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MILBURN COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 24

WADSWORTH, LAKE COUNTY, ILLINOIS

ANNUAL FINANCIAL REPORT

JUNE 30, 2015

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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, 2015, 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, 2015, 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.

Emphasis of Matter

As discussed in Notes 10 and 11 of the notes to the financial statements, in 2015 the District adopted new accounting guidance: 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*. Our opinion is not modified with respect to this matter.

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 25, 2015

REQUIRED SUPPLEMENTAL INFORMATION

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015

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, 2015. 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 \$1,398,624 for the year.
- Millburn spent approximately \$408,000 on construction in progress and replacement equipment.
- District operations for the year indicate revenues exceeding expenses by \$1,875,437 and the District recorded prior period adjustments totaling \$1,439,400, further reducing its net position as shown on the Statement of Activities on page 13.
- Payments during the year reduced Millburn's debt by almost \$1,218,000.
- The District implemented GASB 68 and 71, resulting in a decrease in its net position of \$1,439,400.

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 64-67 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 49-63 of this report.

Financial Analysis of the District as a Whole

Net Position - Millburn's net position at June 30, 2015 after adjustments required by the implementation of GASB 68 and 71 was \$436,000 more than it was the year before, decreasing its deficit to \$5,027,000. 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>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 13,924	\$ 11,769
Capital Assets (Net)	<u>25,898</u>	<u>26,550</u>
	\$ <u>39,822</u>	\$ <u>38,319</u>
Deferred Outflows		
Pensions	\$ <u>475</u>	\$ <u>---</u>
Total Assets and Deferred Outflows	\$ <u>40,297</u>	\$ <u>38,319</u>
Liabilities		
Pension and Retiree Healthcare	\$ 1,882	\$ ---
Long-Term Debt Outstanding	28,157	29,279
Other Liabilities	<u>1,360</u>	<u>1,066</u>
	\$ <u>31,399</u>	\$ <u>30,345</u>
Deferred Inflows of Resources		
Unamortized Bond Premiums	\$ 517	\$ 608
Pensions	116	---
Unavailable Revenue - Fees	172	175
Unavailable Revenue - Property Taxes	<u>13,120</u>	<u>12,654</u>
	\$ <u>13,925</u>	\$ <u>13,437</u>
Total Liabilities and Deferred Inflows of Resources	\$ <u>45,324</u>	\$ <u>43,782</u>
Net Position		
Invested in Capital Assets, Net of Related Debt	\$ 8,661	\$ 8,005
Restricted	1,609	1,494
Unrestricted	<u>(15,297)</u>	<u>(14,962)</u>
Total Net Position	\$ <u>(5,027)</u>	\$ <u>(5,463)</u>

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

- The District spent \$408,000 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 \$1,125,794 in bonds and reduction of \$92,166 in lease/purchase obligations.
- Depreciation expense of \$1,060,214 was charged against income.

Changes in Net Position - The District's total revenues for the fiscal year ended June 30, 2015 were \$21.7 million. The total cost of all programs and services was \$19.8 million, \$1,875,000 more than revenues as illustrated in the following table:

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

	2015		2014	
	Governmental Activities	Percentage of Total	Governmental Activities	Percentage of Total
Revenue				
Program Revenues				
Charges for Services	\$ 1,348	6.2%	\$ 1,176	6.3%
Operating Grants and Contributions	5,000	23.1%	3,538	19.0%
Capital Grants and Contributions	---	---	26	.1%
General Revenue				
Taxes	12,690	58.6%	11,361	61.0%
State and Federal Aid - Formula Grants	2,620	12.1%	2,535	13.6%
Investment Earnings	7	0%	5	0%
Total Revenue (In Thousands)	<u>\$ 21,665</u>	<u>100.0%</u>	<u>\$ 18,641</u>	<u>100.0%</u>
Expenses				
Instruction	\$ 11,280	57.0%	\$ 9,608	49.2%
Pupil and Instructional Services	1,704	8.6%	1,715	8.8%
Administration and Business	1,496	7.6%	1,221	6.3%
Maintenance and Operations	2,025	10.2%	1,987	10.2%
Food Services	283	1.4%	243	1.2%
Transportation	942	4.8%	1,011	5.2%
Other and Non-programmed Charges	837	4.3%	618	3.2%
Debt Service	1,223	6.1%	3,099	15.9%
Total Expenses (In Thousands)	<u>\$ 19,790</u>	<u>100.0%</u>	<u>\$ 19,502</u>	<u>100.0%</u>
Change in Net Position	\$ 1,875		\$ (861)	
Net Position				
At July 1	(5,463)		(4,170)	
Prior Period Adjustment - Note 10	<u>(1,439)</u>		<u>(432)</u>	
At June 30	<u>\$ (5,027)</u>		<u>\$ (5,463)</u>	

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	\$ 11,280	\$ 6,198
Pupil and Instructional Services	1,704	1,697
Administration and Business	1,496	1,496
Maintenance and Operations	2,025	1,817
Transportation	942	350
All Other	<u>2,343</u>	<u>1,884</u>
 Total Cost (In Thousands)	 \$ <u>19,790</u>	 \$ <u>13,442</u>

Summary and Highlights

- The cost of all governmental activities for the year was \$19.8 million.
- About \$1,348,000 of the cost was paid by users of the District's programs.
- Federal and state subsidies to specific programs totaled \$5.0 million which includes \$3.4 million in state on-behalf payments.
- Most of the costs (\$12.7 million) however, were paid by the District's taxpayers.
- Replacement taxes, investment earnings, and state and federal aid-formula grants totaled \$2.6 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 \$21.7 million compared to \$18.6 in the prior year -- an increase of \$3.1 million. Total expenditures were \$20.3 million compared to \$18.0 million a year ago. Current year revenues exceeded expenditures and other financing sources and uses by \$1.4 million.

Educational Fund (Pages 51-55) - Property taxes produced \$7.8 million in revenue for the Educational Fund during fiscal 2015, or 48.8% of all of the fund's revenue. State sources accounted for 43.0% of revenue at \$6.9 million, including \$3.4 million in on-behalf pension payments. Without the on-behalf pension payments, state revenues were \$3.5 million, accounting for 21.6% of total revenue. Federal sources provided \$2 million, or about 1.2% of total Educational Fund revenue. Fees, earnings on investments, and other local sources of revenue produced \$1.1 million, or 7.0% of total revenue. Thus, property taxes and other local revenues combined accounted for \$8.9 million, or more than 50.0% of Educational Fund revenues.

Total Educational Fund expenditures were \$14.8 million in fiscal year 2015, \$2.1 million more than they were the year before. Of the \$14.8 million, \$11.1 million, or 75.1%, was used for direct instruction and teachers' pensions; \$3.5 million was paid for instructional support services, administration, business, and food service; and \$2 million was used for tuition paid to other school districts, community services, and debt service. The Educational Fund also transferred \$85,000 to the Debt Service Fund and \$1,652 to the Operations and Maintenance Fund.

After taking into account the revenues of \$16.0 million and the expenditures and transfers of \$14.9 million, the Educational Fund revenues exceeded expenditures by of \$1.1 million. The fund balance deficit decreased to \$2,304,000.

Working Cash Fund (Page 56) - The Working Cash Fund received \$103,894 in taxes and \$242 in interest on investments.

Tort Immunity Fund (Page 57) - Revenues totaled \$159,915, consisting almost entirely of property taxes. Expenditures totaled \$61,660. At year-end, the fund balance was \$159,756.

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 \$1,150,434 out of total fund revenues of \$1,358,975, or 84.7% of total fund revenue. Other local revenue sources account for the other 15.3%, or \$208,541.

Total expenditures of \$1,260,563 were \$44,419 more than last year's \$1,216,144. Total revenues exceeded expenditures by \$98,412. The fund also received transfers of \$4,656 and transferred to the Capital Project Fund \$100,000.

Transportation Fund (Page 59) - Revenues for transportation were more than expenditures and transfers by \$188,779, generating a fund balance at year-end of \$807,689.

Total expenditures of \$883,943 for 2015 are \$24,197 less than the 2014 total.

Illinois Municipal Retirement Fund (Page 60) - IMRF Fund revenues for 2015 were \$636,749. Expenditures of \$510,395 were \$35,518 more than the 2014 cost of \$474,877. Revenues exceeded expenditures by \$126,354, leaving a fund balance of \$77,919.

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 2015, the District's Bond and Interest Fund revenues totaled \$2,363,134. Expenditures totaled \$2,425,607. The fund received \$83,549 in net transfers from other funds to pay for Debt Service expenses. The fund balance increased by \$21,076 due to the timing of revenues and bond payments.

Capital Projects Fund (Page 62) - The Capital Projects Fund carried forward \$653,817 from the previous year which represents the unexpended proceeds of bonds issued for construction purposes and contributions. During the year it received contributions of \$1,996 and interest earnings of \$1,081. It spent \$297,506 and received a transfer of \$100,000, reducing its fund balance to \$459,388.

General Fund Budgetary Highlights (Pages 51-55) - The District budgeted general fund expenditures to total \$14,898,761. Actual General Fund expenditures totaled \$14,889,155, including \$3,408,960 in on-behalf pension payments. Actual results for the year produced an increase of \$1,256,776.

Capital Asset and Debt Administration

Capital Assets - At June 30, 2015, Millburn's net capital assets totaled \$25.9 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 \$1,060,214 for the year was charged to various functions on the Statement of Activities as follows:

Regular Programs	\$ 34,491
Interscholastic Programs	6,272
Instructional Staff	195,453
General Administration	41,808
Operations and Maintenance	735,670
Transportation	5,592
Food Services	31,356
Central Services	<u>9,572</u>
	\$ <u>1,060,214</u>

During the year, the District invested \$407,731 in additions to its capital assets. The amounts invested in additions to capital assets were less than charges for depreciation during the year by \$652,483. The following schedule presents capital asset balances net of depreciation at June 30, 2015:

Land	\$ 826,414
Construction in Progress	202,915
Buildings	24,131,967
Improvements Other Than Buildings	239,709
Equipment	479,505
Vehicles	<u>17,000</u>
Totals	\$ <u>25,897,510</u>

Long-Term Debt - During the 2015 fiscal year, the District:

1. Retired bonds in the amount of \$1,125,794;
2. Paid \$92,166 toward its lease/purchase obligations;
3. Paid interest costs and fees of \$1,215,478.

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

At June 30, 2015, Millburn's long-term debt obligations were:

General Obligation Bonds	\$ <u>16,719,574</u>
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In addition, the District was liable for accrued and accreted interest on its long-term debt:

Accrued and Accreted Interest on Bonds	\$ <u>11,437,429</u>
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Summary and Highlights

- Property taxes continue to be the District's largest single source of revenues at \$12.7 million with locally generated fees and charges and interest earnings generating \$1.4 million. \$7.6 million was provided by state and federal aid. Thus, nearly 64.8% of revenue came from local sources.
- Total expenditures for all funds were \$20.3 million, \$2.3 million more than the previous year. This year, expenditures included \$2.4 million spent on debt service payments.
- Total additions to capital assets were \$408,000.
- Payments on long-term debt principal totaled \$1,218,000.

Factors Bearing on the District's Future

The District is cautiously optimistic regarding the long-range financial projections.

The Board of Education has approved a balanced budget for the last four 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 approximately \$2,000 that was received in FY 2016.

During FY 2015, the District did not use any Tax Anticipation Warrants for cash flow purposes. This is the first time 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. 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 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, 2015

	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 6,883,983
Receivables	
Property Taxes	6,441,178
Replacement Taxes	3,369
Claims and Grants	377,340
Employee Computer Purchases	10,901
Prepaid Expenses	208,126
Capital Assets, Net of Accumulated Depreciation	
Land	826,414
Land Improvements	239,709
Buildings	24,131,967
Equipment	496,505
Construction in Progress	202,915
Total Assets	<u>\$ 39,822,407</u>
Deferred Outflows of Resources	
Deferred Pension Expense	\$ 311,210
Deferred Employer Pension Contributions	163,834
Total Deferred Outflows of Resources	<u>\$ 475,044</u>
 Total Assets and Deferred Outflow of Resources	 <u>\$ 40,297,451</u>
Liabilities	
Accounts Payable	\$ 358,521
Accrued Expenses	1,001,003
Non-current Liabilities	
Due Within One Year	1,870,301
Due in More Than One Year	26,286,702
Net Pension Liabilities	1,850,977
Retiree Healthcare Liability	31,394
Total Liabilities	<u>\$ 31,398,898</u>
Deferred Inflows of Revenues	
Unamortized Bond Premiums	\$ 516,772
Deferred Pension Revenue	115,760
Unavailable Revenue - Fees	172,226
Unavailable Revenue - Property Taxes	13,120,271
Total Deferred Inflows of Revenues	<u>\$ 13,925,029</u>
Net Position	
Invested in Capital Assets, Net of Related Debt	\$ 8,661,164
Restricted For:	
Debt Service	265,319
Transportation	653,281
Retirement	235,786
Capital Projects	454,659
Unrestricted	<u>(15,296,685)</u>
Total Net Position	<u>\$ (5,026,476)</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, 2015

	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction					
Regular Programs	\$ 5,292,253	\$ 481,111	\$ 74,098	\$ ---	\$ (4,737,044)
Special Programs	1,917,380	231,000	880,028	---	(806,352)
Interscholastic Programs	121,952	7,350	---	---	(114,602)
Summer Programs	21	---	---	---	(21)
Gifted Programs	149,631	---	---	---	(149,631)
Bilingual Programs	82,795	---	---	---	(82,795)
Special Education Tuition	307,443	---	---	---	(307,443)
State Retirement Contributions	3,408,960	---	3,408,960	---	---
Support Services					
Pupils	989,554	---	---	---	(989,554)
Instructional Staff	714,507	---	7,371	---	(707,136)
General Administration	787,230	---	---	---	(787,230)
School Administration	499,916	---	---	---	(499,916)
Business	209,167	---	---	---	(209,167)
Operations and Maintenance	2,025,404	208,261	---	---	(1,817,143)
Transportation	942,327	21,883	570,647	---	(349,797)
Food Services	283,468	166,499	57,245	---	(59,724)
Central Services	431,585	---	---	---	(431,585)
Community Services	126,137	232,363	---	---	106,226
Facilities Acquisition and Construction	30,794	---	1,996	---	(28,798)
Non-Programmed Charges	163,495	---	---	---	(163,495)
Interest and Fees	1,222,650	---	---	---	(1,222,650)
Pension Expenses	52,293	---	---	---	(52,293)
Retiree Healthcare Expenses	31,394	---	---	---	(31,394)
Total Governmental Activities	\$ 19,790,356	\$ 1,348,467	\$ 5,000,345	\$ ---	\$ (13,441,544)
General Revenues					
Taxes					
Real Estate Taxes - General					\$ 10,308,289
Real Estate Taxes - Debt Service					2,361,683
Corporate Personal Property Replacement Tax					20,525
State and Federal Aid					
Formula Grants					2,619,729
Investment Earnings					6,755
Total General Revenues					\$ 15,316,981
Change in Net Position (Deficit)					\$ 1,875,437
Net Position - July 1, 2014					(5,462,513)
Prior Period Adjustment - Note 10					(1,439,400)
Net Position - June 30, 2015					\$ (5,026,476)

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Assets							
Cash	\$ 2,996,296	\$ 252,146	\$ 1,623,357	\$ 959,770	\$ 402,996	\$ 647,918	\$ 6,882,483
Investments	---	---	---	---	---	1,500	1,500
Receivables	---	---	---	---	---	---	---
Property Taxes	4,035,005	549,932	1,296,238	265,786	294,217	---	6,441,178
Replacement Taxes	---	---	---	---	3,369	---	3,369
Claims and Grants	237,109	1,020	---	139,211	---	---	377,340
Employees' Computer Purchases	10,901	---	---	---	---	---	10,901
Prepaid Expenses	208,126	---	---	---	---	---	208,126
Total Assets	\$ 7,487,437	\$ 803,098	\$ 2,919,595	\$ 1,364,767	\$ 700,582	\$ 649,418	\$ 13,924,897

**Liabilities, Deferred Inflows of Resources,
and Fund Balances**

Liabilities							
Accounts Payable	\$ 148,541	\$ 12,373	\$ 200	\$ 7,377	\$ ---	\$ 190,030	\$ 358,521
Accrued Expenses	935,710	32,676	---	8,037	24,580	---	1,001,003
Total Liabilities	\$ 1,084,251	\$ 45,049	\$ 200	\$ 15,414	\$ 24,580	\$ 190,030	\$ 1,359,524
Deferred Inflows of Resources							
Unavailable Revenue - Fees	\$ 172,226	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 172,226
Unavailable Revenue - Property Taxes	8,219,666	1,120,265	2,640,593	541,664	598,083	---	13,120,271
Total Deferred Inflows of Resources	\$ 8,391,892	\$ 1,120,265	\$ 2,640,593	\$ 541,664	\$ 598,083	\$ ---	\$ 13,292,497

See Accompanying Notes to Financial Statements.

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

FUND FINANCIAL STATEMENTS

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2015
(Continued)

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Liabilities, Deferred Inflows of Resources, and Fund Balances (continued)							
Fund Balances (Deficit)							
Non-Spendable	\$ 208,126	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---	\$ 208,126
Restricted For							
Debt Service	---	---	265,319	---	---	---	265,319
Transportation	---	---	---	653,281	---	---	653,281
Retirement	---	---	---	---	235,786	---	235,786
Capital Projects	---	---	---	---	---	454,659	454,659
Assigned For							
Transportation	---	---	---	154,408	---	---	154,408
Debt Service	---	---	13,483	---	---	---	13,483
Retirement	---	---	---	---	723	---	723
Capital Projects	---	---	---	---	---	4,729	4,729
Unrestricted - Unassigned	(2,196,832)	(362,216)	---	---	(158,590)	---	(2,717,638)
Total Fund Balances (Deficit)	\$ (1,988,706)	\$ (362,216)	\$ 278,802	\$ 807,689	\$ 77,919	\$ 459,388	\$ (727,124)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 7,487,437	\$ 803,098	\$ 2,919,595	\$ 1,364,767	\$ 700,582	\$ 649,418	\$ 13,924,897

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, 2015

Total Fund Balances (Deficit) - Governmental Funds		\$ (727,124)
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	\$ 39,564,298	
Depreciation Expense to Date	<u>(13,666,788)</u>	25,897,510
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, 2015 is:		
Bonds Payable	\$ 16,719,574	
Accreted and Accrued Interest Payable	<u>11,437,429</u>	(28,157,003)
Deferred credits consisting of premiums received on the sale of bonds have been recognized as other financing sources on the Fund Financial Statements when received rather than amortized over the period of the indebtedness.		
		(516,772)
Deferred Outflows/Inflows and Pension and Retiree Healthcare liabilities are not included in the Fund Financial Statements.		
		<u>(1,523,087)</u>
Net Position of Governmental Activities		\$ <u>(5,026,476)</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, 2015

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Revenues							
Property Taxes	\$ 8,061,903	\$ 1,150,434	\$ 2,361,683	\$ 480,192	\$ 615,760	\$ ---	\$ 12,669,972
Payments in Lieu of Taxes	---	---	---	---	20,525	---	20,525
Tuition	466,974	---	---	---	---	---	466,974
Earnings on Investments	2,168	280	1,451	1,311	464	1,081	6,755
Food Service	166,499	---	---	---	---	---	166,499
District/School Activity Income	133,070	---	---	---	---	---	133,070
Textbooks	531	---	---	---	---	---	531
Other Local Sources	351,249	208,261	---	21,883	---	1,996	583,389
State Aid	3,450,525	---	---	570,647	---	---	4,021,172
Federal Aid	187,946	---	---	---	---	---	187,946
On-Behalf Payments	3,408,960	---	---	---	---	---	3,408,960
Total Revenues	\$ 16,229,825	\$ 1,358,975	\$ 2,363,134	\$ 1,074,033	\$ 636,749	\$ 3,077	\$ 21,665,793
Expenditures							
Instruction							
Regular Programs	\$ 5,239,576	---	---	---	\$ 81,753	---	\$ 5,321,329
Special Programs	1,838,855	---	---	---	95,031	---	1,933,886
Interscholastic Programs	113,824	---	---	---	1,856	---	115,680
Summer Programs	1,484	---	---	---	21	---	1,505
Gifted Programs	147,785	---	---	---	1,846	---	149,631
Bilingual Program	79,261	---	---	---	3,534	---	82,795
Special Education Tuition	307,443	---	---	---	---	---	307,443
State Retirement Contributions	3,408,960	---	---	---	---	---	3,408,960
Support Services							
Pupils	954,092	---	---	---	35,462	---	989,554
Instructional Staff	489,263	---	---	---	29,791	---	519,054
General Administration	741,158	---	---	---	4,264	---	745,422
School Administration	468,812	---	---	---	31,104	---	499,916
Business	201,190	---	---	---	7,977	---	209,167
Operations and Maintenance	23,459	1,228,842	---	---	84,044	---	1,336,345
Transportation	---	---	---	873,917	62,818	---	936,735
Food Services	215,239	---	---	---	36,873	---	252,112
Central Services	434,864	---	---	---	---	---	434,864
Facilities Acquisition and Construction	---	---	---	---	---	297,506	297,506

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, 2015
 (Continued)

	General	Operations and Maintenance	Debt Service	Transportation	IMRF	Capital Projects	Totals
Expenditures (continued)							
Community Services	110,825	---	---	---	15,312	---	126,137
Non-Programmed Charges	113,065	31,721	---	---	18,709	---	163,495
Debt Service							
Principal	---	---	1,208,358	9,546	---	---	1,217,904
Interest and Fees	---	---	1,217,249	480	---	---	1,217,729
Total Expenditures	<u>\$ 14,889,155</u>	<u>\$ 1,260,563</u>	<u>\$ 2,425,607</u>	<u>\$ 883,943</u>	<u>\$ 510,395</u>	<u>\$ 297,506</u>	<u>\$ 20,267,169</u>
Excess or (Deficiency) of Revenues Over Expenditures	<u>\$ 1,340,670</u>	<u>\$ 98,412</u>	<u>\$ (62,473)</u>	<u>\$ 190,090</u>	<u>\$ 126,354</u>	<u>\$ (294,429)</u>	<u>\$ 1,398,624</u>
Other Financing Sources (Uses)							
Transfers In	---	\$ 4,656	\$ 85,000	\$ ---	\$ ---	\$ 100,000	\$ 189,656
Transfers Out	(86,894)	(100,000)	(1,451)	(1,311)	---	---	(189,656)
Total Other Financing Sources (Uses)	<u>\$ (86,894)</u>	<u>\$ (95,344)</u>	<u>\$ 83,549</u>	<u>\$ (1,311)</u>	<u>\$ ---</u>	<u>\$ 100,000</u>	<u>\$ ---</u>
Net Change in Fund Balances	<u>\$ 1,253,776</u>	<u>\$ 3,068</u>	<u>\$ 21,076</u>	<u>\$ 188,779</u>	<u>\$ 126,354</u>	<u>\$ (194,429)</u>	<u>\$ 1,398,624</u>
Fund Balances - July 1, 2014	<u>(3,242,482)</u>	<u>(365,284)</u>	<u>257,726</u>	<u>618,910</u>	<u>(48,435)</u>	<u>653,817</u>	<u>(2,125,748)</u>
Fund Balances (Deficits) - June 30, 2015	<u>\$ (1,988,706)</u>	<u>\$ (362,216)</u>	<u>\$ 278,802</u>	<u>\$ 807,689</u>	<u>\$ 77,919</u>	<u>\$ 459,388</u>	<u>\$ (727,124)</u>

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, 2015

Net Change in Fund Balances - Total Governmental Funds \$ 1,398,624

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	\$ (1,060,214)	
Capital Outlays	<u>407,731</u>	(652,483)

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 (95,897)

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. 1,217,960

Pension and retiree healthcare on the District's pension liability and retiree healthcare liability were not charged to expense on the Fund Financial Statements. (83,687)

Change in Net Position of Governmental Activities \$ 1,875,437

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, 2015

	<u>Student Activity Fund</u>
Assets	
Cash and Investments	\$ <u>137,280</u>
Liabilities	
Due to Student Groups	\$ 58,774
Due to the Parent Teacher Organization	55,496
Unremitted Payroll Deductions	<u>23,010</u>
	\$ <u>137,280</u>

See Accompanying Notes to Financial Statements.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2015

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 2015 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) is 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 2014-15 was adopted on September 22, 2014, and was not amended.

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 2014 tax levy was approved during the November 24, 2014 board meeting.

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

Purpose	Actual		
	2014 Levy	2013 Levy	2012 Levy
Educational	3.500	3.390	2.925
Tort Immunity	.085	.075	.055
Special Education	.400	.283	.087
Operations and Maintenance	.550	.542	.478
Transportation	.266	.226	.217
SEDOL IMRF	.007	.009	.005
Working Cash	.050	.049	.020
Municipal Retirement	.152	.136	.115
Social Security	.134	.145	.073
Debt Service	<u>1.296</u>	<u>1.112</u>	<u>.944</u>
Totals	<u>6.440</u>	<u>5.967</u>	<u>4.919</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	2014	2013	2012
Assessed Valuation	\$ 204,195,002	\$ 212,557,834	\$ 230,452,304
Extensions			
Purpose			
Educational	\$ 7,146,825	\$ 7,205,711	\$ 6,740,730
Tort Immunity	174,564	159,418	126,749
Special Education	816,780	601,539	200,494
Operations and Maintenance	1,123,073	1,152,063	1,101,562
Transportation	542,291	480,381	500,081
SEDOL IMRF	15,090	19,130	11,523
Working Cash	102,098	104,153	46,090
Municipal Retirement	310,289	289,079	265,020
Social Security	274,203	308,209	168,230
Debt Service	<u>2,647,211</u>	<u>2,363,643</u>	<u>2,175,470</u>
Totals	<u>\$ 13,152,424</u>	<u>\$ 12,683,326</u>	<u>\$ 11,335,949</u>
Collections	<u>\$ 6,678,362</u>	<u>\$ 12,669,955</u>	<u>\$ 11,338,483*</u>
Percentage of Extensions Collected	50.78%	99.89%	100.00%

*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 2014 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 2014 tax levy until the 2015-16 fiscal year as that is the year the 2014 levy was intended to finance operations. This deferral includes collections of 2014 taxes received prior to the end of the 2014-15 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.

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.

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 2014 tax levy was passed by the Board on November 24, 2014. 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, 2015, the Education Fund spent more than budgeted due to higher than expected payments for on-behalf payments for TRS. \$2,294,769 was budgeted while actual costs were \$3,408,960 for an expense of \$1,114,191. However, the District also records the same amount (\$3,408,960) 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

Deposits with financial institutions are fully insured or collateralized by securities held in the District's name.

At June 30, 2015, the carrying amount of the District's deposits was \$6,883,983 which included \$300 in petty cash. The bank balance was \$7,004,997.

In addition to the District's deposits described above, the activity funds and flexible spending account it administers had cash balances at June 30, 2015 with a carrying value of \$137,280 and a bank balance of \$145,100. All activity fund and flexible spending account balances were covered by FDIC insurance.

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.

Credit Risk - State law limits investments to specific types of investment instruments.

Concentration of Credit Risk - 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.

B. Loans Receivable

The Board of Education has authorized the purchase and financing of personal computer equipment by District employees. At June 30, 2015, the balance receivable from employees for such purchases was \$10,901.

C. Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance <u>July 1, 2014</u>	Increases	Decreases	Balance <u>June 30, 2015</u>
Capital Assets Not Being Depreciated:				
Land	\$ 826,414	\$ ---	\$ ---	\$ 826,414
Construction in Progress	---	202,915	---	202,915
Total Capital Assets Not Being Depreciated	\$ 826,414	\$ 202,915	\$ ---	\$ 1,029,329
Capital Assets Being Depreciated:				
Buildings	\$ 33,333,311	\$ ---	\$ ---	\$ 33,333,311
Improvements Other Than Buildings	593,852	---	---	593,852
Equipment	4,355,044	187,816	---	4,542,860
Vehicles	47,946	17,000	---	64,946
Total Capital Assets Being Depreciated	\$ 38,330,153	\$ 204,816	\$ ---	\$ 38,534,969
Less: Accumulated Depreciation For:				
Buildings	\$ 8,534,678	\$ 666,666	\$ ---	\$ 9,201,344
Improvements Other Than Buildings	324,450	29,693	---	354,143
Equipment	3,699,926	363,429	---	4,063,355
Vehicles	47,520	426	---	47,946
Total Accumulated Depreciation	\$ 12,606,574	\$ 1,060,214	\$ ---	\$ 13,666,788
Net Capital Assets Being Depreciated	\$ 25,723,579	\$ (855,398)	\$ ---	\$ 24,868,181
Net Governmental Activities Capital Assets	\$ 26,549,993	\$ (652,483)	\$ ---	\$ 25,897,510

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 \$1,060,214 allocable to the following functions:

Regular Programs	\$ 34,491
Interscholastic Programs	6,272
Instructional Staff	195,453
General Administration	41,808
Operations and Maintenance	735,670
Transportation	5,592
Food Services	31,356
Central Services	<u>9,572</u>
	<u>\$ 1,060,214</u>

D. Long-term Debt

Millburn's long-term debt consisted of bonded debt and lease/purchase contracts during the 2015 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, 2015, 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>
2016	\$ 1,075,882	\$ 1,545,118	\$ 2,621,000
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>1,369,201</u>	<u>3,805,799</u>	<u>5,175,000</u>
	\$ <u>16,719,574</u>	\$ <u>17,864,626</u>	\$ <u>34,584,200</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 insubstance 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, 2015, the amount of prior year defeased debt outstanding amounted to \$235,000.

Lease/Purchase Agreements

On October 19, 2009, the District leased a 2009 12-passenger Chevy bus from State Bank of the Lakes. The lease calls for five installments of \$9,600, plus interest at 5%, beginning on July 1, 2010. As of June 30, 2015, the lease was fully paid.

On February 2, 2009, Millburn leased seven copiers and peripheral equipment for \$104,816 from PMA Leasing, Inc. for use at Millburn West. The lease calls for 60 monthly payments of \$1,978, including interest at 5% beginning March 3, 2009 and ending February 5, 2014. As of June 30, 2015, the lease was fully paid.

On May 6, 2010, the District leased two copiers from Tech Star America for \$51,666. The lease calls for 45 monthly payments of \$1,285, including interest at 6%, beginning on June 6, 2010 and ending February 6, 2014. As of June 30, 2015, the lease was fully paid.

NOTES TO FINANCIAL STATEMENTS (continued)

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

D. Long-term Debt (continued)

Lease/Purchase Agreements (continued)

On June 15, 2011, Millburn leased 261 Apple computers and peripheral equipment. Total payments during the life of the lease equal \$324,864 including interest at 3%. The lease calls for payments of \$85,000 each. The first payment was paid on July 15, 2011. Subsequent payments are due on July 15 of each year until July 15, 2014. As of June 30, 2015, the lease was fully paid.

For the year ended June 30, 2015, changes in long-term debt are summarized as follows:

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments and</u> <u>Defeasements</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due in</u> <u>One Year</u>
General Obligation Bonds:					
Dated: 05-01-99	\$ 2,050,821	\$ ---	\$ 890,794	\$ 1,160,027	\$ 1,075,882
05-01-04	9,909,547	---	---	9,909,547	---
10-15-09	235,000	---	235,000	---	---
05-01-12	5,650,000	---	---	5,650,000	---
Bus Lease 10-19-09	9,600	---	9,600	---	---
Apple Computer Lease 06-15-11	82,566	---	82,566	---	---
Totals	\$ <u>17,937,534</u>	\$ <u>---</u>	\$ <u>1,217,960</u>	\$ <u>16,719,574</u>	\$ <u>1,075,882</u>

<u>Type of Debt</u>	<u>Balance</u> <u>July 1, 2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Due In</u> <u>One Year</u>
Accreted and Accrued Interest:					
Accreted Interest					
Bonds Dated 05-01-99	\$ 3,950,244	\$ 98,364	\$ 984,206	\$ 3,064,402	\$ 1,319,118
Bonds Dated 05-01-04	7,388,954	987,011	2,938	8,373,027	---
Accrued Interest					
Bonds Various	---	226,000	226,000	---	226,000
Computer Leases Various	2,334	---	2,334	---	---
Totals	\$ <u>11,341,532</u>	\$ <u>1,311,375</u>	\$ <u>1,215,478</u>	\$ <u>11,437,429</u>	\$ <u>1,545,118</u>

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

Operating Lease Agreement

On April 19, 2015, the District entered into an 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, 2015, the annual payment requirements to pay the lease were:

Year Ending June 30

2016	\$ 165,020
2017	165,020
2018	165,020
2019	165,020
2020	231,020
2021	<u>641,286</u>
	\$ <u>1,532,386</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.

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 \$27,875 were made in the year ending June 30, 2014.

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.

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

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

➤ General Information About the Pension Plan (continued)

1. Plan Description (continued)

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.

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, 2015 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, 2015, 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 \$3,341,024 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, 2015 were \$38,630, and are deferred because they were paid after the June 30, 2014 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)

- 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, 2015, the District pension contribution was 33.00% of salaries paid from federal and special trust funds. For the year ended June 30, 2015, 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, 2014 measurement date.

- 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, 2015, 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, 2015, 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, 2015, 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	\$ 41,497,929
District's Proportionate Share of the Net Pension Liability	<u>665,447</u>
Total Net Pension Liability	\$ <u>42,163,376</u>

The net pension liability was measured as of June 30, 2014, 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, 2014. 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, 2014, relative to the projected contributions of all participating TRS employers and the State during that period. At June 30, 2014, the District's proportion was .0010934369%.

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)

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, 2015, the District recognized pension expense of \$3,341,024 and revenue of \$3,341,024 for support provided by the State. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 352	\$ ---	\$ 352
Net Difference Between Projected and Actual Earnings on Pension Investments	---	(33,464)	(33,464)
Changes in Proportion and Differences Between Employer Contributions and Proportionate Share of Contributions	---	(82,316)	(82,316)
Employer Contributions Subsequent to the Measurement Date	<u>38,630</u>	<u>---</u>	<u>38,630</u>
	<u>\$ 38,982</u>	<u>\$ (115,780)</u>	<u>\$ (76,798)</u>

\$38,630 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	\$ 28,255
2017	28,255
2018	28,255
2019	28,255
2020	<u>2,387</u>
	<u>\$ 115,407</u>

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

The total pension liability in the June 30, 2014 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.

For GASB disclosure purposes, the actuarial assumptions for the years ended June 30, 2014 and 2013 were assumed to be the same. However, for funding purposes, the actuarial valuations for those two years were different. 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. The actuarial assumptions used in the June 30, 2013 valuation were based on the 2012 actuarial experience analysis and first adopted in the June 30, 2012 valuation. The investment return assumption was lowered from 8.5% to 8.0% and the salary increase and inflation assumptions were also lowered. Mortality assumptions were adjusted to anticipate continued improvement in mortality.

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%	8.23%
Global Equity Excluding U.S.	18.0%	8.58%
Aggregate Bonds	16.0%	2.27%
U.S. TIPS	2.0%	3.52%
NCREIF	11.0%	5.81%
Opportunistic Real Estate	4.0%	9.79%
ARS	8.0%	3.27%
Risk Parity	8.0%	5.57%
Diversified Inflation Strategy	1.0%	3.96%
Private Equity	<u>14.0%</u>	13.03%
Total	<u>100.0%</u>	

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)

2. Discount Rate

The discount rate used to measure the total pension liability was 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.

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 7.5%, 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 (6.5%) or 1-percentage-point higher (8.5%) than the current rate.

	1% Increase <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Employer's Proportionate Share of the Net Pension Liability	\$ 821,794	\$ 665,447	\$ 535,973

4. TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2014 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.

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

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

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, 2014, the measurement date, the District's membership consisted of:

Retirees and Beneficiaries	24
Inactive, Non-Retired Members	100
Active Members	<u>91</u>
Total	<u>215</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 2014 was 11.42%. For the fiscal year ended June 30, 2015, the District contributed \$236,495 to the Plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

➤ Net Pension Liability

The components of the net pension liability of the IMRF as of December 31, 2014, calculated in accordance with GASB Statement No. 68, were as follows:

Total Pension Liability	\$ 5,588,454
IMRF Fiduciary Net Pension	<u>4,442,133</u>
District's Net Pension Liability	\$ <u>1,146,321</u>
IMRF Fiduciary Net Pension as a Percentage of the Total Pension Liability	79.49%

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.

➤ Actuarial Assumptions

The total pension liability above was determined by an actuarial valuation performed as of December 31, 2014 using the following actuarial methods and assumptions:

Assumptions	
Inflation	3.50%
Price Inflation	2.75%
Salary Increases	3.75% - 14.50% including inflation
Interest Rate	7.50%

Asset Valuation Method Market value of assets

Projected Retirement Age Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

The IMRF-specific rates for Mortality (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For Disabled Retirees, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. For active members, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

➤ Long-Term Expected Rate of Return

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

NOTE 4 - RETIREMENT FUND COMMITMENTS (continued)

B. Illinois Municipal Retirement Fund (continued)

➤ Long-Term Expected Rate of Return (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Projected Return</u>
Equities	63.2%	7.60%
International Equities	2.6%	7.80%
Fixed Income	23.5%	3.00%
Real Estate	4.3%	6.15%
Alternatives	4.5%	
Private Equity		8.50%
Hedge Funds		5.25%
Commodities		2.75%
Cash	<u>1.9%</u>	2.25%
	<u>100.0%</u>	

➤ 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 7.5%.

➤ Discount Rate Sensitivity

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Net Pension Liability	\$ 1,985,654	\$ 1,146,321	\$ 468,230

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

For the year ended June 30, 2015, the District recognized pension expense of \$282,522. At June 30, 2015, 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)

B. Illinois Municipal Retirement Fund (continued)

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

	<u>Outflows of Resources</u>	<u>Inflows of Resources</u>	<u>Net Outflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 29,883	\$ ---	\$ 29,883
Assumption Changes	195,948	---	195,948
Net Difference Between Projected and Actual Earnings on Pension Investments	<u>45,818</u>	<u>---</u>	<u>45,818</u>
	\$ 271,649	\$ ---	\$ 271,649
Pension Contributions Made Subsequent to the Measurement Date	<u>125,204</u>	<u>---</u>	<u>125,204</u>
Total Deferred Amounts Related to Pensions	\$ <u>396,853</u>	\$ <u>---</u>	\$ <u>396,853</u>

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>
2015	\$ 81,935
2016	81,935
2017	81,935
Thereafter	<u>25,844</u>
	\$ <u>271,649</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, 2015 was \$129,611.

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 2014-15 fiscal year was \$31,394. The District also recorded a liability for a future amount at \$31,394.

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 6 - POST-EMPLOYMENT BENEFIT COMMITMENTS (continued)

A. Retiree Paid Insurance (continued)

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.

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 1.02% of pay during the year ended June 30, 2015. State of Illinois contributions were \$67,936 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 .76% during the year ended June 30, 2015. For the year ended June 30, 2015, the District paid \$50,619 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>
2014 EAV	\$ 204,195,002	\$ 204,195,002
Rate	<u>6.90%</u>	<u>15.00%</u>
Debt Margin	\$ 14,089,455	\$ 30,629,250
Current Debt	<u>---</u>	<u>16,719,574</u>
Remaining Debt Margin	\$ <u>14,089,455</u>	\$ <u>13,909,676</u>

NOTES TO FINANCIAL STATEMENTS (continued)

NOTE 7 - LEGAL DEBT LIMITATION (continued)

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

The District has evaluated subsequent events through September 25, 2015, the date on which the financial statements were available to be issued.

NOTE 9 - INTERFUND TRANSFERS

Interfund transfers for the year totaled \$189,656. These transfers were from the General Fund to the Debt Service Fund to cover payments due on the District's lease/purchase agreements for \$85,000, a transfer of \$100,000 from the Operations and Maintenance Fund to the Capital Projects Fund to pay for improvements, and small interest transfers between several funds totaling \$4,656.

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.

For June 30, 2014, the implementation of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, required a restatement for debt issuance costs that were amortized under prior standards but expensed in the period incurred under the new standards. As a result, the bond issuance costs have been fully amortized and resulted in a decrease in the beginning net position of \$622,994. The District is also recording a prior period adjustment of \$191,149 related to prepaid expenses.

NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLE

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, 2015

Total Pension Liability	
Service Cost	\$ 229,710
Interest	364,946
Difference Between Expected and Actual Experience	39,209
Changes in Assumptions	257,103
Benefit Payments, Including Refunds of Member Contributions	<u>(120,194)</u>
Net Change in Total Pension Liability	\$ 770,774
Total Pension Liability - Beginning	<u>4,817,680</u>
Total Pension Liability - Ending	\$ <u>5,588,454</u>
Plan Fiduciary Net Position	
Contributions - Employer	\$ 219,930
Contributions - Member	90,297
Net Investment Income	250,138
Benefit Payments, Including Refunds of Member Contributions	(120,194)
Other	<u>(3,638)</u>
Net Change in Plan Fiduciary Net Position	\$ 436,533
Plan Fiduciary Net Position - Beginning	<u>4,005,600</u>
Plan Fiduciary Net Position - Ending	\$ <u>4,442,133</u>
District's Net Pension Liability	\$ <u>1,146,321</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.49%
Covered-Employee Payroll	\$ 1,992,123
Employer's Net Pension Liability as a Percentage of Covered-Employee Payroll	57.54%

*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, 2015

Actuarial Determined Contribution	\$ 219,931
Contributions in Relation to Actuarial Determined Contribution	<u>219,930</u>
Contribution Deficiency/(Excess)	\$ <u>1</u>
Covered-Employee Payroll	\$ 1,992,123
Contributions as a Percentage of Covered-Employee Payroll	11.04%

Notes to Schedule:

Actuarial Method and Assumptions Used on the Calculation of the 2014 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: 29-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, 2012 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, 2015

Employer's Proportion of the Net Pension Liability	.0010934369%
Employer's Proportionate Share of the Net Pension Liability	\$ 665,447
State's Proportionate Share of the Net Pension Liability Associated With the Employer	<u>41,497,929</u>
Total	\$ <u>42,163,376</u>
Employer's Covered-Employee Payroll	\$ 6,300,222
Employer's Proportionate Share of the Net Pension Liability as a Percentage of Covered-Employee Payroll	10.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	(11.92)%

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

Changes of Assumptions: Amounts reported in 2014 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 2013, assumptions used were an investment rate of return of 8.0%, an inflation rate of 3.25% and a real return of 4.75%, and salary increases of 6.00%. 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, 2015

Contractually-Required Contribution	\$ 38,630
Contributions in Relation to the Contractually-Required Contribution	<u>38,613</u>
Contribution Deficiency/(Excess)	\$ <u>(13)</u>
Employer's Covered-Employee Payroll	\$ 6,300,222
Contributions as a Percentage of Covered-Employee Payroll	.61%

*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, 2015

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Assets				
Cash	\$ 2,634,805	\$ 207,320	\$ 154,171	\$ 2,996,296
Receivables				
Property Taxes	3,899,948	49,751	85,306	4,035,005
Claims and Grants	237,109	---	---	237,109
Employee's Computer Purchases	10,901	---	---	10,901
Prepaid Expenses	<u>106,504</u>	<u>---</u>	<u>101,622</u>	<u>208,126</u>
Total Assets	<u>\$ 6,889,267</u>	<u>\$ 257,071</u>	<u>\$ 341,099</u>	<u>\$ 7,487,437</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 141,326	\$ ---	\$ 7,215	\$ 148,541
Accrued Expenses	<u>935,710</u>	<u>---</u>	<u>---</u>	<u>935,710</u>
Total Liabilities	<u>\$ 1,077,036</u>	<u>\$ ---</u>	<u>\$ 7,215</u>	<u>\$ 1,084,251</u>
Deferred Inflows of Resources				
Unavailable Revenue - Fees	\$ 172,226	\$ ---	\$ ---	\$ 172,226
Unavailable Revenue - Property Taxes	<u>7,943,696</u>	<u>101,842</u>	<u>174,128</u>	<u>8,219,666</u>
Total Deferred Inflow of Resources	<u>\$ 8,115,922</u>	<u>\$ 101,842</u>	<u>\$ 174,128</u>	<u>\$ 8,391,892</u>
Fund Balances				
Non-Spendable	\$ 106,504	\$ ---	\$ 101,622	\$ 208,126
Unrestricted				
Undesignated (Deficit)	<u>(2,410,195)</u>	<u>155,229</u>	<u>58,134</u>	<u>(2,196,832)</u>
Total Fund Balances	<u>\$ (2,303,691)</u>	<u>\$ 155,229</u>	<u>\$ 159,756</u>	<u>\$ (1,988,706)</u>
Total Liabilities and Fund Balances	<u>\$ 6,889,267</u>	<u>\$ 257,071</u>	<u>\$ 341,099</u>	<u>\$ 7,487,437</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, 2015

	<u>Educational</u>	<u>Working Cash</u>	<u>Tort Immunity</u>	<u>Total</u>
Revenues				
Local Sources	\$ 8,918,343	\$ 104,136	\$ 159,915	\$ 9,182,394
State Sources	3,450,525	---	---	3,450,525
Federal Sources	<u>187,946</u>	<u>---</u>	<u>---</u>	<u>187,946</u>
Total Direct Revenues	\$ 12,556,814	\$ 104,136	\$ 159,915	\$ 12,820,865
Revenue For On-Behalf Payments	<u>3,408,960</u>	<u>---</u>	<u>---</u>	<u>3,408,960</u>
Total Revenues	\$ <u>15,965,774</u>	\$ <u>104,136</u>	\$ <u>159,915</u>	\$ <u>16,229,825</u>
Expenditures				
Instruction	\$ 7,728,228	\$ ---	\$ ---	\$ 7,728,228
Support Services	3,466,417	---	61,660	3,528,077
Community Services	110,825	---	---	110,825
Non-Programmed Charges	<u>113,065</u>	<u>---</u>	<u>---</u>	<u>113,065</u>
Total Direct Expenditures	\$ 11,418,535	\$ ---	\$ 61,660	\$ 11,480,195
Expenditures For On-Behalf Payments	<u>3,408,960</u>	<u>---</u>	<u>---</u>	<u>3,408,960</u>
Total Expenditures	\$ <u>14,827,495</u>	\$ <u>---</u>	\$ <u>61,660</u>	\$ <u>14,889,155</u>
Excess or (Deficiency) of Revenues Cash Expenditures	\$ 1,138,279	\$ 104,136	\$ 98,255	\$ 1,340,670
Other Financing Sources (Uses)				
Transfers Out	<u>(86,652)</u>	<u>(242)</u>	<u>---</u>	<u>(86,894)</u>
Net Change in Fund Balances	\$ 1,051,627	\$ 103,894	\$ 98,255	\$ 1,253,776
Fund Balance (Deficit) - July 1, 2014	<u>(3,355,318)</u>	<u>51,335</u>	<u>61,501</u>	<u>(3,242,482)</u>
Fund Balance (Deficit) - June 30, 2015	\$ <u>(2,303,691)</u>	\$ <u>155,229</u>	\$ <u>159,756</u>	\$ <u>(1,988,706)</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, 2015

	Original and Final Budget	Actual
Revenues (Page 52)		
Local Sources	\$ 9,022,462	\$ 8,918,343
Flow-Through Sources	1,500	---
State Sources	3,478,735	3,450,525
Federal Sources	<u>192,392</u>	<u>187,946</u>
Total Direct Revenues	\$ 12,695,089	\$ 12,556,814
Revenue For On-Behalf Payments	<u>2,294,769</u>	<u>3,408,960</u>
Total Revenues	\$ <u>14,989,858</u>	\$ <u>15,965,774</u>
Expenditures (Pages 53-55)		
Instruction	\$ 8,083,335	\$ 7,728,228
Support Services	4,032,054	3,466,417
Community Services	151,910	110,825
Non-Programmed Charges	181,693	113,065
Debt Service	<u>5,000</u>	<u>---</u>
Total Direct Expenditures	\$ 12,453,992	\$ 11,418,535
Expenditures For On-Behalf Payments	<u>2,294,769</u>	<u>3,408,960</u>
Total Expenditures	\$ <u>14,748,761</u>	\$ <u>14,827,495</u>
Excess or (Deficiency) of Revenues Cash Expenditures	\$ <u>241,097</u>	\$ <u>1,138,279</u>
Other Financing Sources (Uses)		
Transfers In	\$ 2,300	\$ ---
Transfers Out	<u>(85,000)</u>	<u>(86,652)</u>
Total Other Financing Sources (Uses)	\$ <u>(82,700)</u>	\$ <u>(86,652)</u>
Net Change in Fund Balance	\$ <u>158,397</u>	\$ 1,051,627
Fund Balance - July 1, 2014		<u>(3,355,318)</u>
Fund Balance (Deficit) - June 30, 2015		\$ <u>(2,303,691)</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF REVENUES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes		
General Levies	\$ 7,205,712	\$ 7,197,811
Special Education Levies	601,540	600,557
Tuition	459,350	466,974
Earnings on Investments	1,000	1,652
Food Services	181,150	166,499
District/School Activities	157,135	133,070
Textbooks	375	531
Contributions	180,500	66,791
Other	<u>235,700</u>	<u>284,458</u>
	<u>\$ 9,022,462</u>	<u>\$ 8,918,343</u>
Flow-Through Sources		
From State and Federal Sources	\$ <u>1,500</u>	\$ <u>---</u>
State Sources		
General State Aid	\$ 2,676,568	\$ 2,619,729
Special Education	786,207	756,391
Bilingual Education	14,400	7,446
State Free Lunch and Breakfast	360	307
Other Grants In Aid	<u>1,200</u>	<u>66,652</u>
	<u>\$ 3,478,735</u>	<u>\$ 3,450,525</u>
Federal Sources		
National School Lunch	\$ 50,000	\$ 56,938
IDEA Preschool	8,240	5,250
Food Service - Other	3,500	---
IDEA Flow-Through	97,275	97,009
Title II - Teacher Quality	11,377	7,371
Medicaid Matching	<u>22,000</u>	<u>21,378</u>
	<u>\$ 192,392</u>	<u>\$ 187,946</u>
Total Direct Cash Revenue	\$ 12,695,089	\$ 12,556,814
Revenue For On-Behalf Payments	<u>2,294,769</u>	<u>3,408,960</u>
Total Revenues	<u>\$ 14,989,858</u>	<u>\$ 15,965,774</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	<u>Actual</u>
Expenditures		
Instruction		
Regular Programs		
Salaries	\$ 4,213,506	\$ 4,086,323
Employee Benefits	871,396	792,464
Purchased Services	27,888	21,664
Supplies and Materials	248,325	240,340
Capital Outlay	7,500	63,567
Other Objects	3,550	1,013
Non-Capitalized Equipment	40,000	2,811
Termination Benefits	<u>41,000</u>	<u>31,394</u>
	\$ <u>5,453,165</u>	\$ <u>5,239,576</u>
Special Education Programs		
Salaries	\$ 1,523,396	\$ 1,464,537
Employee Benefits	348,610	318,286
Purchased Services	17,543	16,509
Supplies and Materials	19,146	22,361
Capital Outlay	10,000	17,990
Tuition	<u>3,500</u>	<u>656</u>
	\$ <u>1,922,195</u>	\$ <u>1,840,339</u>
Interscholastic Programs		
Salaries	\$ 103,545	\$ 91,081
Employee Benefits	1,000	469
Purchased Services	13,100	10,963
Supplies and Materials	6,400	8,034
Capital Outlay	2,000	---
Other Objects	<u>1,000</u>	<u>3,277</u>
	\$ <u>127,045</u>	\$ <u>113,824</u>
Gifted Programs		
Salaries	\$ 129,000	\$ 128,867
Employee Benefits	20,200	18,918
Purchased Services	1,000	---
Supplies and Materials	400	---
Other Objects	<u>300</u>	<u>---</u>
	\$ <u>150,900</u>	\$ <u>147,785</u>
Bilingual Programs		
Salaries	\$ 67,100	\$ 68,496
Employee Benefits	9,839	8,975
Purchased Services	---	84
Supplies and Materials	<u>3,091</u>	<u>1,706</u>
	\$ <u>80,030</u>	\$ <u>79,261</u>
Special Education Private Tuition Programs		
Other Objects	\$ <u>350,000</u>	\$ <u>307,443</u>
Total Instruction	\$ <u>8,083,335</u>	\$ <u>7,728,228</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

Expenditures (continued)	Original and Final Budget	<u>Actual</u>
Support Services		
Pupils		
Salaries	\$ 769,251	\$ 775,128
Employee Benefits	126,658	116,917
Purchased Services	53,150	39,850
Supplies and Materials	18,900	19,808
Non-Capitalized Equipment	<u>4,000</u>	<u>2,389</u>
	\$ <u>971,959</u>	\$ <u>954,092</u>
Instructional Staff		
Salaries	\$ 378,605	\$ 237,512
Employee Benefits	169,883	104,035
Purchased Services	141,350	129,645
Supplies and Materials	21,650	16,287
Other Objects	100	40
Non-Capitalized Equipment	<u>---</u>	<u>1,744</u>
	\$ <u>711,588</u>	\$ <u>489,263</u>
General Administration		
Salaries	\$ 196,507	\$ 360,021
Employee Benefits	136,056	131,988
Purchased Services	167,600	165,250
Supplies and Materials	6,150	5,858
Other Objects	<u>16,275</u>	<u>16,381</u>
	\$ <u>522,588</u>	\$ <u>679,498</u>
School Administration		
Salaries	\$ 390,099	\$ 354,410
Employee Benefits	111,004	102,415
Purchased Services	6,875	6,558
Supplies and Materials	4,000	4,255
Capital Outlay	60,000	---
Other Objects	<u>2,000</u>	<u>1,174</u>
	\$ <u>573,978</u>	\$ <u>468,812</u>
Business		
Salaries	\$ 156,400	\$ 139,459
Employee Benefits	20,512	25,462
Purchased Services	39,600	31,771
Supplies and Materials	2,000	1,811
Other Objects	1,550	1,154
Non-Capitalized Equipment	<u>750</u>	<u>1,533</u>
	\$ <u>220,812</u>	\$ <u>201,190</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

EDUCATIONAL FUND

SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2015

	Original and Final Budget	<u>Actual</u>
Expenditures (continued)		
Support Services (continued)		
Food Services		
Salaries	\$ 31,750	\$ 20,996
Employee Benefits	579	355
Purchased Services	213,250	192,308
Supplies and Materials	5,000	994
Other Objects	600	586
Non-Capitalized Equipment	<u>7,000</u>	<u>---</u>
	\$ <u>258,179</u>	\$ <u>215,239</u>
Central		
Purchased Services	\$ 94,750	\$ 133,935
Supplies and Materials	28,100	37,953
Capital Outlay	100,000	12,851
Other Objects	100	---
Non-Capitalized Equipment	<u>550,000</u>	<u>250,125</u>
	\$ <u>772,950</u>	\$ <u>434,864</u>
Operations and Maintenance		
Supplies and Materials	\$ ---	\$ 6,459
Capital Outlay	<u>---</u>	<u>17,000</u>
	\$ <u>---</u>	\$ <u>23,459</u>
Total Support Services	\$ <u>4,032,054</u>	\$ <u>3,466,417</u>
Community Services		
Salaries	\$ 106,500	\$ 79,437
Employee Benefits	27,410	25,170
Purchased Services	6,500	2,809
Supplies and Materials	5,500	1,702
Other Objects	3,000	1,707
Non-Capitalized Equipment	<u>3,000</u>	<u>---</u>
	\$ <u>151,910</u>	\$ <u>110,825</u>
Non-Programmed Charges		
Payments For Programs		
Purchased Services	\$ 44,943	\$ 30,176
Tuition	<u>136,750</u>	<u>82,889</u>
	\$ <u>181,693</u>	\$ <u>113,065</u>
Debt Service		
Other Objects - Interest	\$ <u>5,000</u>	\$ <u>---</u>
Total Direct Expenditures	\$ 12,453,992	\$ 11,418,535
Expenditures For On-Behalf Payments	<u>2,294,769</u>	<u>3,408,960</u>
Total Expenditures	\$ <u>14,748,761</u>	\$ <u>14,827,495</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, 2015

	Original and Final Budget	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 104,154	\$ 103,894
Earnings on Investments	<u>75</u>	<u>242</u>
Total Revenues	\$ <u>104,229</u>	\$ <u>104,136</u>
Expenditures	\$ <u>---</u>	\$ <u>---</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ 104,229	\$ 104,136
Other Financing Sources (Uses)		
Transfers Out	<u>---</u>	<u>(242)</u>
Net Change in Fund Balance	\$ <u>104,229</u>	\$ 106,894
Fund Balance (Deficit) - July 1, 2014		<u>51,335</u>
Fund Balance (Deficit) - June 30, 2015		\$ <u>155,229</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 159,418	\$ 159,641
Earnings on Investments	150	274
Total Revenues	\$ <u>159,568</u>	\$ <u>159,915</u>
Expenditures		
Support Services		
Purchased Services		
Insurance Premiums	\$ <u>150,000</u>	\$ <u>61,660</u>
Net Change in Fund Balance	\$ <u><u>9,568</u></u>	\$ 98,255
Fund Balance - July 1, 2014		<u>61,501</u>
Fund Balance - June 30, 2015		\$ <u><u>159,756</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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 1,152,064	\$ 1,150,434
Earnings on Investments	175	280
Other Revenue	198,500	208,261
Federal Sources	<u>37,425</u>	<u>---</u>
Total Revenues	\$ <u>1,388,164</u>	\$ <u>1,358,975</u>
Expenditures		
Support Services		
Operation and Maintenance of Plant		
Salaries	\$ 474,000	\$ 450,181
Employee Benefits	101,380	93,757
Purchased Services	312,900	227,487
Supplies and Materials	390,250	409,242
Capital Outlay	15,000	40,927
Other Objects	30,650	567
Non-Capitalized Equipment	<u>24,500</u>	<u>6,681</u>
Total Support Services	\$ <u>1,348,680</u>	\$ <u>1,228,842</u>
Non-Programmed Charges	\$ <u>---</u>	\$ <u>31,721</u>
Total Expenditures	\$ <u>1,348,680</u>	\$ <u>1,260,563</u>
Excess or (Deficiency) of Revenue Over Expenditures	\$ <u>39,484</u>	\$ <u>98,412</u>
Other Financing Sources (Uses)		
Transfer In	\$ <u>---</u>	\$ 4,656
Transfers Out	<u>137,425</u>	<u>(100,000)</u>
Total Other Financing Sources (Uses)	\$ <u>137,425</u>	\$ <u>(95,344)</u>
Net Change in Fund Balance	\$ <u>176,909</u>	\$ 3,068
Fund Balance - July 1, 2014		<u>(365,284)</u>
Fund Balance - June 30, 2015		\$ <u>(362,216)</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, 2015

	Original and Final Budget	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 480,382	\$ 480,192
Earnings on Investments	1,500	1,311
Other Revenue	<u>26,600</u>	<u>21,883</u>
Total Local Sources	\$ <u>508,482</u>	\$ <u>503,386</u>
State Sources		
Regular	\$ 344,000	\$ 246,380
Special Education	<u>304,000</u>	<u>324,267</u>
Total State Sources	\$ <u>648,000</u>	\$ <u>570,647</u>
Total Revenues	\$ <u>1,156,482</u>	\$ <u>1,074,033</u>
Expenditures		
Support Services		
Pupil Transportation		
Salaries	\$ 600,000	\$ 528,915
Employee Benefits	70,300	64,801
Purchased Services	87,600	192,943
Supplies and Materials	125,000	87,258
Capital Outlay	168,000	---
Other Objects	11,050	---
Non-Capitalized Equipment	<u>5,000</u>	<u>---</u>
Total Support Services	\$ <u>1,066,950</u>	\$ <u>873,917</u>
Debt Services		
Interest	\$ ---	\$ 426
Principal	<u>---</u>	<u>9,600</u>
Total Debt Services	\$ <u>---</u>	\$ <u>10,026</u>
Total Expenditures	\$ <u>1,066,950</u>	\$ <u>883,943</u>
Excess or (Deficiency) of Revenue Over Expenditures	\$ 89,532	\$ 190,090
Other Financing Sources (Uses)		
Transfers Out	<u>---</u>	<u>(1,311)</u>
Net Change in Fund Balance	\$ <u>89,532</u>	\$ 188,779
Fund Balance - July 1, 2014		<u>618,910</u>
Fund Balance - June 30, 2015		\$ <u>807,689</u>

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, 2015

	<u>Original and Final Budget</u>	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 616,420	\$ 615,760
Personal Property Replacement Taxes	20,000	20,525
Earnings on Investments	<u>250</u>	<u>464</u>
Total Revenues	\$ <u>636,670</u>	\$ <u>636,749</u>
Expenditures		
Instruction	\$ 205,412	\$ 184,041
Support Services	409,950	292,333
Community Services	19,325	15,312
Non-Programmed Charges - Special Education	<u>---</u>	<u>18,709</u>
Total Expenditures	\$ <u>634,687</u>	\$ <u>510,395</u>
Net Change in Fund Balance	\$ <u><u>1,983</u></u>	\$ 126,354
Fund Balance - July 1, 2014		<u>(48,435)</u>
Fund Balance - June 30, 2015		\$ <u><u>77,919</u></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, 2015

	Original and Final Budget	<u>Actual</u>
Revenues		
Local Sources		
Property Taxes	\$ 2,363,644	\$ 2,361,683
Earnings on Investments	<u>1,500</u>	<u>1,451</u>
Total Revenues	\$ <u>2,365,144</u>	\$ <u>2,363,134</u>
Expenditures		
Debt Service		
Interest	\$ 1,213,144	\$ 1,215,580
Principal	1,210,794	1,208,358
Debt Service Fees	<u>4,500</u>	<u>1,669</u>
Total Expenditures	\$ <u>2,428,438</u>	\$ <u>2,425,607</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ <u>(63,294)</u>	\$ <u>(62,473)</u>
Other Financing Sources (Uses)		
Transfers Out	\$ (2,300)	\$ (1,451)
Transfers In	<u>85,000</u>	<u>85,000</u>
Total Other Financing Sources (Uses)	\$ <u>82,700</u>	\$ <u>83,549</u>
Net Change in Fund Balance	\$ <u>19,406</u>	\$ 21,076
Fund Balance - July 1, 2014		<u>257,726</u>
Fund Balance - June 30, 2015		\$ <u>278,802</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, 2015

	Original and Final Budget	<u>Actual</u>
Revenues		
Local Sources		
Earnings on Investments	\$ 1,200	\$ 1,081
Contributions and Donations	20,000	---
Other Revenue	---	1,996
State Sources	<u>50,000</u>	<u>---</u>
Total Revenues	\$ <u>71,200</u>	\$ <u>3,077</u>
Expenditures		
Support Services		
Facilities Acquisition		
Purchased Services	\$ 95,000	\$ 30,794
Capital Outlay	580,000	266,712
Non-Capitalized Equipment	<u>2,500</u>	<u>---</u>
Total Expenditures	\$ <u>677,500</u>	\$ <u>297,506</u>
Excess or (Deficiency) of Revenues Over Expenditures	\$ (606,300)	\$ (294,429)
Other Financing Sources (Uses)		
Permanent Transfers of Interest Other Funds	<u>137,425</u>	<u>100,000</u>
Net Change in Fund Balance	\$ <u>(468,875)</u>	\$ (194,429)
Fund Balance - July 1, 2014		<u>653,817</u>
Fund Balance - June 30, 2015		\$ <u>459,388</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2015

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 22, 2014 and was not amended. The cash basis 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, 2015, the Education Fund exceeded its budget due to on-behalf payment for TRS being \$1,114,191 higher than budgeted for. However, the District also records on-behalf revenue in the same amount to offset this shortfall.

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, 2015

	Agency		
	PTO and Activity Funds	Flexible Spending Account Fund	Total
Assets			
Cash and Cash Equivalents	\$ 114,270	\$ 23,010	\$ 137,280
Total Assets	\$ <u>114,270</u>	\$ <u>23,010</u>	\$ <u>137,280</u>
Liabilities and Fund Balances			
Liabilities			
Due To Student Groups	\$ 58,774	\$ ---	\$ 58,774
Due To Parent Teacher Organizations	55,496	---	55,496
Unremitted Payroll Deductions	<u>---</u>	<u>23,010</u>	<u>23,010</u>
Total Liabilities	\$ <u>114,270</u>	\$ <u>23,010</u>	\$ <u>137,280</u>
Total Liabilities and Fund Balances	\$ <u>114,270</u>	\$ <u>23,010</u>	\$ <u>137,280</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

STUDENT ACTIVITY FUNDS

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

FOR THE YEAR ENDED JUNE 30, 2015

	Balance <u>July 1, 2014</u>	<u>Receipts</u>	<u>Disbursements</u>	Balance <u>June 30, 2015</u>
Millburn Central				
Band	\$ 1,936	\$ 1,120	\$ 2,111	\$ 945
Athletics	(240)	6,742	5,005	1,497
Field Trips	2,737	84,678	84,129	3,286
Grants	---	100	---	100
Middle School	4,558	10,601	10,184	4,975
Principal	781	4,315	4,296	800
Student Council	794	224	267	751
Sunshine	53	378	---	431
Yearbook	8,311	6,089	7,731	6,669
Art - Elementary School	2,705	1,968	528	4,145
Art - Middle School	283	100	283	100
Drama Club	83	---	---	83
Middle School Yearbook	7,486	8,690	13,001	3,175
Millburn Garden	8,016	3,480	8,498	2,998
N.E.I.A.S.B.O.	---	36,874	12,870	24,004
Other Fundraiser	---	3,217	2,873	344
PBIS	114	240	---	354
PBIS - Middle School	509	---	187	322
Principal - Middle School	198	1,882	2,044	36
Scholastic Bowl	5	468	468	5
Sunshine - Middle School	965	409	460	911
Wrestling Fund	---	1,500	982	518
Early Childhood	246	675	716	205
Feed Starving Children	---	4,994	4,994	---
Millburn Flower Project	149	388	359	178
Cheerleading	1,732	---	---	1,732
24-Hour Challenge	525	7,816	8,131	210
	\$ <u>41,943</u>	\$ <u>186,948</u>	\$ <u>170,117</u>	\$ <u>58,774</u>
Millburn PTO	\$ <u>65,314</u>	\$ <u>100,458</u>	\$ <u>110,276</u>	\$ <u>55,496</u>
Totals	\$ <u>107,257</u>	\$ <u>287,406</u>	\$ <u>280,393</u>	\$ <u>114,270</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, 2015

Assets

Cash and Cash Equivalents -	
Beginning Balance	\$ 23,066
Additions	76,225
Disbursements	<u>(76,281)</u>
Cash and Cash Equivalents - Ending Balance	\$ <u>23,010</u>

Liabilities

Unremitted Payroll Deductions Payable -	
Beginning Balance	\$ 23,066
Additions	76,225
Disbursements	<u>(76,281)</u>
Ending Balance	\$ <u>23,010</u>

MILLBURN COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 24

COMPUTATION OF PER CAPITA TUITION CHARGE

FOR THE YEAR ENDED JUNE 30, 2015

Total Expenditures		
Educational Fund	\$ 11,418,535	
Operations and Maintenance Fund	1,260,563	
Bond and Interest Fund	2,425,607	
Transportation Fund	883,943	
Municipal Retirement Fund	510,395	
Tort Immunity Fund	<u>61,660</u>	\$16,560,703
Less: Receipts or Expenditures Not Applicable To Operating Expense of Regular Term		
Special Education Programs - Pre-K	\$ 299,644	
Summer School	1,505	
Special Education Tuition	307,443	
Community Services	126,137	
Capital Outlay and Non-Capitalized Equipment	417,618	
Bond and Lease Principal Retired	1,217,960	
Payments to Other Districts and Governments	<u>163,495</u>	<u>2,533,802</u>
Operating Expense of Regular Program		\$ 14,026,901
Average Daily Attendance	1,257.06	
Net Operating Expense Per Pupil	\$ <u>11,158.50</u>	
Deductions For Computation of Tuition Charges (Revenue Offsetting Expense of a Special Activity)		
State Transportation Aid	\$ 570,647	
Special Education	853,400	
District/School Activity	133,070	
Food Services	223,437	
Textbooks	531	
Other Local Fees	21,883	
Rentals	203,682	
Other Grants-In-Aid	<u>103,154</u>	<u>2,109,804</u>
Net Operating Expenses For Tuition Computation		\$ 11,917,097
Add: Total Depreciation Allowance		<u>1,086,742</u>
Total Allowance For Tuition Computation		\$ <u>13,003,839</u>
Average Daily Attendance	1,257.06	
Per Capita Tuition Charge	\$ <u>10,344.64</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.