

MILBURN CAIN & CO.
A PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS
4237 GROVE AVENUE
GURNEE, ILLINOIS 60031

PHONE: (847) 336-6455
FAX: (847) 336-9594

MILLBURN COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 24

WADSWORTH, LAKE COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Millburn Community Consolidated School District No. 24
Wadsworth, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
LAKE COUNTY, ILLINOIS

as of and for the year ended June 30, 2016, and the related notes to financial statements which collectively comprise the District's basic financial statements as listed in the accompanying 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 accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 controls relevant to the District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Millburn Community Consolidated School District No. 24 as of June 30, 2016, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and certain budgetary comparison information on pages 3-10 and 49-63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Millburn Community Consolidated School District No. 24's basic financial statements. The supplemental information on pages 64-67 is presented for purposes of additional analysis and is not a required part of the basic 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 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 statement 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.



MILBURN CAIN & CO.
Certified Public Accountants

Gurnee, Illinois
September 22, 2016

REQUIRED SUPPLEMENTAL INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2016

The management of Millburn Community Consolidated School District No. 24 (the District) presents this narrative overview and analysis of the District's financial activities for the fiscal year ended June 30, 2016. The information presented here should be considered in conjunction with the financial statements presented elsewhere in this report.

This discussion and analysis is designed to:

1. Assist the reader in focusing on significant financial issues,
2. Provide an overview of the District's financial activity,
3. Identify changes in the District's financial position (its ability to cope with the next and subsequent year challenges),
4. Identify any material deviations from the financial plan (the approved budgets), and
5. Identify individual fund issues or concerns.

Since Management's Discussion and Analysis (M D & A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the District's financial statements beginning on page 11.

Financial Highlights

- The District's fund balances increased by \$816,891 for the year.
- Millburn spent \$330,550 on buildings and replacement equipment.
- District operations for the year indicate revenues exceeding expenses by \$1,020,783.
- Payments during the year reduced Millburn's debt by \$1,075,882.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Millburn's basic financial statements. The District's basic financial statements consist of three components:

1. District-wide financial statements,
2. Fund financial statements and,
3. Notes to financial statements.

In addition, this report also includes other supplementary information which is presented after the notes to financial statements.

District-Wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of Millburn's finances presented in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and liabilities, with the difference between the asset total and the liabilities total reported as the District's net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Millburn is improving or deteriorating.

The Statement of Activities presents information showing how the District's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal years (e.g., uncollected property taxes).

The district-wide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). Governmental activities include instruction, support services, operation and maintenance of plant, student transportation, food services, and certain other activities and expenses such as non-programmed charges, interest and fees, and depreciation.

The district-wide financial statements can be found on pages 11 and 12 of this report.

Fund Financial Statements

Millburn's fund financial statements provide additional detail about the District's funds, focusing on its "major" funds -- not the District as a whole. For purposes of this report, the District considers all of its governmental funds as major funds. Funds are accounting devices used to keep track of specific sources of funding and spending on particular programs. Some funds are required by state law, by bond covenants, or by contractual agreements. Still other funds are established to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues for their intended purposes.

Millburn has two categories of funds:

- Governmental Funds - Most of the District's basic services are included in governmental funds. These funds generally focus on (1) how cash (and other financial assets that can readily be converted to cash) flows in and out of the District and (2) the balances which are left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future for District purposes. Because the information contained in the fund financial statements does not encompass the additional long-term focus of the district-wide statements, a reconciliation statement follows the governmental funds financial statements to explain the relationship (or differences) between them.

The basic fund financial statements can be found at pages 13-18 of this report.

- Fiduciary Funds - The Millburn School District is the trustee, or fiduciary, for assets that belong to others, such as the student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and only by those to whom the assets belong. The assets are excluded from the district-wide financial statements because the District cannot use these assets to finance operations.

The basic fiduciary fund financial statements can be found on pages 19 and 64-66 of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and also the fund financial statements. The notes to financial statements can be found on pages 20-44 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. A budgetary comparison statement has been provided for each fund as required supplementary information. This information can be found on pages 49-62 of this report.

Financial Analysis of the District as a Whole

Net Position - Millburn's net position at June 30, 2016 was \$1,021,000 more than it was the year before, decreasing its deficit to \$4,006,000. The following table presents a summary of the District's net position at year-end:

Table 1
Summary of Net Position
(In Thousands)
At June 30

	<u>2016</u>	<u>2015</u>
Assets		
Current and Other Assets	\$ 15,139	\$ 13,924
Capital Assets (Net)	<u>25,426</u>	<u>25,898</u>
	\$ <u>40,565</u>	\$ <u>39,822</u>
Deferred Outflows		
Pensions	\$ <u>729</u>	\$ <u>475</u>
Total Assets and Deferred Outflows	\$ <u>41,294</u>	\$ <u>40,297</u>
Liabilities		
Pension and Retiree Healthcare	\$ 2,326	\$ 1,882
Long-Term Debt Outstanding	27,385	28,157
Other Liabilities	<u>1,350</u>	<u>1,360</u>
	\$ <u>31,061</u>	\$ <u>31,399</u>
Deferred Inflows of Resources		
Unamortized Bond Premiums	\$ 426	\$ 517
Pensions	113	116
Unavailable Revenue - Fees	115	172
Unavailable Revenue - Property Taxes	<u>13,585</u>	<u>13,120</u>
	\$ <u>14,239</u>	\$ <u>13,925</u>
Total Liabilities and Deferred Inflows of Resources	\$ <u>45,300</u>	\$ <u>45,324</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 9,356	\$ 8,661
Restricted	1,391	1,609
Unrestricted	<u>(14,753)</u>	<u>(15,297)</u>
Total Net Position	\$ <u>(4,006)</u>	\$ <u>(5,027)</u>

The following are significant current year transactions that have had an impact on the Statement of Net Position.

- The District spent \$330,550 to improve its capital assets.
- Financing for these capital asset purchases came from the District's operating funds.
- Long-term debt paid during the year included the retirement of \$1,075,882 in bonds.
- Depreciation expense of \$805,495 was charged against income.

Changes in Net Position - The District's total revenues for the fiscal year ended June 30, 2016 were \$22.1 million. The total cost of all programs and services was \$21.1 million, \$1,021,000 less than revenues as illustrated in the following table:

Table 2
Summary of Changes in Net Position
(In Thousands)
For the Year Ended June 30

	2016		2015	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenue				
Program Revenues				
Charges for Services	\$ 1,225	5.5%	\$ 1,348	6.2%
Operating Grants and Contributions	4,883	22.1%	5,000	23.1%
General Revenue				
Taxes	13,150	59.5%	12,690	58.6%
State and Federal Aid - Formula Grants	2,841	12.9%	2,620	12.1%
Investment Earnings	7	0%	7	0%
Total Revenue (In Thousands)	\$ 22,106	100.0%	\$ 21,665	100.0%
Expenses				
Instruction	\$ 11,852	56.3%	\$ 11,280	57.0%
Pupil and Instructional Services	1,691	8.0%	1,704	8.6%
Administration and Business	1,525	7.2%	1,496	7.6%
Maintenance and Operations	1,943	9.2%	2,025	10.2%
Food Services	291	1.4%	283	1.4%
Transportation	1,084	5.1%	942	4.8%
Other and Non-programmed Charges	940	4.5%	837	4.3%
Debt Service	1,759	8.3%	1,223	6.1%
Total Expenses (In Thousands)	\$ 21,085	100.0%	\$ 19,790	100.0%
Change in Net Position	\$ 1,021		\$ 1,875	
Net Position				
At July 1	(5,027)		(5,463)	
Prior Period Adjustment - Note 10	---		(1,439)	
At June 30	\$ (4,006)		\$ (5,027)	

Net Cost of Governmental Activities - The following schedule presents the cost of five major and all other District activities: instruction, pupil and instructional services, administration and business, maintenance and operations, and transportation, and all other costs including depreciation and debt service, and excluding capital outlay. This schedule also shows (expressed in thousands of dollars) each activity's net cost, i.e., total cost less fees and intergovernmental aid allocable to each activity. The net is equivalent to the financial burden borne by the District's taxpayers to support each of these functions.

	<u>Total Cost</u>	<u>Net Cost</u>
Instruction	\$ 11,852	\$ 6,198
Pupil and Instructional Services	1,691	1,697
Administration and Business	1,525	1,496
Maintenance and Operations	1,943	1,817
Transportation	1,084	350
All Other	<u>2,990</u>	<u>1,884</u>
Total Cost (In Thousands)	\$ <u>21,085</u>	\$ <u>13,442</u>

Summary and Highlights

- The cost of all governmental activities for the year was \$21.1 million.
- About \$1,225,000 of the cost was paid by users of the District's programs.
- Federal and state subsidies to specific programs totaled \$4.9 million which includes \$3.4 million in state on-behalf payments.
- Most of the costs (\$13.1 million), however, were paid by the District's taxpayers.
- Replacement taxes, investment earnings, and state and federal aid-formula grants totaled \$2.9 million.

Financial Analysis of the District's Funds

Millburn's financial performance is reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds appearing on pages 16 and 17 of this report. Total revenues were \$22,105,911 million compared to \$21,665,793 in the prior year -- an increase of \$440,118. Total expenditures were \$21,289,020 million compared to \$20,267,169 million a year ago. Current year revenues exceeded expenditures and other financing sources and uses by \$819,891 million.

Educational Fund (Pages 51-55) - Property taxes produced \$7,950,498 in revenue for the Educational Fund during fiscal 2016, or 49.4% of all of the fund's revenue. State sources accounted for 43.3% of revenue at \$6,967,217, including \$3,413,010 in on-behalf pension payments. Without the on-behalf pension payments, state revenues were \$3,554,207, accounting for 21.7% of total revenue. Federal sources provided \$186,744, or about 1.1% of total Educational Fund revenue. Fees, earnings on investments, and other local sources of revenue produced \$998,500, or 6.2% of total revenue. Thus, property taxes and other local revenues combined accounted for \$8,948,998, or more than 50.0% of Educational Fund revenues.

Total Educational Fund expenditures were \$15,305,246 in fiscal year 2016, \$477,751 more than they were the year before. Of the \$15,305,246, \$11,625,611, or 75.3%, was used for direct instruction and teachers' pensions; \$3,384,972 was paid for instructional support services, administration, business, and food service; and \$294,713 was used for tuition paid to other school districts, community services, and debt service. The Educational Fund also transferred \$180,000 to the Capital Projects Fund.

After taking into account the revenues of \$16,102,959 and the expenditures and transfers of \$15,485,246, the Educational Fund revenues exceeded expenditures by of \$617,713. The fund balance deficit decreased to \$1,685,978.

Working Cash Fund (Page 56) - The Working Cash Fund received \$102,418 in taxes and \$310 in interest on investments.

Tort Immunity Fund (Page 57) - Revenues totaled \$174,887, consisting almost entirely of property taxes. Expenditures totaled \$137,472. At year-end, the fund balance was \$197,171.

Operations and Maintenance Fund (Page 58) - As with the Educational Fund, the Operations and Maintenance Fund's largest source of revenue comes from property taxes which account for \$1,121,342 out of total fund revenues of \$1,325,483, or 84.6% of total fund revenue. Other local revenue sources account for the other 15.4%, or \$204,141.

Total expenditures of \$1,389,284 were \$128,721 more than last year's \$1,260,563. Total expenditures exceeded revenues by \$63,801. The fund also received transfers of \$706,421 and transferred \$705,000 to the Capital Project Fund.

Transportation Fund (Page 59) - Revenues for transportation of \$1,123,256 were less than expenditures of \$1,017,545 and transfers of \$705,000 by \$599,289, generating a fund balance at year-end of \$208,400.

Total expenditures of \$1,017,545 for 2016 are \$133,602 less than the 2015 total.

Illinois Municipal Retirement Fund (Page 60) - IMRF Fund revenues for 2016 were \$616,737. Expenditures of \$536,598 were \$26,203 more than the 2015 cost of \$510,395. Revenues exceeded expenditures by \$80,139, leaving a fund balance of \$158,058.

Debt Service - Bond and Interest Fund (Page 61) - Debt service funds are intended to be self-liquidating. This means that over time, revenues received from taxes should equal required expenditures. Except for timing differences where taxes are collected prior to required disbursements, the theory says there should be no accumulation of fund balances. However, accumulations do often occur when tax collections are higher than expected or when interest earnings are retained in the fund. Because of the revenue timing differences, however, analysis of annual operating results is generally not useful for the reader.

For 2016, the District's Bond and Interest Fund revenues totaled \$2,644,587. Expenditures totaled \$2,622,152. The fund transferred \$1,421 to other funds. The fund balance increased by \$21,014 due to the timing of revenues and bond payments.

Capital Projects Fund (Page 62) - The Capital Projects Fund carried forward \$459,388 from the previous year which represents the unexpended proceeds of bonds issued for construction purposes and contributions. During the year it received contributions of \$14,800 and interest earnings of \$474. It spent \$280,723 and received transfers of \$885,000, increasing its fund balance to \$1,078,939.

Fire Prevention and Safety Fund - The Life Safety Fund was formed this year and began receiving taxes from its first levy, but all of the revenue is deferred until the next fiscal year.

General Fund Budgetary Highlights (Pages 49-50) - The District budgeted general fund expenditures to total \$14,843,983. Actual General Fund expenditures totaled \$15,442,718, including \$3,413,010 in on-behalf pension payments. Actual results for the year produced an increase of \$757,856.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2016, Millburn's net capital assets totaled \$25.4 million in a broad range of capital assets. These assets, which are listed in Note 2C of the notes to financial statements according to five categories (land, buildings, improvements other than buildings, equipment, and vehicles) include the District's land and buildings, athletic facilities, lab facilities, auditorium, computer and audio-visual equipment, furniture and other classroom, administrative equipment, and buses. Total depreciation expense of \$805,495 for the year was charged to various functions on the Statement of Activities as follows:

Regular Programs	\$ 26,121
Interscholastic Programs	4,750
Instructional Staff	148,020
General Administration	31,662
Operations and Maintenance	557,613
Transportation	6,333
Food Services	23,747
Central Services	<u>7,249</u>
	\$ <u>805,495</u>

During the year, \$536,465 in additions to its capital assets were placed in service. The amounts invested in additions to capital assets were less than charges for depreciation during the year by \$269,030. The following schedule presents capital asset balances net of depreciation at June 30, 2016:

Land	\$ 826,414
Buildings	23,741,267
Improvements Other Than Buildings	302,145
Equipment	497,873
Vehicles	<u>57,866</u>
Totals	\$ <u>25,425,565</u>

Long-Term Debt - During the 2016 fiscal year, the District:

1. Retired bonds in the amount of \$1,075,882; and
2. Paid interest costs and fees of \$1,546,270.

See note 2D of the Notes to Financial Statements for details.

At June 30, 2016, Millburn's long-term debt obligations were:

General Obligation Bonds	\$ 15,643,692
Accrued and Accreted	<u>11,741,383</u>
	\$ <u>27,385,075</u>

Summary and Highlights

- Property taxes continue to be the District's largest single source of revenues at \$13.1 million with locally generated fees and charges and interest earnings generating \$1.3 million. \$7.7 million was provided by state and federal aid. Thus, nearly 65.0% of revenue came from local sources.
- Total expenditures for all funds were \$21.3 million, \$1.0 million more than the previous year. This year, expenditures included \$2.6 million spent on debt service payments.
- Net additions to capital assets were \$333,550.
- Payments on long-term debt principal totaled \$1,075,882.

Factors Bearing on the District's Future

The District is cautiously optimistic regarding the long-range financial projections. The District reports on a modified accrual basis of accounting. The Board of Education has approved a balanced budget for the last five years. The District's voters approved a referendum that increased operating revenues by approximately \$1,000,000 annually. The State of Illinois made all payments except for \$306,074.22 that was received in FY 2017.

During FY 2016, the District did not use any Tax Anticipation Warrants for cash flow purposes. This is the second consecutive year since FY 2007 that the District has not needed to use Tax Anticipation Warrants. The District will remain on the State's Financial Watch List for the foreseeable future, but the District continues to make progress toward financial stability.

The District was able to add eight licensed staff and 4.8 paraprofessionals for FY 2015. In addition, the District adopted new Writing and Handwriting programs in FY 2015 for implementation in FY 2016. As a result of the strategic planning process, the following items are being added beginning in FY 2017:

- Staffing: 1.0 teacher, 1.1 non-certified staff, and 1 Assistant Principal
- A 1:1 iPad pilot program in 3rd and 6th grade, as well as two additional classrooms
- Spanish at Millburn Middle School
- Moving band from before/after school to during the school day at Millburn Middle School
- Increasing AIM support at Millburn Middle School
- Completing Special Education Early Childhood Assessments in-house
- Providing funding for new curriculum and program supplies

The District is able to look toward a future of improvement versus survival. Millburn will never have the resources of other high-performing school districts, but the District has a much better financial outlook moving forward.

A cautious outlook, however, stems from a lack of confidence in appropriate funding levels from state and federal sources. The State of Illinois has no budget, but is spending approximately \$16.4 million more per day than it is receiving in revenue. The District's goal continues to be stability of student educational programming. The District will continue to be conservative with regard to fiscal management.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of Millburn's finances and to demonstrate its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Superintendent at 18550 Millburn Rd., Wadsworth, Illinois 60083.

BASIC FINANCIAL STATEMENTS

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

DISTRICT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION

JUNE 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 7,896,620
Receivables	
Property Taxes	6,636,184
Replacement Taxes	3,383
Claims and Grants	401,954
Employee Computer Purchases	3,452
Prepaid Expenses	197,766
Capital Assets	
Land	826,414
Depreciable Buildings, Property, and Equipment, Net	<u>24,599,151</u>
Total Assets	\$ <u>40,564,924</u>
Deferred Outflows of Resources	
Deferred Pension Expense	\$ 558,686
Deferred Employer Pension Contributions	<u>170,810</u>
Total Deferred Outflows of Resources	\$ <u>729,496</u>
 Total Assets and Deferred Outflows of Resources	 \$ <u>41,294,420</u>
Liabilities	
Accounts Payable	\$ 305,977
Accrued Expenses	1,044,022
Non-current Liabilities	
Due Within One Year	2,516,443
Due in More Than One Year	24,868,632
Net Pension Liabilities	2,300,698
Retiree Healthcare Liability	<u>25,553</u>
Total Liabilities	\$ <u>31,061,325</u>
Deferred Inflows of Revenues	
Unamortized Bond Premiums	\$ 113,343
Deferred Pension Revenue	425,852
Unavailable Revenue - Fees	115,251
Unavailable Revenue - Property Taxes	<u>13,584,342</u>
Total Deferred Inflows of Revenues	\$ <u>14,238,788</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	\$ 9,356,021
Restricted For:	
Debt Service	290,686
Transportation	28,465
Capital Projects	1,073,736
Unrestricted	<u>(14,754,601)</u>
 Total Net Position	 \$ <u>(4,005,693)</u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24
DISTRICT-WIDE FINANCIAL STATEMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expenses) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction					
Regular Programs	\$ 5,552,062	\$ 388,040	\$ 4,817	\$ ---	\$ (5,159,205)
Special Programs	2,113,835	188,240	822,430	---	(1,103,165)
Interscholastic Programs	134,555	7,950	---	---	(126,605)
Gifted Programs	168,510	---	---	---	(168,510)
Bilingual Programs	81,631	---	4,063	---	(77,568)
Special Education Tuition	388,713	---	---	---	(388,713)
State Retirement Contributions	3,413,010	---	3,413,010	---	---
Support Services					
Pupils	955,222	---	---	---	(955,222)
Instructional Staff	735,731	---	11,086	---	(724,645)
General Administration	771,609	---	---	---	(771,609)
School Administration	507,964	---	---	---	(507,964)
Business	245,429	---	---	---	(245,429)
Operations and Maintenance	1,942,967	203,962	---	---	(1,739,005)
Transportation	1,083,744	25,585	555,423	---	(502,736)
Food Services	290,522	166,008	57,385	---	(67,129)
Central Services	370,587	---	---	---	(370,587)
Community Services	158,084	245,287	---	---	87,203
Facilities Acquisition and Construction	26,051	---	14,800	---	(11,251)
Non-Programmed Charges	198,587	---	---	---	(198,587)
Interest and Fees	1,759,304	---	---	---	(1,759,304)
Pension and Healthcare Expenses	187,011	---	---	---	(187,011)
Total Governmental Activities	\$ 21,085,128	\$ 1,225,072	\$ 4,883,014	\$ ---	\$ (14,977,042)
General Revenues					
Taxes					
Real Estate Taxes - General					\$ 10,487,305
Real Estate Taxes - Debt Service					2,643,163
Corporate Personal Property Replacement Tax					18,790
State and Federal Aid					
Formula Grants					2,841,170
Investment Earnings					7,397
Total General Revenues					\$ 15,997,825
Change in Net Position (Deficit)					\$ 1,020,783
Net Position - July 1, 2015					(5,026,476)
Net Position - June 30, 2016					\$ (4,005,693)

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Fire Prevention and Safety	Totals
Assets								
Cash	\$ 3,984,014	\$ 214,277	\$ 1,828,609	\$ 262,167	\$ 491,619	\$ 1,080,499	\$ 35,435	\$ 7,896,620
Receivables								
Property Taxes	4,120,012	578,194	1,459,575	147,076	297,610	---	33,717	6,636,184
Replacement Taxes	---	---	---	---	3,383	---	---	3,383
Claims and Grants	252,272	5,237	---	129,645	---	14,800	---	401,954
Employees' Computer Purchases	3,452	---	---	---	---	---	---	3,452
Prepaid Expenses	197,766	---	---	---	---	---	---	197,766
Total Assets	\$ 8,557,516	\$ 797,708	\$ 3,288,184	\$ 538,888	\$ 792,612	\$ 1,095,299	\$ 69,152	\$ 15,139,359

Liabilities, Deferred Inflows of Resources,
and Fund Balances

Liabilities								
Accounts Payable	\$ 267,949	\$ 3,002	\$ 200	\$ 18,466	\$ ---	\$ 16,360	\$ ---	\$ 305,977
Accrued Expenses	971,041	35,922	---	11,392	25,667	---	---	1,044,022
Total Liabilities	\$ 1,238,990	\$ 38,924	\$ 200	\$ 29,858	\$ 25,667	\$ 16,360	\$ ---	\$ 1,349,999
Deferred Inflows of Resources								
Unavailable Revenue - Fees	\$ 115,251	---	\$ ---	\$ ---	---	---	---	\$ 115,251
Unavailable Revenue - Property Taxes	8,434,125	1,183,380	2,988,168	300,630	608,887	---	69,152	13,584,342
Total Deferred Inflows of Resources	\$ 8,549,376	\$ 1,183,380	\$ 2,988,168	\$ 300,630	\$ 608,887	\$ ---	\$ 69,152	\$ 13,699,593

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2016

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Fire Prevention and Safety	Totals
Liabilities, Deferred Inflows of Resources, and Fund Balances (continued)								
Fund Balances (Deficit)								
Non-Spendable	\$ 197,766	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 197,766
Restricted For								
Debt Service	---	---	290,686	---	---	---	---	290,686
Transportation	---	---	---	28,465	---	---	---	28,465
Capital Projects	---	---	---	---	---	1,073,736	---	1,073,736
Assigned For								
Transportation	---	---	---	179,935	---	---	---	179,935
Debt Service	---	---	9,130	---	---	---	---	9,130
Retirement	---	---	---	---	1,233	---	---	1,233
Capital Projects	---	---	---	---	---	5,203	---	5,203
Unrestricted - Unassigned	(1,428,616)	(424,596)	---	---	156,825	---	---	(1,696,387)
Total Fund Balances (Deficit)	\$ (1,230,850)	\$ (424,596)	\$ 299,816	\$ 208,400	\$ 158,058	\$ 1,078,939	\$ ---	\$ 89,767
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,557,516	\$ 797,708	\$ 3,288,184	\$ 538,888	\$ 792,612	\$ 1,095,299	\$ 69,152	\$ 15,139,359

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS

BALANCE SHEET TO THE STATEMENT OF NET POSITION

JUNE 30, 2016

Total Fund Balances (Deficit) - Governmental Funds		\$	89,767
Amounts reported for governmental activities in the Statement of Net Position are different because:			
The cost of capital assets (land, buildings, furniture, and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the School District as a whole.			
Cost of Capital Assets	\$	39,897,848	
Depreciation Expense to Date		(14,472,283)	25,425,565
Long-term liabilities applicable to the School District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities -- both current and long-term -- are reported in the Statement of Net Position.			
Balance at June 30, 2016 is:			
Bonds Payable	\$	15,643,692	
Accreted and Accrued Interest Payable		11,741,383	
Unamortized Bond Premiums		<u>113,343</u>	(27,498,418)
Deferred Outflows/Inflows and Pension and Retiree Healthcare liabilities are not included in the Fund Financial Statements.			<u>(2,022,607)</u>
Net Position of Governmental Activities	\$	<u>(4,005,693)</u>	

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Revenues							
Property Taxes	\$ 8,227,551	\$ 1,121,342	\$ 2,643,163	\$ 540,975	\$ 597,437	\$ --	\$ 13,130,468
Payments in Lieu of Taxes	--	--	--	--	18,790	--	18,790
Tuition	421,780	--	--	--	--	--	421,780
Earnings on Investments	3,537	179	1,424	1,273	510	474	7,397
Food Service	166,008	--	--	--	--	--	166,008
District/School Activity Income	132,537	--	--	--	--	--	132,537
Textbooks	458	--	--	--	--	--	458
Other Local Sources	274,742	203,962	--	25,585	--	14,800	519,089
State Aid	3,554,207	--	--	517,263	--	--	4,071,470
Federal Aid	186,744	--	--	38,160	--	--	224,904
On-Behalf Payments	3,413,010	--	--	--	--	--	3,413,010
Total Revenues	\$ 16,380,574	\$ 1,325,483	\$ 2,644,587	\$ 1,123,256	\$ 616,737	\$ 15,274	\$ 22,105,911
Expenditures							
Instruction							
Regular Programs	\$ 5,438,098	\$ --	\$ --	--	\$ 90,598	--	\$ 5,528,696
Special Programs	2,013,702	--	--	--	100,133	--	2,113,835
Interscholastic Programs	127,423	--	--	--	2,382	--	129,805
Gifted Programs	166,696	--	--	--	1,814	--	168,510
Bilingual Program	77,969	--	--	--	3,662	--	81,631
Special Education Tuition	388,713	--	--	--	--	--	388,713
State Retirement Contributions	3,413,010	--	--	--	--	--	3,413,010
Support Services							
Pupils	923,833	--	--	--	36,418	--	960,251
Instructional Staff	567,262	--	--	--	20,449	--	587,711
General Administration	723,936	--	--	--	16,011	--	739,947
School Administration	475,742	--	--	--	32,222	--	507,964

See Accompanying Notes to Financial Statements.

FUND FINANCIAL STATEMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2016

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Expenditures (continued)							
Business	\$ 235,912	\$ ---	\$ ---	\$ ---	\$ 9,517	\$ ---	\$ 245,429
Operations and Maintenance	1,603	1,358,580	---	---	88,269	---	1,448,452
Transportation	---	---	---	1,017,545	59,866	---	1,077,411
Food Services	222,773	---	---	---	44,003	---	266,776
Central Services	371,333	---	---	---	---	---	371,333
Facilities Acquisition and Construction	---	---	---	---	---	280,723	280,723
Community Services	141,918	---	---	---	16,166	---	158,084
Non-Programmed Charges	152,795	30,704	---	---	15,088	---	198,587
Debt Service							
Principal	---	---	1,075,882	---	---	---	1,075,882
Interest and Fees	---	---	1,546,270	---	---	---	1,546,270
Total Expenditures	\$ 15,442,718	\$ 1,389,284	\$ 2,622,152	\$ 1,017,545	\$ 536,598	\$ 280,723	\$ 21,289,020
Excess or (Deficiency) of							
Revenues Over Expenditures	\$ 937,856	\$ (63,801)	\$ 22,435	\$ 105,711	\$ 80,139	\$ (265,449)	\$ 816,891
Other Financing Sources (Uses)							
Transfers In	---	\$ 706,421	\$ ---	\$ ---	\$ ---	\$ 885,000	\$ 1,591,421
Transfers Out	(180,000)	(705,000)	(1,421)	(705,000)	---	---	(1,591,421)
Total Other Financing Sources (Uses)	\$ (180,000)	\$ 1,421	\$ (1,421)	\$ (705,000)	\$ ---	\$ 885,000	\$ ---
Net Change in Fund Balances	\$ 757,856	\$ (62,380)	\$ 21,014	\$ (599,289)	\$ 80,139	\$ 619,551	\$ 816,891
Fund Balances - July 1, 2015	(1,988,706)	(362,216)	278,802	807,689	77,919	459,388	(727,124)
Fund Balances (Deficits) - June 30, 2016	\$ (1,230,850)	\$ (424,596)	\$ 299,816	\$ 208,400	\$ 158,058	\$ 1,078,939	\$ 89,767

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Total Governmental Funds \$ 816,891

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

Capital outlays are reported in governmental funds as expenditures. However,
in the Statement of Activities, the cost of those assets is allocated over their
estimated useful lives as depreciation expense. This is the amount by which
depreciation exceeds capital outlay in the current period.

Depreciation Expense	\$ (805,495)	
Capital Outlays	<u>333,550</u>	(471,945)

Interest, accrued and accreted, during the year on certain of the District's bond issues and lease/purchase contracts which was not charged to expense on the fund financial statements		(303,954)
---	--	-----------

Net amortization of bond issuance expenses and bond premium not included
in the Fund Financial Statements.

Bond Premium Amortization		90,920
---------------------------	--	--------

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		1,075,882
--	--	-----------

Pension and retiree healthcare on the District's pension liability and retiree healthcare liability were not charged to expense on the Fund Financial Statements.		<u>(187,011)</u>
--	--	------------------

Change in Net Position of Governmental Activities \$ 1,020,783

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

FIDUCIARY FUNDS

JUNE 30, 2016

	PTO and Activity Funds	Flexible Spending Account Fund	Total
Assets			
Cash and Cash Equivalents	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>
 Total Assets	 \$ <u><u>109,562</u></u>	 \$ <u><u>19,959</u></u>	 \$ <u><u>129,521</u></u>
 Liabilities and Fund Balances			
Liabilities			
Due To Student Groups	\$ 54,996	\$ ---	\$ 54,996
Due To Parent Teacher Organizations	54,566	---	54,566
Unremitted Payroll Deductions	<u>---</u>	<u>19,959</u>	<u>19,959</u>
Total Liabilities	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>
 Total Liabilities and Fund Balances	 \$ <u><u>109,562</u></u>	 \$ <u><u>19,959</u></u>	 \$ <u><u>129,521</u></u>

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the District

Millburn Community Consolidated School District No. 24 is a K-8 public school system located in the eastern part of North Central Lake County, Illinois. The District serves portions of the Villages of Lindenhurst, Old Mill Creek, Wadsworth, and unincorporated areas in the vicinity. The District operates from two locations in Old Mill Creek. Enrollment for 2016 was more than 1,265 students.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to local governmental units of this type. The following is a summary of Millburn's more significant accounting policies:

A. Reporting Entity

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The definition of a component unit is a legally separate organization for which the District is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is financially accountable if it appoints a voting majority of the organization's governing body and:

1. It is able to impose its will on that organization or
2. There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

The District also may be financially accountable if an organization is fiscally dependent on the District regardless of whether the organization has:

1. A separately elected governing board,
2. A governing board appointed by a higher level of government, or
3. A jointly appointed board.

There are no component units, as defined by GASB, which are included in Millburn's reporting entity. Even though there are local government agencies within the geographic area served by the District, such as municipalities, libraries and other entities, these agencies have been excluded from the report because they are legally separate and the District is not financially accountable for them.

Furthermore, the District is not included as a component unit in the financial statements of any other governmental reporting entity as defined by GASB pronouncements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation

District-wide Financial Statements

The district-wide financial statements identified as the Statement of Net Position and the Statement of Activities report information on all of Millburn's non-fiduciary activities. The effect of any interfund activity has been eliminated from them. The governmental activities column reports activities that are normally supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

1. Charges to residents or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and
2. Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported as general revenues instead.

Fund Financial Statements

Millburn's accounts in the governmental fund financial statements are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose, and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Separate financial statements are provided for all governmental funds and fiduciary funds even though the fiduciary funds are excluded from the district-wide financial statements.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues and additions are recorded when earned and expenses and deductions are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental funds are used to account for the District's general government activities. Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual. They are susceptible to accrual when they are both "measurable and available." "Measurable" means that the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Management considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Also, in accordance with GASB No. 24, on-behalf payments made by the State to the Teachers' Retirement System have been recognized in the financial statements.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received they are recorded as deferred revenues until earned.

Governmental funds include the following major funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund consists of the following:

Educational Fund - This account is used for most of the instructional and administrative aspects of the District's operations. The revenue consists primarily of property taxes, local fees, and state and federal aid.

Working Cash Fund - This fund accounts for financial resources held by the District to be used as temporary interfund loans for working capital requirements to the General Fund and the Transportation Fund. Money loaned by the Working Cash Fund to other funds must be repaid within three years. As allowed by the School Code of Illinois, this fund may be permanently abolished and become a part of the Educational Account within the General Fund or it may be partially abated to the General Fund, Special Revenue Funds, or Debt Service Funds.

Tort Immunity Fund - This fund accounts for the District's insurance and risk management activities. Revenue is derived primarily from property taxes.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Projects Funds, or Fiduciary Funds) that are legally restricted to expenditures for specified purposes.

Each of Millburn's Special Revenue Funds has been established as a separate fund in accordance with the fund structure required by the State of Illinois for local educational agencies. These funds account for local property taxes restricted to specific purposes. A brief description of the District's Special Revenue Funds follows:

Operations and Maintenance Fund - This account is used for expenditures made for operations of plant and maintenance and repair of District property. Revenue is derived primarily from property taxes and rents.

Transportation Fund - This fund accounts for all revenue and expenditures made for student transportation. Revenue is derived primarily from local property taxes and state reimbursement grants.

Municipal Retirement/Social Security Fund - This fund accounts for the District's portion of pension contributions to the Illinois Municipal Retirement Fund, payments to Medicare for certified employees, and payments to the Social Security System for non-certified employees. Revenue to finance the contributions is derived primarily from local property taxes and personal property replacement taxes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. A brief description of Millburn's Debt Service Fund is as follows:

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus and Basis of Accounting (continued)

Bond and Interest Fund - This fund accounts for the periodic principal and interest payments on Millburn's bond issues. Local property taxes levied specifically for debt service is the fund's primary revenue source. The Fund also pays all other debt service obligations, except for obligations of the Transportation Fund which are paid directly by that fund. Other funds transfer amounts sufficient to cover payments not funded by a direct tax levy.

Capital Projects Fund - The Capital Projects Fund (formerly known as the Site and Construction Fund) and the Fire Prevention and Safety Fund are used to account for the financial resources to be used for the acquisition and construction and/or additions to major capital facilities. The principal source of financing is the District's issuance of bonds for this purpose. Impact fees collected from builders and developers are also deposited in this fund.

Fiduciary Fund Types (Trust and Agency Funds) - Fiduciary Funds (Trust and Agency Funds) are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds.

Agency Funds - The Agency Funds include Student Activity Funds, Flexible Spending Accounts, and Other Agency Funds. These funds are custodial in nature and do not involve the measurement of the results of operations. Although the Board of Education has the ultimate responsibility for Activity Funds, they are not local education agency funds. Student Activity Funds account for assets held by the District which are owned, operated and managed generally by the student body, under the guidance and direction of adults or a staff member, for educational, recreational or cultural purposes. Flexible Spending Accounts account for assets that are held on behalf of District employees to cover medical expenses.

When restricted and unrestricted resources are available for use, it is Millburn's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budgeted amounts in this report are the result of full compliance with the following procedures:

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 disbursed 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 not legally spend more than budgeted expenditures by fund. However, it 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.

The budget for 2015-16 was adopted on September 14, 2015, and was amended on May 23, 2016.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Equity

Deposits and Investments

State statutes authorize the District to invest in obligations of the U.S. Treasury, certain highly-rated commercial paper, corporate bonds, certificates of deposit, repurchase agreements, and The Illinois Fund. Investments are stated at fair value. Changes in the fair value of investments are recorded as investment income.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental activities column in the statement of net assets.

Property Tax Revenues

The District must file its tax levy with the Lake County Clerk by the last Tuesday in December of each year. The levy filed in December becomes a lien on all taxable real property located in the District as of the preceding January 1. Thus, the owner of real property on January 1 in any year is liable for taxes of that year. Millburn's 2015 tax levy was approved during the November 23, 2015 board meeting. The District records property tax revenue net of a .25% allowance for uncollectible taxes.

The following are the actual rates levied per \$100 of assessed valuation:

Purpose	Actual		
	2015 Levy	2014 Levy	2013 Levy
Educational	3.431	3.500	3.390
Tort Immunity	.059	.085	.075
Special Education	.390	.400	.283
Operations and Maintenance	.550	.550	.542
Transportation	.139	.266	.226
SEDOL IMRF	.008	.007	.009
Working Cash	.040	.050	.049
Municipal Retirement	.148	.152	.136
Social Security	.127	.134	.145
Debt Service	1.389	1.296	1.112
Life Safety	.032	---	---
Totals	<u>6.313</u>	<u>6.440</u>	<u>5.967</u>

The District is subject to "Tax Cap" limitations affecting the five collar counties surrounding Cook County, Illinois. Under the "Tax Cap" the total of the District's tax levies not including bond levies may not increase by more than the lesser of 5% of the prior year total or the prior year percentage of increase in the Consumer Price Index. However, levies may increase beyond these limitations to the extent that any increase in assessed valuation is represented by annexations or new building.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Equity (continued)

Property Tax Revenues (continued)

A summary of the past three years assessed valuations, extensions, and collections follows:

Tax Year	2015	2014	2013
Assessed Valuation	\$ 215,699,157	\$ 204,195,002	\$ 212,557,834
Extensions			
Purpose			
Educational	\$ 7,400,002	\$ 7,146,825	\$ 7,205,711
Tort Immunity	127,756	174,564	159,418
Special Education	841,227	816,780	601,539
Operations and Maintenance	1,186,345	1,123,073	1,152,063
Transportation	301,384	542,291	480,381
SEDOL IMRF	16,492	15,090	19,130
Working Cash	86,280	102,098	104,153
Municipal Retirement	319,804	310,289	289,079
Social Security	274,117	274,203	308,209
Debt Service	2,995,660	2,647,211	2,363,643
Life Safety	<u>69,326</u>	<u>---</u>	<u>---</u>
Totals	\$ <u>13,618,393</u>	\$ <u>13,152,424</u>	\$ <u>12,683,326</u>
Collections	\$ <u>6,948,163</u>	\$ <u>13,130,467*</u>	\$ <u>12,669,955</u>
Percentage of Extensions Collected	51.02%	99.83%	99.89%

*Amount included back taxes.

The District has a statutory tax rate limit in the various operating funds subject to change only upon the approval of its voters. Further, Millburn is subject to the Property Tax Extension Limitation Act which, in general, limits the increase in the amount of taxes to be extended each year to the lesser of 5% or the percentage increase in the Consumer Price Index for the preceding year. Certain bond issue levies and referendum approved increases are exempt from this limitation.

Property taxes are collected by the Lake County Treasurer who remits to Millburn its share of the collections. Taxes levied in one year are billed in May of the following year, payable in two installments. The first installment due date is usually during the first week in June and the second installment is usually due during the first week in September. Property taxes are normally received by the District within 90 days of each installment due date.

The 2015 property tax levy is recorded as a receivable net of estimated uncollectible amounts. The balance receivable at year-end is the amount of the taxes levied net of the estimated uncollectible amounts minus collections received to that date. Millburn defers recognition of revenue on the 2015 tax levy until the 2016-17 fiscal year as that is the year the 2015 levy was intended to finance operations. This deferral includes collections of 2015 taxes received prior to the end of the 2015-16 fiscal year.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal Retirement/Social Security Fund as required by Illinois statute, with the balance allocated to the remaining funds at the discretion of the District. If the Municipal Retirement/Social Security Fund does not levy a property tax for a particular year, then no replacement taxes are allocated to it for that year.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Equity (continued)

Prepaid Items

Certain payments to vendors for goods and services that reflect costs applicable to future accounting periods are recorded as prepaid items in both the district-wide and fund financial statements.

Capital Assets

Capital assets, which include land, land improvements, building, building improvements, vehicles, machinery, equipment, and construction in progress are reported in the district-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost threshold of more than \$2,500 and an estimated useful life of five years or more. The District raised the threshold from \$500 to \$2,500 on July 1, 2013. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Depreciation of capital assets is provided using the straight-line method over the following estimated useful lives as established by the Illinois State Board of Education. The District chose to use the same useful lives as the State Board of Education.

<u>Assets</u>	<u>Years</u>
Buildings	50
Improvements (other than buildings)	20
Equipment	5-10
Vehicles	5

The District does not depreciate land and construction in progress.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the balance sheets and statements of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resource until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource until that time.

Compensated Absences

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the fiscal year. The entire compensated absences liability is reported on the district-wide financial statements.

For the governmental funds, the current portion of the compensated absences is the amount that is normally expected to be paid using expendable available resources. These amounts are recorded in the fund from which the employees who have accumulated vacation leave are paid.

Due to the nature of the policies on sick leave, and the fact that any liability is contingent upon future events and cannot be reasonably estimated, no liability is provided in the financial statements for accumulated unpaid sick leave.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Equity (continued)

Long-term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums are deferred and amortized over the life of the bonds using the straight-line method. However, bond premiums, discounts and bond issuance costs for bonds issued prior to July 1, 2003 when the District was using the cash basis of accounting were charged to expense at the time of issuance and are not amortized or netted against liabilities. With the implementation of GASB Statement No. 65, all discounts and issuance costs were written off at June 30, 2014.

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

District-Wide Fund Net Position

District-wide fund net position is divided into three components:

- Invested in Capital Assets, Net of Related Debt - Consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted Net Position - Consist of net assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - All other net assets are reported in this category.

Governmental Fund Balances

Governmental fund balances are divided between non-spendable and spendable.

Non-spendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances are arranged in a hierarchy based on spending constraints.

- Restricted - Restricted fund balances are restricted when constraints are placed on their use by either (a) external creditors, grantors, contributors, or laws or regulations of other governments or (b) law through constitutional provisions or enabling legislation.
- Committed - Committed fund balances are amounts that can only be used for specific purposes as a result of constraints of the Board of Education. Committed amounts cannot be used for any other purpose unless the Board of Education removes those constraints by taking the same type of action (e.g., legislation, resolution, ordinance). Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- Assigned - Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by an appointed body (e.g., a budget or finance committee) or official to which the Board of Education has delegated the authority to assign, modify, or rescind amounts to be used for specific purposes.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Assets, Liabilities, and Net Position or Equity (continued)

Governmental Fund Balances (continued)

Assigned fund balances also include (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue, capital projects, or debt service fund, are assigned for purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purpose of the District itself.

- Unassigned - Unassigned fund balance is the residual classification for the General Fund. This classification represents the General Fund balance that has not been assigned to other funds, and that has not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned fund balance in the General Fund also includes amounts levied and/or borrowed for working cash and tort.

The District permits funds to be expended in the following order: Restricted, Committed, Assigned, and Unassigned.

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 23, 2015. Property taxes attach as an enforceable lien on property as of January 1 of the calendar year 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 approximately one month after these dates.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Comparative Data

Comparative totals for the prior year have not been presented in selected sections of the accompanying financial statements.

Eliminations and Reclassifications

In the process of aggregating data for the district-wide financial statements, some amounts reported as interfund activity and balances may have been eliminated or reclassified.

Excess of Expenditures Over Budget

For the year ended June 30, 2016, the Education Fund spent more than budgeted due to higher than expected payments for on-behalf payments for TRS. \$2,315,268 was budgeted while actual costs were \$3,413,010 for an expense of \$1,097,742 more than budgeted. However, the District also records the same amount in revenue to cover this expense.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

Millburn is allowed to invest in securities as authorized by Chapter 30, Sections 235/1 through 235/7, and Chapter 105, Section 518-7 of the *Illinois Compiled Statutes*.

Deposits

At June 30, 2016, the carrying amount of the District's deposits was \$7,896,620 which included \$300 in petty cash. The bank balance was \$8,463,327. In addition, the activity funds and flexible spending account it administers had cash balances at June 30, 2016 with a carrying value of \$129,521 and a bank balance of \$131,433.

Interest Rate Risk - The District does not 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. State law limits investments to specific types of investment instruments. The District places no limit on the amount the District may invest in any one investment instrument. All the District's deposits and investments are covered by FDIC Insurance or collateral consisting of U.S. Government securities or U.S. Government insurance programs.

The District categorizes its fair 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; and Level 3 inputs are significant unobservable inputs. As of June 30, 2016, all of the District's investments were Level 1 inputs.

B. Loans Receivable

The Board of Education has authorized the purchase and financing of personal computer equipment by District employees. At June 30, 2016, the balance receivable from employees for such purchases was \$3,452.

C. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 826,414	\$ ---	\$ ---	\$ 826,414
Construction in Progress	202,915	---	202,915	---
Total Capital Assets Not Being Depreciated	\$ 1,029,329	\$ ---	\$ 202,915	\$ 826,414
Capital Assets Being Depreciated:				
Buildings	\$ 33,333,311	\$ 281,598	\$ ---	\$ 33,614,909
Improvements Other Than Buildings	593,852	96,978	---	690,830
Equipment	4,542,860	111,454	---	4,654,314
Vehicles	64,946	46,435	---	111,381
Total Capital Assets Being Depreciated	\$ 38,534,969	\$ 536,465	\$ ---	\$ 39,071,434
Less: Accumulated Depreciation For:				
Buildings	\$ 9,201,344	\$ 672,298	\$ ---	\$ 9,873,642
Improvements Other Than Buildings	354,143	34,542	---	388,685
Equipment	4,063,355	93,086	---	4,156,441
Vehicles	47,946	5,569	---	53,515
Total Accumulated Depreciation	\$ 13,666,788	\$ 805,495	\$ ---	\$ 14,472,283
Net Capital Assets Being Depreciated	\$ 24,868,181	\$ (269,030)	\$ ---	\$ 24,599,151
Net Governmental Activities Capital Assets	\$ 25,897,510	\$ (269,030)	\$ 202,915	\$ 25,425,565

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

C. Capital Assets (continued)

Depreciation is included on the Statement of Activities as a charge to income of \$805,495 allocable to the following functions:

Regular Programs	\$ 26,121
Interscholastic Programs	4,750
Instructional Staff	148,020
General Administration	31,662
Operations and Maintenance	557,613
Transportation	6,333
Food Services	23,747
Central Services	<u>7,249</u>
	\$ <u>805,495</u>

D. Long-term Debt

Millburn's long-term debt consisted of bonded debt during the 2016 fiscal year. A description of that debt follows:

1. The District issued General Obligation School Bonds on May 1, 1999, for \$9,326,744. The issue was to finance the costs of school building additions and to pay costs of issuing the bonds. The issue provided for the serial retirement of principal on December 1 of each year beginning December 1, 2006 through December 1, 2016, with interest rates varying from 4.40% to 5.30%, payable on July 1 and December 1 beginning with July 1, 1999.

On October 15, 2009, the District advance refunded a portion (\$1,840,000) of this issue and issued \$1,825,000 of Series 2009 Bonds to save on future principal and interest payments.

2. On May 1, 2004, Millburn School issued \$15,984,547 in building bonds. Included in this issue were \$6,075,000 in current interest bonds which mature on January 1, 2007 through 2010 and 2019 and 2020. These current interest bonds bear interest ranging from 3.25% to 5% per annum, payable semi-annually on July 1 and January 1. The balance of the bonds issued are capital appreciation bonds totaling \$9,909,546.75 which begin maturing on January 1, 2017 and annually thereafter until fully paid, except there is no maturity due on January 1, 2020 when the final payment is made on the current interest bonds. The capital appreciation bonds accrete at interest rates ranging from 5.11% to 6.9%, depending on maturity.

On May 1, 2012, the District advance refunded the current interest bonds issued on May 1, 2004 (\$5,620,000) of this issue and issued \$5,775,000 in 2012 bonds to save on future principal and interest payments. See the Advance Refunding section below for further information.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

D. Long-term Debt (continued)

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

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 1,429,127	\$ 1,536,873	\$ 2,966,000
2018	1,486,454	1,719,546	3,206,000
2019	2,606,562	889,438	3,496,000
2020	3,630,000	145,200	3,775,200
2021	1,694,306	2,415,694	4,110,000
2022	1,711,576	2,728,424	4,440,000
2023	1,716,466	3,078,534	4,795,000
2024	<u>1,369,202</u>	<u>3,805,798</u>	<u>5,175,000</u>
	\$ <u>15,643,693</u>	\$ <u>16,319,507</u>	\$ <u>31,963,200</u>

Advance Refunding

On May 2, 2012, the District issued \$5,775,000 in general obligation bonds to advance refund \$5,620,000 of the current interest bond issue dated May 1, 2004. The new bonds bear interest at the rate of 2% on \$125,000 maturing within one year and a 4% on the remainder. The refunded bonds bear interest at the rate of 5% and mature \$1,995,000 on January 1, 2019 and \$3,625,000 on January 1, 2020. The general obligation refunding bonds were issued at par plus a premium of \$490,762 and, after paying issuance costs of \$103,537, the net proceeds were \$6,162,225. After retaining \$4,649 in its debt service fund, \$6,157,576 was used to purchase U.S. government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the refunded bonds mature. The advance refunding met the requirements of an in-substance debt defeasance and the refunded bonds were removed from Millburn's district-wide financial statements.

As a result of the advance refunding, the District reduced its total debt service requirements by \$339,717 which resulted in an economic gain of \$311,717.

Prior Year's Debt Defeasance

In prior years, Millburn has defeased various bond issues by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in trust funds. The investments and fixed earnings from the investments are sufficient to fully service the defeased debt until it matures. For financial reporting purposes, the debt has been considered defeased, and therefore removed as a liability from the Millburn's district-wide financial statements. As of June 30, 2016, the amount of prior year defeased debt outstanding amounted to \$235,000.

For the year ended June 30, 2016, changes in long-term debt are summarized as follows:

<u>Type of Debt</u>	<u>Balance July 1, 2015</u>	<u>Additions</u>	<u>Payments and Defeasements</u>	<u>Balance June 30, 2016</u>	<u>Due in One Year</u>
General Obligation Bonds:					
Dated: 05-01-99	\$ 1,160,027	\$ ---	\$ 1,075,882	\$ 84,145	\$ 84,145
05-01-04	9,909,547	---	---	9,909,547	1,344,981
05-01-12	<u>5,650,000</u>	<u>---</u>	<u>---</u>	<u>5,650,000</u>	<u>---</u>
	\$ <u>16,719,574</u>	\$ <u>---</u>	\$ <u>1,075,882</u>	\$ <u>15,643,692</u>	\$ <u>1,429,126</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 2 - DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS (continued)

D. Long-term Debt (continued)

For the year ended June 30, 2016, changes in long-term debt are summarized as follows:

Type of Debt		Balance July 1, 2015	Additions	Payments	Balance June 30, 2016	Due In One Year
Accreted and Accrued Interest:						
Accreted Interest						
Bonds Dated	05-01-99 \$	3,064,402	\$ 582,345	\$ 1,319,118	\$ 2,327,629	\$ ---
Bonds Dated	05-01-04	8,373,027	1,040,727	---	9,413,754	1,087,316
Accrued Interest						
Bonds Dated	05-01-12	---	226,000	226,000	---	226,000
Totals		\$ 11,437,429	\$ 1,849,072	\$ 1,545,118	\$ 11,741,383	\$ 1,313,316

The Education Fund is used to liquidate long-term liabilities that are not paid from the Debt Service Fund.

E. Operating Lease Agreement

On April 19, 2015, the District entered into a four-year operating lease for 20 school buses with Santander Leasing, LLC. The lease calls for annual installments of \$165,000 beginning on July 20, 2015. The District will not use the buses for the full length of the lease.

At June 30, 2016, the annual payment requirements to pay the lease were:

Year Ending June 30

2017	\$ 165,020
2018	165,020
2019	165,020
	<u>\$ 495,060</u>

NOTE 3 - OTHER INFORMATION

A. Risk Management

Millburn is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District is a member of a public entity risk pool, described below, that provides property and liability coverage and purchases commercial insurance for other risks. Claims settlements have not exceeded coverages for any of the three preceding years and there has been no significant reduction in coverage since last year.

Health Care Benefits

Millburn provides health care benefits to its employees through Cooperative 90's, a cooperative organization which includes a number of other governmental units among its members. The organization employs a third-party administrator which provides claims payment and management services. The District's liability for individual claims is limited and cumulative losses are covered by stop-loss insurance. Millburn can be liable for additional contributions to Cooperative 90's should funds be insufficient to cover the cooperative's obligations. However, none have been required in previous years.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 3 - OTHER INFORMATION (continued)

A. Risk Management (continued)

Public Entity Risk Pool

The District is a member of the Collective Liability Insurance Cooperative (CLIC) which insures all of Millburn's property, general liability, automobile, employee dishonesty, pollution, and workers' compensation claims up to specified limits. CLIC is a separate entity, with more than 150 Illinois school district members, which sets rates and purchases commercial excess and stop-loss coverage. The District pays annual premiums to CLIC for coverage. Supplementary payments may also be required upon determination by CLIC's Board of Directors that the annual premiums are insufficient to fund the operations of the pool. Supplemental payments of \$10,754 were made in the year ending June 30, 2016.

B. Joint Agreements

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational Education, Insurance Pool, etc. This District has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from any of the joint agreements. Complete separate financial statements for any organization in which the District participates may be obtained directly from the organization by contacting the administrative District.

NOTE 4 - RETIREMENT FUND COMMITMENTS

A. Teachers' Retirement System of the State of Illinois

➤ General Information About the Pension Plan

1. Plan Description

Millburn 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 West Washington Street, P.O. Box 19253, Springfield, IL 62794; or by calling (888) 877-0890, option 2.

2. 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 5 years of service, at age 60 with 10 years, or age 55 with 20 years. The benefit is determined by the average of the four highest years of creditable earnings within the last 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

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

➤ General Information About the Pension Plan (continued)

2. Benefits Provided (continued)

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

Essentially all Tier I retirees receive an annual 3% 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 one half 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.

3. 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 the 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 \$3,413,010 in pension contributions from the State of Illinois.
- 2.2 Formula Contributions - Employers contribute .58% of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ending June 30, 2016 were \$40,429, and are deferred because they were paid after the June 30, 2015 measurement date.
- Federal and Trust Fund Contributions - When TRS members are paid from federal and special trust funds administered by the District, there is a statutory requirement for the District to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that 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, 2016, no salaries were paid from federal and special trust funds that required District contributions. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

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

➤ General Information About the Pension Plan (continued)

3. Contributions (continued)

- Employer Retirement Cost Contributions - Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The 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 nothing 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 nothing to TRS for employer contributions due on salary increases in excess of 6% and nothing for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2016, the District reported 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 amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

State's Proportionate Share of the Net Pension Liability	\$ 40,748,081
District's Proportionate Share of the Net Pension Liability	<u>682,398</u>
Total Net Pension Liability	\$ <u>41,430,479</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, 2013 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 .0010416682%.

The net pension liability as of the beginning of this first measurement period under GASB Statement No. 68 was measured as of June 30, 2013, and the total pension liability was based on the June 30, 2013 actuarial valuation without any roll-up. The District's proportion of the net pension liability as of June 30, 2013 was based on the District's share of contributions to TRS for the measurement year ended June 30, 2013, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2013, the District's proportion was .0012567200%.

For the year ended June 30, 2016, the District recognized pension expense of \$3,413,010 and revenue of \$3,413,010 for support provided by the State. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - 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)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 254	\$ (748)	\$ (494)
Net Difference Between Projected and Actual Earnings on Pension Investments	13,514	(23,895)	(10,381)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	---	(88,700)	(88,700)
Employer Contributions Subsequent to the Measurement Date	<u>40,429</u>	<u>---</u>	<u>40,429</u>
	\$ <u><u>54,197</u></u>	\$ <u><u>(113,343)</u></u>	\$ <u><u>(59,146)</u></u>

\$40,629 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2016	\$ 28,982
2017	28,982
2018	28,982
2019	28,982
2020	<u>3,192</u>
	\$ <u><u>119,120</u></u>

1. 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	5.75% average including inflation
Investment Rate of Return	7.5%, net of pension plan investment expenses, including inflation

Mortality rates were based on the RP-2000 White Collar Table with projections using scale AA that vary by member group.

NOTE 4 - 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)1. Actuarial Assumptions (continued)

The actuarial valuations for 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 remained at 7.5%, salary increase assumptions were also 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:

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

2. 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 7.5%. 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 was 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. Therefore, the long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 4 - 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)

3. 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.

	1% Increase 6.47%	Current Discount Rate 7.47%	1% Increase 8.47%
Employer's Proportionate Share of the Net Pension Liability	\$ 843,276	\$ 682,398	\$ 550,473

4. 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

Millburn'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. 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 online 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 rate of earnings in the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

➤ Benefits Provided (continued)

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

- 3% of the original pension amount, or
- ½ 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	27
Inactive, Non-Retired Members	102
Active Members	<u>91</u>
Total	<u>220</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 11.67%. For the fiscal year ended June 30, 2016, the District contributed \$258,313 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.

➤ 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	\$ 6,223,032
IMRF Fiduciary Net Pension	<u>4,604,732</u>
District's Net Pension Liability	\$ <u>1,618,300</u>
IMRF Fiduciary Net Pension as a Percentage of the Total Pension Liability	73.99%

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

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)➤ 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	7.46%
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 expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
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%
	<u>100.0%</u>	

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

➤ 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 3.56%; and resulting single discount rate is 7.46%.

➤ 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 7.46% 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 (6.46%) or 1-percentage-point higher (8.46%) than the current rate:

	1% Decrease 6.46%	Current Discount Rate 7.46%	1% Increase 8.46%
Net Pension Liability	\$ 2,540,598	\$ 1,618,300	\$ 869,295

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

For the year ended June 30, 2016, the District recognized pension expense of \$465,460. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Outflows of Resources
Differences Between Expected and Actual Experience	\$ 35,133	\$ ---	\$ 35,133
Assumption Changes	65,246	---	65,246
Net Difference Between Projected and Actual Earnings on Pension Investments	74,588	---	74,588
Employer Contributions Subsequent to the Measurement Date	---	---	---
	\$ <u>174,967</u>	\$ <u>---</u>	\$ <u>174,967</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - 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 (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 174,967
2017	174,967
2018	118,876
2019	66,671
Thereafter	---
	<u>\$ 535,481</u>

C. Social Security

Employees not qualifying for coverage under the Illinois Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The total employer contribution for the year ended June 30, 2016 was \$140,328.

NOTE 5 - TAX ANTICIPATION WARRANTS PAYABLE

The District had been authorized to issue tax anticipation warrants in 2014-15 but did not need to.

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS

A. Retiree Paid Insurance

Plan Overview - The District provides retiree healthcare benefits other than pensions to employees who meet certain criteria. The Plan, a single-employer defined benefit plan, provides medical, dental and vision benefits to retirees and their covered eligible dependents. All active employees who retire directly from the District and meet the eligibility criteria may participate. The District pays 100% of retirees health insurance premiums for the first four years following retirement for those who choose to be covered. The cost to the District for the 2015-16 fiscal year was \$25,553. The District also recorded a liability for a future amount at \$25,553.

For those we gave notice by May 1, 2013 and retiring in June 2017, the District will pay up to \$300 per month for the cost of single medical insurance under the TRS Plan. If the retiree is eligible for Medicare, the Board will only pay the cost of the Medicare supplement.

B. THIS Fund

Millburn 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 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.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS (continued)

B. THIS Fund (continued)

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the Plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the State to make a contribution to THIS Fund.

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

- On-Behalf Contributions to THIS Fund - The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.07% of pay during the year ended June 30, 2016. State of Illinois contributions were \$74,584 and the District recognized revenue and expenditures of this amount during the year.
- Employer Contributions to THIS Fund - The District also makes contributions to the THIS Fund. The District THIS Fund contribution was .80% during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$55,764 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 7 - LEGAL DEBT LIMITATION

The Illinois School Code limits the amount of indebtedness to 6.90%, or in some instances 15.00%, of the most recent available equalized assessed valuation (EAV) of the District. The District's legal debt limitation is as follows:

	<u>At 6.90%</u>	<u>At 15.00%</u>
2015 EAV	\$ 215,699,157	\$ 215,699,157
Rate	<u>6.90%</u>	<u>15.00%</u>
Debt Margin	\$ 14,883,242	\$ 32,354,874
Current Debt	<u>---</u>	<u>15,643,693</u>
Remaining Debt Margin	\$ <u>14,883,242</u>	\$ <u>16,711,181</u>

The Illinois State Board of Education has granted the District a waiver on the 6.90% limitation to permit certain debt to be subject to the 15.00% limitation..

NOTE 8 - SUBSEQUENT EVENTS

After year-end, the District was informed by the State that a portion of its 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, \$2,103 of the District's special education expenses (in State expense line item 1200) were paid with general state aid.

The District has evaluated subsequent events through September 22, 2016, the date on which the financial statements were available to be issued.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 9 - INTERFUND TRANSFERS

Interfund transfers for the year totaled \$1,591,421. These transfers were from the Transportation Fund to the Operations and Maintenance Fund for \$705,000, and from the Operations and Maintenance Fund to the Capital Projects Fund for \$705,000 to cover new projects. Additionally, the General Fund transferred \$180,000 to the Capital Projects Fund to further assist with new projects. The Debt Service Fund transferred \$1,421 of interest to the Operations and Maintenance Fund.

NOTE 10 - NET POSITION ADJUSTMENT

For June 30, 2015, the implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* required a restatement for deferred employer contributions to pension and net pension liability/asset that were expensed in the period incurred under prior standards but are recorded when the obligation is incurred under the new standards. As a result, the deferred employer contributions to pension and net pension liability/asset have been recorded which resulted in a decrease in the beginning net position of \$1,439,400.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

Effective in the year ended June 30, 2016, the District has 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 required additional disclosures about the fair value of measurement of the investments held by the District (see Note 2).

Effective in the year ended June 30, 2015, the District has implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

REQUIRED SUPPLEMENTARY INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF CHANGES IN THE EMPLOYER'S NET
PENSION LIABILITY AND RELATED RATIOS

JUNE 30, 2016*

Total Pension Liability	
Service Cost	\$ 230,920
Interest	421,385
Difference Between Expected and Actual Experience	106,283
Changes in Assumptions	16,846
Benefit Payments, Including Refunds of Member Contributions	<u>(140,856)</u>
Net Change in Total Pension Liability	\$ 634,578
Total Pension Liability - Beginning	<u>5,588,454</u>
Total Pension Liability - Ending	\$ <u>6,223,032</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 248,313
Contributions - Member	102,456
Net Investment Income	22,735
Benefit Payments, Including Refunds of Member Contributions	(140,856)
Other	<u>(70,049)</u>
Net Change in Plan Fiduciary Net Position	\$ 162,599
Plan Fiduciary Net Position - Beginning	<u>4,442,133</u>
Plan Fiduciary Net Position - Ending	\$ <u>4,604,732</u>
District's Net Pension Liability	\$ <u>1,618,300</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.99%
Covered-Employee Payroll	\$ 2,127,786
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	76.06%

*The 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 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF EMPLOYER CONTRIBUTION

JUNE 30, 2016*

Actuarial Determined Contribution	\$ 248,313
Contributions in Relation to Actuarial Determined Contribution	<u>248,313</u>
Contribution Deficiency/(Excess)	\$ <u>---</u>
Covered-Employee Payroll	\$ 2,127,786
Contributions as a Percentage of Covered-Employee Payroll	11.67%

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

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 10 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 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2016*

Employer's Proportion of the Net Pension Liability	.0010416682%
Employer's Proportionate Share of the Net Pension Liability	\$ 682,398
State's Proportionate Share of the Net Pension Liability Associated With the Employer	<u>40,748,081</u>
Total	\$ <u>41,430,479</u>
Employer's Covered-Employee Payroll	\$ 6,970,454
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	9.78%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	(9.67)%

*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 a salary increase assumption of 5.75%. In 2014, assumptions used were an investment rate of return of 7.5%, an inflation rate of 3.0% and a real return of 4.5%, and salary increases of 5.75%. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

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

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

SCHEDULE OF EMPLOYER'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY

JUNE 30, 2016*

Contractually-Required Contribution	\$ 40,429
Contributions in Relation to the Contractually-Required Contribution	<u>40,341</u>
Contribution Deficiency/(Excess)	\$ <u>87</u>
Employer's Covered-Employee Payroll	\$ 6,970,454
Contributions as a Percentage of Covered-Employee Payroll	.58%

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

**REQUIRED SUPPLEMENTARY INFORMATION -
COMBINING STATEMENTS AND
INDIVIDUAL FUND SCHEDULES**

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

GENERAL FUND

COMBINING BALANCE SHEET

JUNE 30, 2016

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Assets				
Cash	\$ 3,549,839	\$ 301,730	\$ 132,445	\$ 3,984,014
Receivables				
Property Taxes	4,015,597	42,290	62,125	4,120,012
Claims and Grants	252,272	---	---	252,272
Employee's Computer Purchases	3,452	---	---	3,452
Prepaid Expenses	<u>67,728</u>	<u>---</u>	<u>130,038</u>	<u>197,766</u>
 Total Assets	 \$ <u>7,888,888</u>	 \$ <u>344,020</u>	 \$ <u>324,608</u>	 \$ <u>8,557,516</u>
 Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 267,949	\$ ---	\$ ---	\$ 267,949
Accrued Expenses	<u>971,041</u>	<u>---</u>	<u>---</u>	<u>971,041</u>
Total Liabilities	\$ <u>1,238,990</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>1,238,990</u>
 Deferred Inflows of Resources				
Unavailable Revenue - Fees	\$ 115,251	\$ ---	\$ ---	\$ 115,251
Unavailable Revenue - Property Taxes	<u>8,220,625</u>	<u>86,063</u>	<u>127,437</u>	<u>8,434,125</u>
Total Deferred Inflow of Resources	\$ <u>8,335,876</u>	\$ <u>86,063</u>	\$ <u>127,437</u>	\$ <u>8,549,376</u>
 Fund Balances				
Non-Spendable	\$ 67,728	\$ ---	\$ 130,038	\$ 197,766
Unrestricted				
Undesignated (Deficit)	(1,753,706)	257,957	67,133	(1,428,616)
Total Fund Balances	\$ <u>(1,685,978)</u>	\$ <u>257,957</u>	\$ <u>197,171</u>	\$ <u>(1,230,850)</u>
 Total Liabilities and Fund Balances	 \$ <u>7,888,888</u>	 \$ <u>344,020</u>	 \$ <u>324,608</u>	 \$ <u>8,557,516</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

GENERAL FUND

COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2016

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Revenues				
Local Sources	\$ 8,948,998	\$ 102,728	\$ 174,887	\$ 9,226,613
State Sources	3,554,207	---	---	3,554,207
Federal Sources	<u>186,744</u>	<u>---</u>	<u>---</u>	<u>186,744</u>
Total Direct Revenues	\$ 12,689,949	\$ 102,728	\$ 174,887	\$ 12,967,564
Revenue For On-Behalf Payments	<u>3,413,010</u>	<u>---</u>	<u>---</u>	<u>3,413,010</u>
Total Revenues	\$ <u>16,102,959</u>	\$ <u>102,728</u>	\$ <u>174,887</u>	\$ <u>16,380,574</u>
Expenditures				
Instruction	\$ 8,212,601	\$ ---	\$ ---	\$ 8,212,601
Support Services	3,384,922	---	137,472	3,522,394
Community Services	141,918	---	---	141,918
Non-Programmed Charges	<u>152,795</u>	<u>---</u>	<u>---</u>	<u>152,795</u>
Total Direct Expenditures	\$ 11,892,236	\$ ---	\$ 137,472	\$ 12,029,708
Expenditures For On-Behalf Payments	<u>3,413,010</u>	<u>---</u>	<u>---</u>	<u>3,413,010</u>
Total Expenditures	\$ <u>15,305,246</u>	\$ <u>---</u>	\$ <u>137,472</u>	\$ <u>15,442,718</u>
Excess or (Deficiency) of Revenues Cash Expenditures	\$ 797,713	\$ 102,728	\$ 37,415	\$ 937,856
Other Financing Sources (Uses)				
Transfers Out	<u>(180,000)</u>	<u>---</u>	<u>---</u>	<u>(180,000)</u>
Net Change in Fund Balances	\$ 617,713	\$ 102,728	\$ 37,415	\$ 757,856
Fund Balance (Deficit) - July 1, 2015	<u>(2,303,691)</u>	<u>155,229</u>	<u>159,756</u>	<u>(1,988,706)</u>
Fund Balance (Deficit) - June 30, 2016	\$ <u>(1,685,978)</u>	\$ <u>257,957</u>	\$ <u>197,171</u>	\$ <u>(1,230,850)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		
	Original	Final	Actual
Revenues (Page 52)			
Local Sources	\$ 9,019,778	\$ 9,019,778	\$ 8,948,998
Flow-Through Sources	1,500	1,500	---
State Sources	3,649,477	3,649,477	3,554,207
Federal Sources	<u>202,875</u>	<u>202,875</u>	<u>186,744</u>
Total Direct Revenues	\$ 12,873,630	\$ 12,873,630	\$ 12,689,949
Revenue For On-Behalf Payments	<u>2,315,268</u>	<u>2,315,268</u>	<u>3,413,010</u>
Total Revenues	\$ <u>15,188,898</u>	\$ <u>15,188,898</u>	\$ <u>16,102,959</u>
Expenditures (Pages 53-55)			
Instruction	\$ 8,554,618	\$ 8,554,618	\$ 8,212,601
Support Services	3,474,172	3,474,172	3,384,922
Community Services	154,675	154,675	141,918
Non-Programmed Charges	<u>171,250</u>	<u>171,250</u>	<u>152,795</u>
Total Direct Expenditures	\$ 12,354,715	\$ 12,354,715	\$ 11,892,236
Expenditures For On-Behalf Payments	<u>2,315,268</u>	<u>2,315,268</u>	<u>3,413,010</u>
Total Expenditures	\$ <u>14,669,983</u>	\$ <u>14,669,983</u>	\$ <u>15,305,246</u>
Excess or (Deficiency) of			
Revenues Cash Expenditures	\$ <u>518,915</u>	\$ <u>518,915</u>	\$ <u>797,713</u>
Other Financing Sources (Uses)			
Transfers In	\$ 450,000	\$ ---	\$ ---
Transfers Out	<u>(450,000)</u>	<u>---</u>	<u>(180,000)</u>
Total Other Financing Sources (Uses)	\$ <u>---</u>	\$ <u>---</u>	\$ <u>(180,000)</u>
Net Change in Fund Balance	\$ <u>518,915</u>	\$ <u>518,915</u>	\$ 617,713
Fund Balance - July 1, 2015			<u>(2,303,691)</u>
Fund Balance (Deficit) - June 30, 2016			\$ <u>(1,685,978)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF REVENUES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes			
General Levies	\$ 7,146,825	\$ 7,146,825	\$ 7,135,096
Special Education Levies	816,780	816,780	815,402
Tuition	436,870	436,870	421,780
Earnings on Investments	1,650	1,650	2,975
Food Services	171,400	171,400	166,008
District/School Activities	133,580	133,580	132,537
Textbooks	543	543	458
Contributions	45,000	45,000	15,435
Other	<u>267,130</u>	<u>267,130</u>	<u>259,307</u>
	\$ <u>9,019,778</u>	\$ <u>9,019,778</u>	\$ <u>8,948,998</u>
Flow-Through Sources			
From State and Federal Sources	\$ <u>1,500</u>	\$ <u>1,500</u>	\$ <u>---</u>
State Sources			
General State Aid	\$ 2,837,827	\$ 2,837,827	\$ 2,841,170
Special Education	792,350	792,350	703,821
Bilingual Education	18,000	18,000	4,063
State Free Lunch and Breakfast	300	300	336
Other Grants In Aid	<u>1,000</u>	<u>1,000</u>	<u>4,817</u>
	\$ <u>3,649,477</u>	\$ <u>3,649,477</u>	\$ <u>3,554,207</u>
Federal Sources			
National School Lunch	\$ 60,000	\$ 60,000	\$ 57,049
IDEA Preschool	5,400	5,400	5,855
Food Service - Other	6,500	6,500	---
IDEA Flow-Through	91,084	91,084	87,704
Title II - Teacher Quality	15,391	15,391	13,067
Medicaid Matching	<u>24,500</u>	<u>24,500</u>	<u>23,069</u>
	\$ <u>202,875</u>	\$ <u>202,875</u>	\$ <u>186,744</u>
Total Direct Cash Revenue	\$ 12,873,630	\$ 12,873,630	\$ 12,689,949
Revenue For On-Behalf Payments	<u>2,315,268</u>	<u>2,315,268</u>	<u>3,413,010</u>
Total Revenues	\$ <u>15,188,898</u>	\$ <u>15,188,898</u>	\$ <u>16,102,959</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

Expenditures	Budget		Actual
	Original	Final	
Instruction			
Regular Programs			
Salaries	\$ 4,450,516	\$ 4,450,516	\$ 4,307,617
Employee Benefits	885,089	885,089	983,884
Purchased Services	32,650	32,650	21,869
Supplies and Materials	239,025	239,025	96,869
Capital Outlay	5,000	5,000	2,755
Other Objects	1,100	1,100	884
Non-Capitalized Equipment	6,000	6,000	2,841
Termination Benefits	23,500	23,500	21,379
	<u>\$ 5,642,880</u>	<u>\$ 5,642,880</u>	<u>\$ 5,438,098</u>
Special Education Programs			
Salaries	\$ 1,586,006	\$ 1,586,006	\$ 1,546,393
Employee Benefits	363,935	363,935	407,196
Purchased Services	14,846	14,846	12,200
Supplies and Materials	36,750	36,750	45,403
Capital Outlay	9,600	9,600	2,004
Tuition	---	---	506
	<u>\$ 2,011,137</u>	<u>\$ 2,011,137</u>	<u>\$ 2,013,702</u>
Interscholastic Programs			
Salaries	\$ 134,968	\$ 134,968	\$ 104,809
Employee Benefits	750	750	517
Purchased Services	13,100	13,100	14,622
Supplies and Materials	6,700	6,700	5,328
Capital Outlay	1,000	1,000	---
Other Objects	2,900	2,900	2,147
	<u>\$ 159,418</u>	<u>\$ 159,418</u>	<u>\$ 127,423</u>
Gifted Programs			
Salaries	\$ 135,177	\$ 135,177	\$ 135,863
Employee Benefits	27,615	27,615	30,791
Purchased Services	1,000	1,000	---
Supplies and Materials	400	400	42
Other Objects	300	300	---
	<u>\$ 164,492</u>	<u>\$ 164,492</u>	<u>\$ 166,696</u>
Bilingual Programs			
Salaries	\$ 71,250	\$ 71,250	\$ 72,542
Employee Benefits	753	753	883
Purchased Services	75	75	67
Supplies and Materials	4,613	4,613	4,477
	<u>\$ 76,691</u>	<u>\$ 76,691</u>	<u>\$ 77,969</u>
Special Education Private Tuition Programs			
Other Objects	\$ 500,000	\$ 500,000	\$ 388,713
Total Instruction	<u>\$ 8,554,618</u>	<u>\$ 8,554,618</u>	<u>\$ 8,212,601</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Expenditures (continued)			
Support Services			
Pupils			
Salaries	\$ 766,408	\$ 766,408	\$ 752,375
Employee Benefits	115,702	115,702	129,417
Purchased Services	25,050	25,050	19,759
Supplies and Materials	12,850	12,850	16,536
Capital Outlay	---	---	5,029
Non-Capitalized Equipment	<u>9,000</u>	<u>9,000</u>	<u>717</u>
	\$ <u>929,010</u>	\$ <u>929,010</u>	\$ <u>923,833</u>
Instructional Staff			
Salaries	\$ 285,716	\$ 285,716	\$ 282,031
Employee Benefits	152,819	152,819	126,508
Purchased Services	150,215	150,215	135,105
Supplies and Materials	27,675	27,675	23,448
Other Objects	500	500	170
Non-Capitalized Equipment	<u>2,500</u>	<u>2,500</u>	<u>---</u>
	\$ <u>619,425</u>	\$ <u>619,425</u>	\$ <u>567,262</u>
General Administration			
Salaries	\$ 372,694	\$ 372,694	\$ 352,622
Employee Benefits	70,007	70,007	69,087
Purchased Services	145,100	145,100	140,478
Supplies and Materials	6,750	6,750	10,165
Other Objects	<u>18,125</u>	<u>18,125</u>	<u>14,112</u>
	\$ <u>612,676</u>	\$ <u>612,676</u>	\$ <u>586,464</u>
School Administration			
Salaries	\$ 384,270	\$ 384,270	\$ 363,100
Employee Benefits	108,420	108,420	105,125
Purchased Services	3,650	3,650	2,210
Supplies and Materials	4,600	4,600	4,377
Other Objects	<u>2,750</u>	<u>2,750</u>	<u>930</u>
	\$ <u>503,690</u>	\$ <u>503,690</u>	\$ <u>475,742</u>
Business			
Salaries	\$ 160,185	\$ 160,185	\$ 164,660
Employee Benefits	28,111	28,111	27,834
Purchased Services	40,600	40,600	38,078
Supplies and Materials	2,000	2,000	2,837
Other Objects	1,550	1,550	1,474
Non-Capitalized Equipment	<u>1,200</u>	<u>1,200</u>	<u>1,029</u>
	\$ <u>233,646</u>	\$ <u>233,646</u>	\$ <u>235,912</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Expenditures (continued)			
Support Services (continued)			
Food Services			
Salaries	\$ 27,400	\$ 27,400	\$ 30,867
Employee Benefits	375	375	375
Purchased Services	208,500	208,500	186,768
Supplies and Materials	2,700	2,700	3,504
Other Objects	600	600	592
Non-Capitalized Equipment	<u>6,000</u>	<u>6,000</u>	<u>667</u>
	\$ <u>245,575</u>	\$ <u>245,575</u>	\$ <u>222,773</u>
Central			
Purchased Services	\$ 56,750	\$ 56,750	\$ 69,677
Supplies and Materials	127,000	127,000	228,110
Capital Outlay	25,000	25,000	7,995
Non-Capitalized Equipment	<u>117,700</u>	<u>117,700</u>	<u>65,551</u>
	\$ <u>326,450</u>	\$ <u>326,450</u>	\$ <u>371,333</u>
Operations and Maintenance			
Supplies and Materials	\$ 2,200	\$ 2,200	\$ 248
Capital Outlay	<u>1,500</u>	<u>1,500</u>	<u>1,355</u>
	\$ <u>3,700</u>	\$ <u>3,700</u>	\$ <u>1,603</u>
Total Support Services	\$ <u>3,474,172</u>	\$ <u>3,474,172</u>	\$ <u>3,384,922</u>
Community Services			
Salaries	\$ 99,800	\$ 99,800	\$ 83,728
Employee Benefits	41,375	41,375	46,250
Purchased Services	6,500	6,500	8,324
Supplies and Materials	3,500	3,500	3,616
Other Objects	2,000	2,000	---
Non-Capitalized Equipment	<u>1,500</u>	<u>1,500</u>	<u>---</u>
	\$ <u>154,675</u>	\$ <u>154,675</u>	\$ <u>141,918</u>
Non-Programmed Charges			
Payments For Programs			
Purchased Services	\$ 34,500	\$ 34,500	\$ 38,554
Tuition	<u>136,750</u>	<u>136,750</u>	<u>114,241</u>
	\$ <u>171,250</u>	\$ <u>171,250</u>	\$ <u>152,795</u>
Total Direct Expenditures	\$ 12,354,715	\$ 12,354,715	\$ 11,892,236
Expenditures For On-Behalf Payments	<u>2,315,268</u>	<u>2,315,268</u>	<u>3,413,010</u>
Total Expenditures	\$ <u>14,669,983</u>	\$ <u>14,669,983</u>	\$ <u>15,305,246</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

WORKING CASH FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes	\$ 102,098	\$ 102,098	\$ 102,418
Earnings on Investments	240	240	310
Total Revenues	\$ <u>102,338</u>	\$ <u>102,338</u>	\$ <u>102,728</u>
Expenditures	\$ <u>---</u>	\$ <u>---</u>	\$ <u>---</u>
Net Change in Fund Balance	\$ <u>102,338</u>	\$ <u>102,338</u>	\$ 102,728
Fund Balance (Deficit) - July 1, 2015			<u>155,229</u>
Fund Balance (Deficit) - June 30, 2016			\$ <u>257,957</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TORT IMMUNITY FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		
	Original	Final	Actual
Revenues			
Local Sources			
Property Taxes	\$ 174,564	\$ 174,564	\$ 174,635
Earnings on Investments	<u>275</u>	<u>275</u>	<u>252</u>
Total Revenues	\$ <u>174,839</u>	\$ <u>174,839</u>	\$ <u>174,887</u>
Expenditures			
Support Services			
Purchased Services			
Insurance Premiums	\$ <u>174,000</u>	\$ <u>174,000</u>	\$ <u>137,472</u>
Net Change in Fund Balance	\$ <u><u>839</u></u>	\$ <u><u>839</u></u>	\$ 37,415
Fund Balance - July 1, 2015			<u>159,756</u>
Fund Balance - June 30, 2016			\$ <u><u>197,171</u></u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

OPERATIONS AND MAINTENANCE FUND

SCHEDULE OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes	\$ 1,123,083	\$ 1,123,083	\$ 1,121,342
Earnings on Investments	250	250	179
Other Revenue	<u>209,650</u>	<u>209,650</u>	<u>203,962</u>
Total Revenues	\$ <u>1,332,983</u>	\$ <u>1,332,983</u>	\$ <u>1,325,483</u>
Expenditures			
Support Services			
Operation and Maintenance of Plant			
Salaries	\$ 501,000	\$ 501,000	\$ 479,724
Employee Benefits	100,135	100,135	95,929
Purchased Services	263,250	263,250	271,094
Supplies and Materials	414,500	414,500	413,014
Capital Outlay	78,500	78,500	63,099
Other Objects	525	525	1,899
Non-Capitalized Equipment	<u>25,750</u>	<u>25,750</u>	<u>33,821</u>
Total Support Services	\$ <u>1,383,660</u>	\$ <u>1,383,660</u>	\$ <u>1,358,580</u>
Non-Programmed Charges	\$ ---	\$ ---	\$ 30,704
Total Expenditures	\$ <u>1,383,660</u>	\$ <u>1,383,660</u>	\$ <u>1,389,284</u>
Excess or (Deficiency) of Revenue Over Expenditures	\$ <u>(50,677)</u>	\$ <u>(50,677)</u>	\$ <u>(63,801)</u>
Other Financing Sources (Uses)			
Transfer In	\$ 57,300	\$ 707,300	\$ 706,421
Transfers Out	<u>---</u>	<u>(650,000)</u>	<u>(705,000)</u>
Total Other Financing Sources (Uses)	\$ <u>57,300</u>	\$ <u>57,300</u>	\$ <u>1,421</u>
Net Change in Fund Balance	\$ <u>6,623</u>	\$ <u>6,623</u>	\$ (62,380)
Fund Balance - July 1, 2015			<u>(362,216)</u>
Fund Balance - June 30, 2016			\$ <u>(424,596)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

TRANSPORTATION FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes	\$ 542,291	\$ 542,291	\$ 540,975
Earnings on Investments	1,350	1,350	1,273
Other Revenue	21,250	21,250	25,585
Total Local Sources	\$ 564,891	\$ 564,891	\$ 567,833
State Sources			
Regular	\$ 345,000	\$ 345,000	\$ 229,024
Special Education	304,000	304,000	288,239
Total State Sources	\$ 649,000	\$ 649,000	\$ 517,263
Federal Sources			
Other	\$ ---	\$ ---	\$ 38,160
Total Revenues	\$ 1,213,891	\$ 1,213,891	\$ 1,123,256
Expenditures			
Support Services			
Pupil Transportation			
Salaries	\$ 567,896	\$ 567,896	\$ 561,640
Employee Benefits	86,869	86,869	97,191
Purchased Services	75,100	75,100	97,424
Supplies and Materials	108,500	108,500	59,270
Capital Outlay	165,020	165,020	165,020
Other Objects	200	200	324
Non-Capitalized Equipment	2,000	2,000	36,676
Total Expenditures	\$ 1,005,585	\$ 1,005,585	\$ 1,017,545
Excess or (Deficiency) of Revenue Over Expenditures	\$ 208,306	\$ 208,306	\$ 105,711
Other Financing Sources (Uses)			
Transfers Out	(505,000)	(705,000)	(705,000)
Net Change in Fund Balance	\$ (296,694)	\$ (496,694)	\$ (599,289)
Fund Balance - July 1, 2015			807,689
Fund Balance - June 30, 2016			\$ 208,400

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

ILLINOIS MUNICIPAL RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes	\$ 599,583	\$ 599,583	\$ 597,437
Personal Property Replacement Taxes	20,183	20,183	18,790
Earnings on Investments	450	450	510
Total Revenues	\$ <u>620,216</u>	\$ <u>620,216</u>	\$ <u>616,737</u>
Expenditures			
Instruction	\$ 203,556	\$ 203,556	\$ 198,589
Support Services	367,247	367,247	306,755
Community Services	19,550	19,550	16,166
Non-Programmed Charges - Special Education	---	---	15,088
Total Expenditures	\$ <u>590,353</u>	\$ <u>590,353</u>	\$ <u>536,598</u>
Net Change in Fund Balance	\$ <u>29,863</u>	\$ <u>29,863</u>	\$ 80,139
Fund Balance - July 1, 2015			<u>77,919</u>
Fund Balance - June 30, 2016			\$ <u>158,058</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

DEBT SERVICE FUND

BOND AND INTEREST FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Property Taxes	\$ 2,647,210	\$ 2,647,210	\$ 2,643,163
Earnings on Investments	<u>1,500</u>	<u>1,500</u>	<u>1,424</u>
Total Revenues	\$ <u>2,648,710</u>	\$ <u>2,648,710</u>	\$ <u>2,644,587</u>
Expenditures			
Debt Service			
Interest	\$ 1,545,118	\$ 1,545,118	\$ 1,545,118
Principal	1,075,882	1,075,882	1,075,882
Debt Service Fees	<u>4,500</u>	<u>4,500</u>	<u>1,152</u>
Total Expenditures	\$ <u>2,625,500</u>	\$ <u>2,625,500</u>	\$ <u>2,622,152</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ 23,210	\$ 23,210	\$ 22,435
Other Financing Sources (Uses)			
Transfers Out	<u>(2,300)</u>	<u>(2,300)</u>	<u>(1,421)</u>
Net Change in Fund Balance	\$ <u>20,910</u>	\$ <u>20,910</u>	\$ 21,014
Fund Balance - July 1, 2015			<u>278,802</u>
Fund Balance - June 30, 2016			\$ <u>299,816</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

CAPITAL PROJECTS FUND

SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2016

	Budget		Actual
	Original	Final	
Revenues			
Local Sources			
Earnings on Investments	\$ 1,100	\$ 1,100	\$ 474
Contributions and Donations	5,000	5,000	---
Other Revenue	---	---	14,800
Total Revenues	\$ 6,100	\$ 6,100	\$ 15,274
Expenditures			
Support Services			
Facilities Acquisition			
Purchased Services	\$ 91,000	\$ 91,000	\$ 26,051
Capital Outlay	1,010,000	1,010,000	254,672
Total Expenditures	\$ 1,101,000	\$ 1,101,000	\$ 280,723
Excess or (Deficiency) of			
Revenues Over Expenditures	\$ (1,094,900)	\$ (1,094,900)	\$ (265,449)
Other Financing Sources (Uses)			
Permanent Transfers of Interest Other Funds	450,000	650,000	885,000
Net Change in Fund Balance	\$ (644,900)	\$ (444,900)	\$ 619,551
Fund Balance - July 1, 2015			459,388
Fund Balance - June 30, 2016			\$ 1,078,939

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2016

NOTE 1 - BUDGETARY PROCESS

The District follows procedures mandated by Illinois State law and District Board policy to establish the budgetary data reflected in its financial statements. The budget was passed on September 14, 2015 and was amended on May 23, 2016. The budgeted amounts in this report are the result of full compliance with the following procedures:

For each fund, total expenditures may not legally exceed the budgeted amounts. 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:

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 adoptions.

NOTE 2 - EXCESS OF EXPENDITURES OVER BUDGET

For the year ended June 30, 2016, the Education Fund exceeded its budget due to on-behalf payment for TRS being \$1,097,742 higher than budgeted for. However, the District also records on-behalf revenue in the same amount to offset this shortfall.

The Operations and Maintenance Fund had expenditures over budget of \$5,624 due to the District incurring non-programmed charges that were not included in the budget.

The Transportation Fund had expenditures over budget of \$11,960 due to additional non-capitalized equipment being purchased for the District.

SUPPLEMENTARY SCHEDULES

**FIDUCIARY FUNDS
TRUST AND AGENCY FUNDS**

Trust Funds are used to account for assets held by the District in a trustee capacity. Agency funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments, and/or other funds.

PTO and Activity Funds - To account for monies donated by parents and students to fund student events.

Flexible Spending Account Fund - To account for monies withheld for flexible spending benefits from employees wages and subsequent remittance to pay expenses.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FIDUCIARY FUNDS

AGENCY FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2016

	<u>Agency</u>		
	<u>PTO and Activity Funds</u>	<u>Flexible Spending Account Fund</u>	<u>Total</u>
Assets			
Cash and Cash Equivalents	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>
 Total Assets	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>
 Liabilities and Fund Balances			
Liabilities			
Due To Student Groups	\$ 54,996	\$ ---	\$ 54,996
Due To Parent Teacher Organizations	54,566	---	54,566
Unremitted Payroll Deductions	---	19,959	19,959
Total Liabilities	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>
 Total Liabilities and Fund Balances	\$ <u>109,562</u>	\$ <u>19,959</u>	\$ <u>129,521</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

STUDENT ACTIVITY FUNDS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2016

	Balance <u>July 1, 2015</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2016</u>
Millburn Central				
Band	\$ 945	\$ 1,568	\$ 1,751	\$ 762
Athletics	1,497	1,406	1,212	1,691
Field Trips	3,286	96,530	92,099	7,717
Grants	100	---	96	4
Middle School	4,975	20,491	15,975	9,491
Principal	800	1,816	2,152	464
Student Council	751	964	1,048	667
Student Council Emergency	---	50	---	50
Sunshine	431	180	---	611
Yearbook	6,669	1,213	131	7,751
Art - Elementary School	4,145	1,517	599	5,063
Art - Middle School	100	100	129	71
Drama Club	83	---	---	83
Middle School Yearbook	3,175	6,710	3,570	6,315
Millburn Garden	2,998	8,742	3,623	8,117
N.E.I.A.S.B.O.	24,004	2	24,006	---
Other Fundraiser	344	2,948	2,944	348
PBIS	354	995	309	1,040
PBIS - Middle School	322	---	297	25
Principal - Middle School	36	2,979	3,012	3
Scholastic Bowl	5	662	662	5
Sunshine - Middle School	911	329	175	1,065
Wrestling Fund	518	---	337	181
Early Childhood	205	861	910	156
Millburn Flower Project	178	---	---	178
Cheerleading	1,732	---	1,590	142
24-Hour Challenge	210	9,123	6,337	2,996
	\$ <u>58,774</u>	\$ <u>159,186</u>	\$ <u>162,964</u>	\$ <u>54,996</u>
Millburn PTO	\$ <u>55,496</u>	\$ <u>96,371</u>	\$ <u>97,301</u>	\$ <u>54,566</u>
Totals	\$ <u>114,270</u>	\$ <u>255,557</u>	\$ <u>260,265</u>	\$ <u>109,562</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FLEXIBLE SPENDING ACCOUNT FUND

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Assets

Cash and Cash Equivalents -	
Beginning Balance	\$ 23,010
Additions	87,294
Disbursements	<u>(90,345)</u>
Cash and Cash Equivalents - Ending Balance	\$ <u>19,959</u>

Liabilities

Unremitted Payroll Deductions Payable -	
Beginning Balance	\$ 23,010
Additions	87,294
Disbursements	<u>(90,345)</u>
Ending Balance	\$ <u>19,959</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

COMPUTATION OF PER CAPITA TUITION CHARGE

FOR THE YEAR ENDED JUNE 30, 2016

Total Expenditures		
Educational Fund	\$ 11,892,236	
Operations and Maintenance Fund	1,389,284	
Bond and Interest Fund	2,622,152	
Transportation Fund	1,017,545	
Municipal Retirement Fund	536,598	
Tort Immunity Fund	<u>137,472</u>	\$17,595,287
Less: Receipts or Expenditures Not Applicable To Operating Expense of Regular Term		
Special Education Programs - Pre-K	\$ 322,943	
Special Education Tuition	396,307	
Community Services	158,084	
Capital Outlay and Non-Capitalized Equipment	388,559	
Bond and Lease Principal Retired	1,075,882	
Payments to Other Districts and Governments	<u>198,587</u>	<u>2,540,362</u>
Operating Expense of Regular Program		\$ 15,054,925
Average Daily Attendance	1,214.99	
Net Operating Expense Per Pupil	\$ <u>12,390.99</u>	
Deductions For Computation of Tuition Charges (Revenue Offsetting Expense of a Special Activity)		
State Transportation Aid	\$ 577,407	
Special Education	791,525	
District/School Activity	132,537	
Food Services	223,057	
Textbooks	458	
Rentals	202,558	
Other Grants-In-Aid	<u>45,352</u>	<u>1,972,894</u>
Net Operating Expenses For Tuition Computation		\$ 13,082,031
Add: Total Depreciation Allowance		<u>819,961</u>
Total Allowance For Tuition Computation		\$ <u>13,901,992</u>
Average Daily Attendance	1,214.99	
Per Capita Tuition Charge	\$ <u>11,442.06</u>	

NOTE: These computations are prepared from the District's Annual Financial Report which it files with the Illinois State Board of Education on a regulatory basis of accounting. The regulatory basis is different than the basis of accounting used in this report.