

*Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation; note two year lag between valuation and rate setting.

This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, information is presented for those years for which information is available.

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
 OF THE NET PENSION LIABILITY
 JUNE 30, 2016

	6/30/2016 *	6/30/2015 *
Employer's proportion of the Net Pension Liability	0.0007993%	0.0007199%
Employer's proportionate share of the Net Pension Liability	\$ 523,625	\$ 438,131
State's proportionate share of the Net Pension Liability associated with the employer	27,060,484	26,640,930
Total	\$ 27,584,109	\$ 27,079,061
Employer's Covered-Employee Payroll	\$ 4,177,686	\$ 4,314,585
Employer's proportionate share of the Net Pension Liability as a percentage of Covered-Employee Payroll	12.53%	10.15%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	41.50%	43.00%

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

Changes of Assumptions: Amounts reported in 2015 reflect an investment rate of return of 7.5%, an inflation rate of 3.0% and real return of 4.5%, and salary increases that vary by service credit. In 2014, assumptions used were an investment rate of return of 7.5%, an inflation rate of 3.0% and real return of 4.5%, and salary increases of 5.75%.

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
 TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
 SCHEDULE OF EMPLOYER CONTRIBUTION
 JUNE 30, 2016

	6/30/2016 *	6/30/2015 *
Statutorily-Required Contribution	\$ 27,999	\$ 27,999
Contributions in relation to the Statutorily - Required Contribution	28,008	27,999
Contribution deficiency/(excess)	\$ (9)	\$ -
Employer's Covered-Employee Payroll	\$ 4,177,686	\$ 4,314,585
Contributions as a percentage of Covered-Employee Payroll	0.67%	0.65%

* - This information presented is based on the actuarial valuation performed as of the prior June 30 year end.

See Accompanying Independent Auditors' Opinion

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

ASSETS	BALANCE JULY 1, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
Cash and Cash Equivalents	\$ 52,367	\$ 58,844	\$ 55,307	55,904
LIABILITIES				
Amount Due to Activity				
7th Grade	\$ 2,009	\$ -	\$ 2,009	\$ -
8th Grade	296	11,199	4,365	7,130
Field Trips - Challenger	2,409	2,944	2,600	2,753
Field Trips - Other	680	6,371	6,875	176
Grant	3,205	1,515	1,703	3,017
Interest	106	22	-	128
Juli Roth Scholarship	1,380	-	-	1,380
Locust	6,705	8,288	9,296	5,697
Locust Library	1,483	7,255	7,775	963
Middle School	2,778	1,540	1,550	2,768
Middle School Library	4,627	4,866	4,136	5,357
Miscellaneous	2,959	-	154	2,805
PBIS	1,599	3,222	3,802	1,019
PE-MCMS-CEPTA	73	-	-	73
Recycle	17	-	-	17
Rose Magnani Scholarship	4,009	-	100	3,909
Scholastic Bowl	926	-	235	691
Spanish Club	514	-	-	514
Special Education	3,208	1,739	788	4,159
Sports	1,777	-	1,777	-
Student Council	1,451	1,694	1,987	1,158
Summer School	170	-	-	170
Yearbooks	9,986	8,189	6,155	12,020
	<u>\$ 52,367</u>	<u>\$ 58,844</u>	<u>\$ 55,307</u>	<u>\$ 55,904</u>

See Accompanying Independent Auditors' Opinion

MARENGO-UNION ELEMENTARY CONSOLIDATED SCHOOL DISTRICT NO. 165
 COMPUTATION OF OPERATING EXPENSE PER PUPIL
 AND PER CAPITA TUITION CHARGE
 FOR THE YEAR ENDED JUNE 30, 2016

TOTAL EXPENDITURES		
Educational Fund	\$ 7,416,279	
Operations and Maintenance Fund	1,096,629	
Debt Services Fund	256,573	
Transportation Fund	513,201	
Illinois Municipal Retirement/Social Security Fund	<u>327,310</u>	\$ 9,609,992
LESS: NON-OPERATING DEDUCTIONS		
Payments to Other Districts and Governmental Units	\$ 278,873	
Capital Outlay	133,353	
Non-Capitalized Equipment	59,857	
Summer School Programs	7,516	
Community Services	29,192	
Pre-K Programs	131,562	
Special Education Programs	46,012	
Payments of Principal on Long-Term Debt	<u>157,161</u>	<u>843,526</u>
OPERATING EXPENSES		
		\$ 8,766,466
AVERAGE DAILY ATTENDANCE	<u>\$ 929</u>	
OPERATING EXPENSE PER PUPIL	<u><u>\$ 9,436</u></u>	
LESS: OFFSETTING REVENUE		
Bilingual Education	\$ 17,797	
Food Services	380,928	
IASA - Title I	142,295	
Medicaid Matching Funds	65,600	
Other Restricted Revenue	4,500	
Pupil Activities	43,073	
Rental	17,559	
Services Provided Other Districts	87,724	
Special Education	435,839	
Special Education - I.D.E.A. - Flow-through / Low Incidence	245,095	
State Free Lunch and Breakfast	1,735	
Textbooks	77,168	
Title II - Teacher Quality	21,968	
Title III - English Language Acquisition	13,000	
Transportation	<u>293,498</u>	<u>1,847,779</u>
NET OPERATING EXPENSES		
		\$ 6,918,687
DEPRECIATION		
		<u>251,223</u>
TOTAL COST FOR TUITION CHARGE		
		<u><u>\$ 7,169,910</u></u>
AVERAGE DAILY ATTENDANCE	<u>\$ 929</u>	
PER CAPITA TUITION CHARGE	<u><u>\$ 7,718</u></u>	

Unaudited