

NORTH MAC COMMUNITY UNIT
SCHOOL DISTRICT NO. 34

GIRARD, ILLINOIS

ANNUAL FINANCIAL REPORT
INCLUDING FEDERAL COMPLIANCE SECTION
JUNE 30, 2016

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

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LOY MILLER TALLEY, PC

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Independent Auditor's Report

October 4, 2016

To the Board of Education
North Mac Community Unit School District No. 34
Girard, Illinois 62640

We have audited the accompanying financial statements and the related notes to the financial statements of the North Mac Community Unit School District No. 34, as of and for the fiscal year ended June 30, 2016, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Illinois State Board of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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

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

As described in Note 1.D, the financial statements are prepared by North Mac Community Unit School District No. 34, on the basis of the financial reporting provisions of Illinois State Board of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1.D and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of North Mac Community Unit School District No. 34, as of June 30, 2016, or changes in its financial position for the year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the omissions described in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of balances of each fund of North Mac Community Unit School District No. 34, as of June 30, 2016, and their respective cash receipts and disbursements, and budgetary results for the year then ended, on the basis of the financial reporting provisions of Illinois State Board of Education as described in Note 1.D.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The schedules listed in the table of contents as "Supplemental Information" are presented for the purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements of North Mac Community Unit School District No. 34. The "Supplemental Information" and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements taken as a whole.

The 2015 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures applied by us and our report dated September 25, 2015, expressed an unqualified opinion that such information was fairly stated in all material respects in relation to the 2015 financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 4, 2016, on our consideration of the North Mac Community Unit School District No. 34's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Restriction on Use

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

Loy Miller Talley, PC

Certified Public Accountants
Alton, Illinois



LOY MILLER TALLEY, PC

Certified Public Accountants

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Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*

October 4, 2016

To the Board of Education
North Mac Community Unit School District No. 34
Girard, Illinois 62640

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements and the related notes to the financial statements, which collectively comprise of North Mac Community Unit School District No. 34's basic financial statements, and have issued our report thereon dated October 4, 2016. Our opinion was adverse because financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated, on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Mac Community Unit School District No. 34's internal control over financial reporting in order to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements and not to provide an opinion on the effectiveness of North Mac Community Unit School District No. 34's internal control. Accordingly, we do not express an opinion on the effectiveness of North Mac Community Unit School District No. 34's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Mac Community Unit School District No. 34's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of this Report

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

Loy Miller Talley, PC

Certified Public Accountants
Alton, Illinois



LOY MILLER TALLEY, PC

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Independent Auditor's Report on Compliance
For Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

October 4, 2016

To the Board of Education
North Mac Community Unit School District No. 34
Girard, Illinois 62640

Report on Compliance for Each Major Federal Program

We have audited North Mac Community Unit School District No. 34's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Mac Community Unit School District No. 34's major federal programs for the year ended June 30, 2016. North Mac Community Unit School District No. 34's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of North Mac Community Unit School District No. 34's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Mac Community Unit School District No. 34's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of North Mac Community Unit School District No. 34's compliance.

Opinion on Each Major Federal Program

In our opinion, North Mac Community Unit School District No. 34 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Internal Control Over Compliance

Management of North Mac Community Unit School District No. 34, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Mac Community Unit School District No. 34's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Mac Community Unit School District No. 34's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Loy Miller Talley, PC

Certified Public Accountants
Alton, Illinois

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE ARISING FROM CASH TRANSACTIONS
ALL FUNDS AND ACCOUNT GROUPS
JUNE 30, 2016

<u>ASSETS</u>	Educational Fund	Operations & Maintenance Fund	Bond and Interest Fund	Transportation Fund	Municipal Retirement/ Social Security Fund
Cash	\$ 3,975,322	\$ 111,920	\$ 72,761	\$ 19,499	\$ 193,135
Investments	-	-	-	-	-
Due From Education Fund	-	-	-	-	-
Due From Transportation Fund	-	-	-	-	-
Due from IMRF Fund	-	-	-	-	-
General Fixed Assets	-	-	-	-	-
Amount Available in Debt Service Fund	-	-	-	-	-
Amount to be Provided for Payment of Bonds	-	-	-	-	-
TOTAL ASSETS	<u>\$ 3,975,322</u>	<u>\$ 111,920</u>	<u>\$ 72,761</u>	<u>\$ 19,499</u>	<u>\$ 193,135</u>
 <u>LIABILITIES AND FUND BALANCE</u>					
LIABILITIES:					
Due to Activity Funds					
Due to Working Cash Fund	\$ 150,000			\$ 270,000	\$ 240,000
Bonds Payable	-			-	-
Loans Payable	-	\$ -	\$ -	-	-
Total Liabilities	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 270,000</u>	<u>\$ 240,000</u>
 FUND BALANCE:					
Reserved			\$ 72,761		
Unreserved	\$ 3,825,322	\$ 111,920	-	\$ (250,501)	\$ (46,865)
Investment In General Fixed Assets	-	-	-	-	-
Total Fund Balance	<u>\$ 3,825,322</u>	<u>\$ 111,920</u>	<u>\$ 72,761</u>	<u>\$ (250,501)</u>	<u>\$ (46,865)</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,975,322</u>	<u>\$ 111,920</u>	<u>\$ 72,761</u>	<u>\$ 19,499</u>	<u>\$ 193,135</u>

(Continued on Next Page)

See Accompanying Notes to the Basic Financial Statements.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE ARISING FROM CASH TRANSACTIONS
ALL FUNDS AND ACCOUNT GROUPS (CONTINUED)
JUNE 30, 2016

<u>ASSETS</u>	Working Cash Fund	Tort Fund	Fire Prevention and Safety Fund	Activity Funds	General Fixed Assets Group	General Long-Term Debt	Total (Memorandum Only)
Cash	\$ 85,733	\$ 335,715	\$ 41,075	\$ 198,805			\$ 5,033,965
Investments	245,706	-	2,771,716	-			3,017,422
Due From Education Fund	150,000	-	-	-			150,000
Due From Transportation Fund	270,000	-	-	-			270,000
Due From IMRF Fund	240,000	-	-	-			240,000
Funds Held in Escrow	-	-	255,591	-			255,591
General Fixed Assets	-	-	-	-	\$ 21,406,205		21,406,205
Amount Available in Debt Service Fund	-	-	-	-		\$ 72,761	72,761
Amount to be Provided for Payment of Bonds	-	-	-	-		5,240,062	5,240,062
TOTAL ASSETS	<u>\$ 991,439</u>	<u>\$ 335,715</u>	<u>\$ 3,068,382</u>	<u>\$ 198,805</u>	<u>\$ 21,406,205</u>	<u>\$ 5,312,823</u>	<u>\$ 35,686,006</u>
 <u>LIABILITIES AND FUND BALANCE</u>							
LIABILITIES:							
Due to Activity Funds				\$ 198,805			\$ 198,805
Due to Working Cash Fund							660,000
Bonds Payable						\$ 5,205,000	5,205,000
Loans Payable	\$ -	\$ -	\$ -	-	\$ -	107,823	107,823
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,805</u>	<u>\$ -</u>	<u>\$ 5,312,823</u>	<u>\$ 6,171,628</u>
 FUND BALANCE:							
Reserved		\$ 335,715	\$ 3,068,382				\$ 3,476,858
Unreserved	\$ 991,439	-	-				4,631,315
Investment In General Fixed Assets	-	-	-	\$ -	\$ 21,406,205	\$ -	21,406,205
Total Fund Balance	<u>\$ 991,439</u>	<u>\$ 335,715</u>	<u>\$ 3,068,382</u>	<u>\$ -</u>	<u>\$ 21,406,205</u>	<u>\$ -</u>	<u>\$ 29,514,378</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 991,439</u>	<u>\$ 335,715</u>	<u>\$ 3,068,382</u>	<u>\$ 198,805</u>	<u>\$ 21,406,205</u>	<u>\$ 5,312,823</u>	<u>\$ 35,686,006</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Educational Fund	Operation & Maintenance Fund	Bond and Interest Fund	Transportation Fund	Municipal Retirement/ Social Security Fund	Working Cash Fund	Tort Fund	Fire Prevention & Safety Fund	Total (Memorandum Only)
REVENUES RECEIVED:									
Local Sources	\$ 4,140,815	\$ 701,312	\$ 493,288	\$ 287,542	\$ 501,790	\$ 59,396	\$ 529,244	\$ 60,016	\$ 6,773,403
State Sources	5,364,615	470,000	-	478,641	-	-	-	-	6,313,256
Federal Sources	1,258,184	-	-	-	-	-	-	-	1,258,184
Total Direct Revenues Received	\$ 10,763,614	\$ 1,171,312	\$ 493,288	\$ 766,183	\$ 501,790	\$ 59,396	\$ 529,244	\$ 60,016	\$ 14,344,843
On-Behalf Payments	1,904,801	-	-	-	-	-	-	-	1,904,801
Total Revenues Received	\$ 12,668,415	\$ 1,171,312	\$ 493,288	\$ 766,183	\$ 501,790	\$ 59,396	\$ 529,244	\$ 60,016	\$ 16,249,644
EXPENDITURES DISBURSED:									
Instruction	\$ 5,434,695	-	-	-	\$ 103,009	-	-	-	\$ 5,537,704
Support Services	2,533,504	\$ 1,127,994	-	\$ 766,455	388,996	-	\$ 423,481	\$ 283,883	5,524,313
Community Services	20,385	-	-	-	222	-	-	-	20,607
Payments to Other Districts & Govt. Units	2,198,958	-	-	-	-	-	-	-	2,198,958
Debt Service	-	-	\$ 497,734	74,823	-	\$ -	-	3,444	576,001
Total Direct Expenditures Disbursed	\$ 10,187,542	\$ 1,127,994	\$ 497,734	\$ 841,278	\$ 492,227	\$ -	\$ 423,481	\$ 287,327	\$ 13,857,583
On-Behalf Payments	1,904,801	-	-	-	-	-	-	-	1,904,801
Total Expenditures Disbursed	\$ 12,092,343	\$ 1,127,994	\$ 497,734	\$ 841,278	\$ 492,227	\$ -	\$ 423,481	\$ 287,327	\$ 15,762,384

(Continued on Next Page)
See Accompanying Notes to the Basic Financial Statements.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE (CONTINUED)
ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	Educational Fund	Operation & Maintenance Fund	Bond and Interest Fund	Transportation Fund	Municipal Retirement/ Social Security Fund	Working Cash Fund	Tort Fund	Fire Prevention & Safety Fund	Total (Memorandum Only)
REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	\$ 576,072	\$ 43,318	\$ (4,446)	\$ (75,095)	\$ 9,563	\$ 59,396	\$ 105,763	\$ (227,311)	\$ 487,260
OTHER FINANCING SOURCES (USES): PRINCIPAL ON BONDS SOLD	-	-	-	-	-	-	-	3,130,000	3,130,000
REVENUES RECEIVED AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES DISBURSED AND OTHER FINANCING (USES)	\$ 576,072	\$ 43,318	\$ (4,446)	\$ (75,095)	\$ 9,563	\$ 59,396	\$ 105,763	\$ 2,902,689	\$ 3,617,260
FUND BALANCE, BEGINNING OF YEAR	<u>3,249,250</u>	<u>68,602</u>	<u>77,207</u>	<u>(175,406)</u>	<u>(56,428)</u>	<u>932,043</u>	<u>229,952</u>	<u>165,693</u>	<u>4,490,913</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,825,322</u>	<u>\$ 111,920</u>	<u>\$ 72,761</u>	<u>\$ (250,501)</u>	<u>\$ (46,865)</u>	<u>\$ 991,439</u>	<u>\$ 335,715</u>	<u>\$ 3,068,382</u>	<u>\$ 8,108,173</u>

See Accompanying Notes to the Basic Financial Statements.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of North Mac Community Unit School District No. 34 have been prepared using the cash basis of accounting. The more significant of the District's accounting policies are described below:

A. Financial Reporting Entity

The District's financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is fiscal dependency by the organization on the District

B. Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, (arising from cash transactions) fund balance, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Individual Funds --

Educational Fund -- Is the General Operating Fund of the District and is used for all financial resources except those required to be accounted for in another fund. Special Education is included in these funds.

Operations and Maintenance Fund -- is another General Operating Fund of the District, used primarily for maintenance and improvements to District facilities.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Individual Funds -- (Continued)

Bond and Interest Fund -- is used to account for the accumulation of resources for, and the payment of, general long-term principal, interest, and related costs.

Transportation Fund -- is used to account for the District's transportation system and related costs.

IMRF / Social Security Fund -- is used to account for retirement plan costs for employees under these retirement plans.

Working Cash Fund - is used to make temporary interfund loans to the operating funds.

Tort Fund -- is used to account for restricted funds available for only the cost of risk management programs.

Fire Prevention and Safety Fund -- is used to account for restricted funds available only for qualified life safety expenditures necessary for District facilities improvements.

The Activity Fund -- includes both Student Activity Funds and Convenience Accounts. They account for assets held by the District as an agent for students and teachers. These funds are custodial in nature and do not involve measurement of the results of operations. The amounts due to the activity fund organizations are equal to assets.

General Fixed Assets and General Long-Term Debt Account Groups --

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

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

C. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and reconciliation of how these balances are reported.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balance Reporting (Continued)

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

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

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

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

State Grants - Proceeds from state grants and the related expenditures have been included in the Educational Fund. At June 30, 2016, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.

Federal Grants - Proceeds from federal grants and the related expenditures have been included in the Educational, Fund. At June 30, 2016, expenditures disbursed exceeded revenue received from federal grants, resulting in no restricted balances.

Social Security - Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Funds. At June 30, 2016, expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balance Reporting (Continued)

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

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

Assigned Fund Balance -- The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted or committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance -- The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, Transportation and Working Cash Funds.

Regulatory - Fund Balance Definitions --

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Balance Reporting (Continued)

Reconciliation of Fund Balance Reporting --

The first five columns of the following table represent Fund Balance Reporting according to generally accepted accounting principles. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

Fund	<u>Generally Accepted Accounting Principles</u>					<u>Regulatory Basis</u>	
	Nonspendable	Restricted	Committed	Assigned	Unassigned	Financial Statements-Reserved	Financial Statements-Unreserved
Educational	-	-	-	-	\$ 3,825,322	-	\$3,825,322
Operations & Maintenance	-	-	-	-	111,920	-	111,920
Bond & Interest	-	\$ 72,761	-	-	-	\$ 72,761	-
Transportation	-	-	-	-	(250,501)	-	(250,501)
Municipal Retirement	-	-	-	-	(46,865)	-	(46,865)
Working Cash	-	-	-	-	991,439	-	991,439
Tort Liability	-	335,715	-	-	-	335,715	-
Fire Prevention and Safety	-	3,068,382	-	-	-	3,068,382	-

Expenditures of Fund Balance --

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

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and reported in the financial statements. The District maintains its accounts records for all funds and account groups on a cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. Accordingly revenues are recognized and recorded when cash is received and expenditures are recognized and recorded upon the disbursement of cash.

Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, results from previous cash transactions. Cash basis financial statements omit recognition of receivables and payable and other accrued and deferred items that do not arise from previous cash transactions.

E. Budgets and Budgetary Accounting

The budget for all individual funds are prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Act 5, Article 17-1 of the Illinois Revised Statutes. The budget was passed on September 23, 2015.

For each fund, total fund expenditures disbursed 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 submitted to the Board of Education a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures to be 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 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.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

Investments are stated at the lower of cost or market. Gains or losses on the sale of investments are recognized upon realization. The District invests in NOW accounts, interest-bearing checking accounts, certificates of deposit and external investment pools. The institutions in which investments are made must be approved by the Board of Education.

G. General Fixed Assets

General Fixed Assets have been acquired for general governmental purposes. At the time of purchase, assets are recorded as expenditures disbursed in the Governmental or Activity Funds and capitalized at cost in the General Fixed Assets Account Group.

Donated general fixed assets are stated at estimated fair market value as of the date of acquisition. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge).

H. Total Memorandum Only

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

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

NOTE 2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2016 are classified in the accompanying financial statements as follows:

Cash	\$ 5,033,965
Investments	<u>3,017,422</u>
Total	<u>\$ 8,051,387</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. CASH AND INVESTMENTS (Continued)

The District may invest in the following:

1. Bonds, notes, certificates of indebtedness, treasury bills or other securities, which we guaranteed by the full faith and credit of the United States of America
2. Bonds, notes, debentures, or similar obligations of the United States of America or its agencies
3. Interest bearing savings accounts or certificates of deposits
4. Short-term obligations of domestic corporations with assets exceeding \$500,000,000
5. Money Market mutual funds
6. Short-term discount obligations of the Federal National Mortgage Association
7. Dividend-bearing share accounts of an Illinois or United States chartered credit union
8. Illinois Funds, an external investment pool sponsored by the State
9. Illinois School District Liquid Asset Fund Plus
10. Repurchase agreements of government securities
11. Any investment as authorized by the Public Funds Investment Act

A. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 2. CASH AND INVESTMENTS (Continued)

A. Interest Rate Risk (Continued)

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity.

	<u>Amount</u>	<u>Maturity Date</u>
State Investment Pool/Savings Account	\$ <u>3,017,422</u>	N/A
	\$ <u>3,017,422</u>	

B. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's state investment pool has earned Standard and Poor's highest rating (AAAm).

C. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. Of the District's total cash and investments, \$0 was subject to custodial credit risk.

The District's investment in the state investment pool is fully collateralized, but not in the District's name. The District maintains a separate investment account representing a proportionate share of the pool assets and its respective collateral; therefore no collateral is identified with the District.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 3. PROPERTY TAXES

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board passed the 2015 levy on December 16, 2015. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments one and two months after billing by the County. The District receives significant distributions of tax receipts beginning in August and September of each year. Property taxes recorded in these financial statements are from the 2015 and prior tax levies.

The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation, extensions and collections:

	Rate Limit	<u>Tax Levy Years</u>		
		<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>Tax Rates by Levy:</u>				
Educational	2.89000	2.8900	2.8900	2.8900
Operations and Maintenance	0.59000	0.5900	0.5900	0.5900
Bond and Interest	As Needed	0.4161	0.4199	0.4289
Transportation	0.24000	0.2400	0.2400	0.2400
Municipal Retirement	As Needed	0.2612	0.2321	0.2369
Tort Immunity	As Needed	0.5023	0.4461	0.3177
Special Education	0.04000	0.0400	0.0400	0.0400
Fire Prevention and Safety	0.05000	0.0500	0.0500	0.0500
Social Security	As Needed	0.1863	0.1783	0.2115
Working Cash	0.05000	0.0500	0.0500	0.0500
Facility Leasing	0.05000	<u>0.0500</u>	<u>0.0500</u>	<u>0.0500</u>
Total		<u>5.2759</u>	<u>5.1864</u>	<u>5.1049</u>
 ASSESSED VALUATION		 <u>\$ 119,659,286</u>	 <u>\$ 119,069,307</u>	 <u>\$ 116,686,629</u>
 <u>Tax Extensions by Levy:</u>				
Educational		\$ 3,458,153	\$ 3,441,103	\$ 3,372,243
Operations and Maintenance		705,990	702,509	688,451
Bond and Interest		498,416	500,883	500,759
Transportation		287,603	285,766	280,048
Municipal Retirement		312,437	276,911	276,550
Tort Immunity		601,584	532,121	370,864
Special Education		47,864	47,628	46,674
Fire Prevention and Safety		59,830	59,535	58,343
Social Security		223,179	212,749	246,912
Working Cash		59,830	59,535	58,343
Facility Leasing		59,830	59,535	58,343
Prior Year Adjustment		(240)	-	-
Total		<u>\$ 6,314,476</u>	<u>\$ 6,178,275</u>	<u>\$ 5,957,530</u>
 <u>Tax Collections by Year Ending:</u>				
2015				<u>\$ 5,922,964</u>
2016			<u>\$ 6,174,279</u>	
Total			<u>\$ 6,174,279</u>	<u>\$ 5,922,964</u>
 Percent of Total Levy Collected			 <u>99.94%</u>	 <u>99.42%</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 4. SPECIAL TAX LEVIES AND RESTRICTED LEVIES

Fire Prevention and Safety

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Fire Prevention and Safety Fund. A portion of this fund's equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future fire prevention and safety project expenditures in accordance with Chapter 122, Paragraph 17-2.11 of the Illinois Revised Statutes.

Unexpended Balance, July 1, 2015	\$	165,693
Proceeds from Tax Levy		59,120
Principal on Bond Sold		3,130,000
Interest Earned		896
Amounts (Expended) for Fire and Safety Construction		<u>(287,327)</u>
Unexpended Balance, June 30, 2016	\$	<u>3,068,382</u>

Tort Immunity

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Tort Fund. A portion of these funds' equity represents the excess of cumulative receipts over cumulative disbursements which is restricted for future tort immunity disbursements in accordance with Chapter 85, Paragraphs 9-101 to 9-107 of the Illinois Revised Statutes.

	<u>Total</u>
Unexpended Balance, July 1, 2015	\$ 229,952
TORT RECEIPTS:	
Proceeds from Tax Levy	529,220
Interest	<u>24</u>
Total Available	\$ <u>759,196</u>
TORT EXPENDITURES:	
Insurance	\$ 283,045
Legal Services	58,150
Risk Management	<u>82,286</u>
Total Expended	\$ <u>423,481</u>
Unexpended Balance, June 30, 2016	\$ <u>335,715</u>

Special Education

Cash receipts and the related cash disbursements of this special education tax levy are accounted for in the Education Fund. No portion of this fund's equity is restricted, as cumulative disbursements have exceeded cumulative receipts. Special Education disbursements are made in accordance with Chapter 105, Act 5, Article 17-2.2a of the Illinois Compiled Statutes.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in General Fixed Assets follows:

	Balance <u>07/01/15</u>	Additions	Deletions	Balance <u>06/30/16</u>
Land	\$ 307,026			\$ 307,026
Improvements	582,634			582,634
Buildings	15,319,273			15,319,273
Transportation Equipment	1,724,467			1,724,467
Other Equipment	<u>3,310,660</u>	<u>\$ 162,145</u>	<u>\$ -</u>	<u>3,472,805</u>
Totals	<u>\$ 21,244,060</u>	<u>\$ 162,145</u>	<u>\$ -</u>	<u>\$ 21,406,205</u>

NOTE 6. RETIREMENT FUND COMMITMENTS

The District participates in two retirement systems: The Teachers' Retirement System of the State of Illinois (TRS) and the Illinois Municipal Retirement Fund (IMRF). Members of TRS consist of all full-time teachers and teachers employed on a part-time basis in positions where services are expected to be rendered for a full and complete school term. Employees, other than teachers, who meet prescribed annual hourly standards are members of IMRF.

Teachers' Retirement System of the State of Illinois

The school district (employer) participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required.

The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the system's administration.

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

Benefits Provided

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

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016, was 9.4 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

- On Behalf Contributions to TRS

The state of Illinois makes employer pension contributions on behalf of the district. For the year ended June 30, 2016, state of Illinois contributions were recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expenditures of \$1,849,909 in pension contributions from the state of Illinois.

- 2.2 Formula Contributions

Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ended June 30, 2016 were \$29,755, and are deferred because they were paid after the June 30, 2015 measurement date.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

● Federal and Special Trust Fund Contributions

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

For the year ended June 30, 2016, the employer pension contribution was 36.06 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2016, salaries totaling \$162,834 were paid from federal and special trust funds that required employer contributions of \$58,718. These contributions are deferred because they were paid after the June 30, 2015 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 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2016, the District paid \$0 to TRS for employer ERO contributions.

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2016, the District paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

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

District's proportionate share of the net pension liability	\$ 1,782,300
State's proportionate share of the net pension liability associated with the employer	<u>33,222,400</u>
Total	<u>\$ 35,004,700</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was 0.002 percent, which was an increase of 0.0006 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the employer recognized pension expense of \$128,034 and revenue of \$124,061 for support provided by the state. At June 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 662	\$ 1,954
Net difference between projected and actual earnings on pension plan investments	35,297	62,410
Changes of assumptions	24,647	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	28,126	387,071
Total	<u>\$ 88,732</u>	<u>\$ 451,435</u>

\$0 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, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2017	(122,897)
2018	(122,897)
2019	5,989
2020	-

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

Actuarial assumptions

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

Inflation	3.00 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions used for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 percent, salary increase assumptions were lowered, retirement rates were increased, mortality updates were made and other assumptions were revised. The actuarial assumptions used in the June 30, 2014 valuation were based on updates to economic assumptions adopted in 2014 which lowered the investment return assumption from 8.0 percent to 7.5 percent. The salary increase and inflation assumptions were also lowered from their 2013 levels.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. large cap	18%	7.53%
Global equity excluding U.S.	18%	7.88%
Aggregate bonds	16%	1.57%
U.S. TIPS	2%	2.82%
NCREIF	11%	5.11%
Opportunistic real estate	4%	9.09%
ARS	8%	2.57%
Risk Parity	8%	4.87%
Diversified inflation strategy	1%	3.26%
Private equity	<u>14%</u>	12.33%
Total	<u>100%</u>	

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

Discount Rate

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

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

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

Sensitivity to the employer's proportionate share of the net pension liability to changes in the discount rate

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 2,202,485	\$ 1,782,300	\$ 1,437,736

TRS fiduciary net position

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

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Retirement System of the State of Illinois (Continued)

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FISCAL YEAR 2016*

	<u>FY15</u>	<u>FY14</u>
Employer's proportion of the net pension liability	0.272%	<u>0.003%</u>
Employer's proportionate share of the net pension liability	\$ 1,782,300	\$ 1,622,129
State's proportionate share of the net pension liability associated with the employer	<u>33,222,400</u>	<u>33,436,828</u>
Total	<u>\$ 35,004,700</u>	<u>\$ 35,058,957</u>
Employer's covered-employee payroll	\$ 5,130,086	\$ 5,200,901
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	34.7%	31.2%
Plan fiduciary net position as a percentage of the total pension liability	41.5%	43.0%

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

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHER'S RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FISCAL YEAR 2016*

	<u>FY15</u>	<u>FY14</u>
Statutorily-required contribution	\$ 29,755	\$ 30,165
Contributions in relation to the statutorily- required contribution	<u>29,755</u>	<u>30,165</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Employer's covered-employee payroll	\$ 5,130,086	\$ 5,200,901
Contributions as a percentage of covered-employee payroll	0.58%	0.58%

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

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Teachers' Health Insurance Security Fund of the State of Illinois

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

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. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state make a contribution to THIS Fund.

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

- On behalf contributions to THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$54,892, and the District recognized revenue and expenditures of this amount during the year.

- Employer contributions to THIS Fund

The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.80 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the District paid \$41,041 to the THIS Fund, which was 100 percent 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 "Health and Family Services".

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement System - Defined Benefit Pension Plan

Plan Description. The employer'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 employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. 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 financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy. As set by statute, your employer Regular plan members are required to contribute 4.50 percent 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 employer annual required contribution rate for calendar year 2015 was 16.76 percent. The employer 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 the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost. The required contribution for calendar year 2015 was \$284,528.

THREE-YEAR TREND INFORMATION FOR THE REGULAR PLAN

<u>Calendar Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
12/31/15	\$ 284,528	100%	\$ *
12/31/14	279,536	100%	*
12/31/13	256,813	100%	*

The required contribution for 2015 was determined as part of the December 31, 2013, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2013, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The employer Regular plan's unfunded actuarial accrued liability at December 31, 2013 is being amortized as a level percentage of projected payroll on an open 28 year basis.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement System - Defined Benefit Pension Plan (Continued)

Funded Status and Funding Progress. As of December 31, 2015, the most recent actuarial valuation date, the Regular plan was 53.54 percent funded. The actuarial accrued liability for benefits was \$3,865,819 and the actuarial value of assets was \$2,069,700, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,796,119. The covered payroll for calendar year 2015 (annual payroll of active employees covered by the plan) was \$1,697,661 and the ratio of the UAAL to the covered payroll was 106 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (A)	Actuarial Accrued Liability (AAL) --Entry Age (B)	Unfunded AAL (UAAL) (B-A)	Funded Ratio (A/B)	Covered Payroll (C)	UAAL as a % of Covered Payroll ((B-A)/C)
12/31/15	\$ 2,069,700	\$ 3,865,819	\$ 1,796,119	53.54%	\$ 1,697,661	105.80%
12/31/14	1,714,921	3,689,022	1,974,101	46.49%	1,634,712	120.76%
12/31/13	1,617,852	3,397,004	1,779,152	47.63%	1,634,710	108.84%

On a market value basis, the actuarial value of assets as of December 31, 2015 is \$1,983,716. On a market basis, the funded ratio would be 51.31%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with North Mac Community Unit School District No. 34. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement System - Defined Benefit Pension Plan (Continued)

GASB Statement No. 68 requires the notes of the District's financial statements to disclose the total pension expense, the pension plan's liabilities and assets, and deferred outflows of resources and inflows of resources related to pensions, and certain additional information. The following summarizes the changes in net pension liability and related ratios for the calendar year ended December 31, 2015.

Actuarial valuation Date	December 31,2015
Measurement Date of the Net Pension Liability	December 31,2015
Fiscal Year End	June 30, 2016
Membership	
Number of	
-Retirees and Beneficiaries	92
-Inactive, Non-Retired Members	52
-Active Members	<u>66</u>
-Total	210
Total pension liability	
Service Cost	\$ 192,497
Interest on the Total Pension Liability	678,305
Difference between expected and actual experience of the Total Pension Liability	(89,495)
Changes of assumptions	10,683
Benefit payments, including refunds of employee contributions	<u>(536,626)</u>
Net change in total pension liability	\$ 255,364
Total pension liability - beginning	<u>9,240,307</u>
Total pension liability - ending	<u>\$ 9,495,671</u>
Plan fiduciary net position	
Contributions - employer	\$ 284,679
Contributions - employee	76,438
Net investment income	37,673
Benefit payments, including refunds of employee contributions	(536,626)
Other (Net Transfer)	<u>47,252</u>
Net change in plan fiduciary net position	\$ (90,584)
Plan fiduciary net position - beginning	<u>7,622,423</u>
Plan fiduciary net position - ending	<u>\$ 7,531,839</u>
Net pension liability/(asset)	\$ 1,963,832

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement System - Defined Benefit Pension Plan (Continued)

Plan fiduciary net position as a percentage of total pension liability	79.32%
Covered Valuation payroll	\$ 1,697,661
Net pension liability as a percentage of covered valuation payroll	115.68%

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Inflation	3.50%
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.47%
Retirement Age	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013.
Mortality	For non-disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
Other Information	There were no benefit changes during the year.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 6. RETIREMENT FUND COMMITMENTS (Continued)

Illinois Municipal Retirement System - Defined Benefit Pension Plan (Continued)

Discount Rate

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.5%; the municipal bond rate is 3.57%; and the resulting single discount rate is 7.47%.

Sensitivity of net pension liability/(asset) to the single discount rate assumption

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

	1% Decrease (6.47%)	Current Discount Rate (7.48%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$ 10,651,065	\$ 9,495,671	\$ 8,535,623
Plan Fiduciary Net Position	<u>7,531,839</u>	<u>7,531,839</u>	<u>7,531,839</u>
Net Pension Liability/(Asset)	<u>\$ 3,119,226</u>	<u>\$ 1,963,832</u>	<u>\$ 1,003,784</u>

NOTE 7. CHANGES IN LONG-TERM DEBT

The following is a summary of changes in long-term debt of the District for the year ended June 30, 2016:

	Loans <u>Payable</u>	Bonds <u>Payable</u>	<u>Total</u>
Beginning July 1, 2015	\$ 180,645	\$ 2,480,000	\$ 2,660,645
Issued During the Year	-	3,130,000	3,130,000
Retired During the Year	<u>72,822</u>	<u>405,000</u>	<u>477,822</u>
Ending June 30, 2016	<u>\$ 107,823</u>	<u>\$ 5,205,000</u>	<u>\$ 5,312,823</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2016

NOTE 8. RISK MANAGEMENT

Significant losses are covered by commercial insurance for all major programs: property, liability, and workers' compensation. During the year ended June 30, 2016, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

NOTE 9. COMPLIANCE, STEWARDSHIP AND ACCOUNTABILITY

A. Legal Debt Margin --

The District's legal debt limit as set by state statute is limited to 13.8 percent of total assessed valuation which approximates \$16,512,981. As of June 30, 2016, the District's debt is under the debt limit by \$11,200,158.

B. Excess of Expenses over Budget

The Operations & Maintenance Fund had expenditures of \$1,127,994, which exceeded the adopted annual operating budget of \$1,126,025 by \$1,969.

The Tort Fund had expenditures of \$423,481, which exceeded the adopted annual operating budget of \$382,268 by \$41,213.

The Fire Prevention and Safety Fund had expenditures of \$287,327, which exceeded the adopted annual operating budget of \$89,150 by \$198,177.

All expenditures in excess of adopted budgets were to pay Board approved expenditures.

C. Deficit Fund Balance

The Transportation Fund had a deficit fund balance as of June 30, 2016 in the amount of (\$250,501).

The IMRF Fund had a deficit fund balance as of June 30, 2016 in the amount of (\$46,865).

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 10. IMPREST CASH FUND

The District maintains imprest funds at the individual learning centers which are reimbursed as required. All imprest funds are reconciled and expenses report to the District on a monthly basis.

NOTE 11. COMMON BANK ACCOUNT

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

Occasionally certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the School Board.

NOTE 12. COMPENSATED ABSENCES

As of June 30, 2016, the District's employees had accumulated a total of 13,570 days of unused vacation, sick and other leave benefits. The District's obligation relating to the employees' rights to receive compensation for future absences is attributable to services already rendered. Future expense to the District as a result of these compensated absences is approximately \$1,096,000.

NOTE 13. DEBT SERVICE REQUIREMENTS

As of June 30, 2016 the District had general obligation debt service requirements as follows:

- a) 2001 Refunding Bond Issue, due in annual installments; interest is payable at rates varying from 5.35 percent to 8.50 percent per annum.
- b) 2012 Refunding Bond Issue, due in annual installments; interest is payable at rates varying from 2.00 percent to 3.00 percent per annum.
- c) 2016 Refunding Life Safety Bond Issue, due in annual installments, interest is payable at 1.99 percent per annum.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2016

NOTE 13. DEBT SERVICE REQUIREMENTS (Continued)

As of June 30, 2016, the annual cash flow requirements of bond principal and interest are as follows:

Year Ending <u>June</u>	Bond <u>Maturities</u>	Interest <u>Requirements</u>	<u>Totals</u>
2017	\$ 435,000	\$ 57,230	\$ 492,230
2018	465,000	178,891	643,891
2019	485,000	89,738	574,738
2020	495,000	75,688	570,688
2021	445,000	62,800	507,800
Thereafter	<u>2,880,000</u>	<u>175,419</u>	<u>3,055,419</u>
	<u>\$ 5,205,000</u>	<u>\$ 639,766</u>	<u>\$ 5,844,766</u>

Loans Payable

Midwest Bus Sales, Inc. lease dated November 24, 2014 provides for 5 yearly payments of \$38,526, including principal and interest, at an interest rate of 1.5%.

The annual requirements to amortize all loans payable at June 30, 2016 are as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 34,688	\$ 3,838	\$ 38,526
2018	35,930	2,596	38,526
2019	<u>37,205</u>	<u>1,321</u>	<u>38,526</u>
	<u>\$ 107,823</u>	<u>\$ 7,755</u>	<u>\$ 115,578</u>

NOTE 14. FEDERAL AND STATE GRANTS

In the normal course of operations, the District receives grant funds from various federal and state agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with condition precedent to the granting of funds. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 15. GENERAL STATE AID EXPENDITURES FOR SPECIAL EDUCATION SERVICES

\$3,975 of Special Education line item 10.1200.100 denotes expenditures from the Education Fund for instructional special education salaries paid from General State Aid revenue code 3001.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

EDUCATIONAL FUND
 SCHEDULE OF REVENUES RECEIVED
 FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Taxes -

Property Taxes	\$ 3,429,644	
Property Taxes - Leasing Levy	59,071	
Property Taxes - Special Education Levy	47,347	
Personal Property Replacement Taxes	<u>198,384</u>	
Total Taxes		\$ 3,734,446

Other -

Regular Tuition	\$ 6,679	
Interest Income	2,957	
Food Service	93,065	
Student Activities	52,547	
Textbooks	127,734	
Services Provided Other LEA's	<u>123,387</u>	
Total Other		<u>406,369</u>
Total Local Sources		\$ 4,140,815

State Sources:

General State Aid	\$ 4,486,112	
Driver Education	18,523	
Career and Technical Education	1,942	
Special Education	388,965	
School Lunch	5,291	
Early Childhood	462,948	
Other Revenue	<u>834</u>	
Total State Sources		5,364,615

Federal Sources:

Title I - Low Income	\$ 315,801	
Food Service	611,268	
Medicaid Matching	59,429	
Special Education	198,144	
Title II - Teacher Quality	<u>73,542</u>	
Total Federal Sources		<u>1,258,184</u>

TOTAL REVENUES RECEIVED

\$ 10,763,614

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

OPERATIONS AND MAINTENANCE FUND
 SCHEDULE OF REVENUES RECEIVED
 FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Taxes -

Property Taxes

\$ 699,958

Total Taxes

\$ 699,958

Other -

Interest Income

\$ 32

Other Local Revenues

1,322

Total Other

1,354

Total Local Sources

\$ 701,312

State Sources:

General State Aid

\$ 470,000

Total State Sources

470,000

TOTAL REVENUES RECEIVED

\$ 1,171,312

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

TRANSPORTATION FUND
 SCHEDULE OF REVENUES RECEIVED
 FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Taxes -

Property Taxes

\$ 284,992

Total Taxes

\$ 284,992

Other -

Interest Income

\$ 13

Other Local Revenues

2,537

Total Other

2,550

Total Local Sources

\$ 287,542

State Sources:

General State Aid

\$ 50,000

Transportation Aid - Regular

307,119

Transportation Aid - Special Ed

121,522

Total State Sources

478,641

TOTAL REVENUES RECEIVED

\$ 766,183

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

MUNICIPAL RETIREMENT / SOCIAL SECURITY FUND
SCHEDULE OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Taxes -

Property Taxes - IMRF Levy	\$ 275,520
Property Taxes - Social Security Levy	209,939
Personal Property Replacement Taxes	<u>16,309</u>
Total Taxes	\$ 501,768

Other -

Interest Income	<u>22</u>
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TOTAL REVENUES RECEIVED	<u>\$ 501,790</u>
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NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

BOND AND INTEREST FUND
SCHEDULE OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Property Taxes

\$ 493,265

Total Taxes

\$ 493,265

Other -

Interest Income

23

TOTAL REVENUES RECEIVED

\$ 493,288

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

FIRE PREVENTION AND SAFETY FUND
SCHEDULE OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Taxes -

Property Taxes

\$ 59,120

Total Taxes

\$ 59,120

Other -

Interest Income

896

TOTAL REVENUES RECEIVED

\$ 60,016

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

WORKING CASH FUND
SCHEDULE OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Property Taxes

\$ 59,120

Total Taxes

\$ 59,120

Other -

Interest Income

276

TOTAL REVENUES RECEIVED

\$ 59,396

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

TORT FUND
SCHEDULE OF REVENUES RECEIVED
FOR THE YEAR ENDED JUNE 30, 2016

REVENUES RECEIVED:

Local Sources:

Property Taxes

\$ 529,220

Total Taxes

\$ 529,220

Other -

Interest Income

24

TOTAL REVENUES RECEIVED

\$ 529,244

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

EDUCATIONAL FUND:	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Total	Budget
Instruction:								
Regular Programs	\$ 3,534,206	\$ 873,053	\$ 6,360	\$ 89,211	\$ 7,310		\$ 4,510,140	\$ 4,685,053
Pre-K Programs	221,329	69,862	751	52,106	26,799		370,847	365,350
Remedial and Supplemental Programs K-12	192,276	109,440	22,221	43,976	1,724		369,637	348,936
Interscholastic Programs	116,018	11,215	25,036	31,095	707	\$ -	184,071	192,350
Total Instruction	<u>\$ 4,063,829</u>	<u>\$ 1,063,570</u>	<u>\$ 54,368</u>	<u>\$ 216,388</u>	<u>\$ 36,540</u>	<u>\$ -</u>	<u>\$ 5,434,695</u>	<u>\$ 5,591,689</u>
Support Services:								
Pupils --								
Attendance and Social Work Services								
Guidance Services	\$ 171,525	\$ 41,289		\$ 1,379			\$ 214,193	\$ 217,675
Health Services	68,989	15,931	\$ 220	748	\$ -	\$ -	85,888	87,330
Total Pupils	<u>\$ 240,514</u>	<u>\$ 57,220</u>	<u>\$ 220</u>	<u>\$ 2,127</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300,081</u>	<u>\$ 305,005</u>
Instructional Staff --								
Improvement of Instruction Services			\$ 5,785	\$ 18,699			\$ 24,484	
Educational Media Services	\$ 148,429	\$ 36,343	142,920	40,917	\$ 91,467	\$ -	460,076	\$ 483,425
Total Instructional Staff	<u>\$ 148,429</u>	<u>\$ 36,343</u>	<u>\$ 148,705</u>	<u>\$ 59,616</u>	<u>\$ 91,467</u>	<u>\$ -</u>	<u>\$ 484,560</u>	<u>\$ 483,425</u>
General Administration --								
Board of Education Services	\$ 825	\$ 39	\$ 3,891	\$ 1,484		\$ 17,329	\$ 23,568	\$ 54,125
Executive Administration Services	153,758	30,882	-	-	\$ -	-	184,640	191,408
Total General Administration	<u>\$ 154,583</u>	<u>\$ 30,921</u>	<u>\$ 3,891</u>	<u>\$ 1,484</u>	<u>\$ -</u>	<u>\$ 17,329</u>	<u>\$ 208,208</u>	<u>\$ 245,533</u>
School Administration --								
Office of Principal Services	\$ 570,657	\$ 156,288	\$ 20	\$ 7,747	\$ -	\$ -	\$ 734,712	\$ 767,400

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

EDUCATIONAL FUND: (Continued)	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Total	Budget
Support Services: (Continued)								
Business --								
Fiscal Services	\$ 66,958	\$ 11,327	\$ 7,787	\$ 24,362	\$ 1,140		\$ 111,574	\$ 106,090
Operation & Maintenance of Plant Services	-	-	-	-	9,102		9,102	-
Food Services	<u>211,371</u>	<u>35,151</u>	<u>679</u>	<u>427,007</u>	<u>10,809</u>	\$ -	<u>685,017</u>	<u>742,250</u>
Total Business	\$ <u>278,329</u>	\$ <u>46,478</u>	\$ <u>8,466</u>	\$ <u>451,369</u>	\$ <u>21,051</u>	\$ -	\$ <u>805,693</u>	\$ <u>848,340</u>
Other	-	-	60	190	-	-	250	-
Total Support Services	\$ <u>1,392,512</u>	\$ <u>327,250</u>	\$ <u>161,362</u>	\$ <u>522,533</u>	\$ <u>112,518</u>	\$ <u>17,329</u>	\$ <u>2,533,504</u>	\$ <u>2,649,703</u>
Community Services	\$ <u>14,646</u>	\$ <u>4,938</u>	\$ <u>296</u>	\$ <u>505</u>	\$ -	\$ -	\$ <u>20,385</u>	\$ -
Nonprogrammed Charges:								
Payments to Other Government Units --								
Payments for Special Education Programs						\$ 2,139,158	\$ 2,139,158	\$ 2,370,000
Payments for Vocational Programs	\$ -	\$ -	\$ -	\$ -	\$ -	59,800	59,800	75,000
Total Nonprogrammed Charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,198,958	\$ 2,198,958	\$ 2,445,000
Total Expenditures Disbursed	\$ <u>5,470,987</u>	\$ <u>1,395,758</u>	\$ <u>216,026</u>	\$ <u>739,426</u>	\$ <u>149,058</u>	\$ <u>2,216,287</u>	\$ <u>10,187,542</u>	\$ <u>10,686,392</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

OPERATIONS AND MAINTENANCE FUND:	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Budget</u>
Support Services:								
Business --								
Operation & Maintenance of Plant Service	\$ 433,034	\$ 96,023	\$ 200,937	\$ 384,913	\$ 13,087	\$ -	\$ 1,127,994	\$ 1,126,025
Total Expenditures Disbursed	<u>\$ 433,034</u>	<u>\$ 96,023</u>	<u>\$ 200,937</u>	<u>\$ 384,913</u>	<u>\$ 13,087</u>	<u>\$ -</u>	<u>\$ 1,127,994</u>	<u>\$ 1,126,025</u>
BOND AND INTEREST FUND:								
Debt Services:								
Interest on Bonds						\$ 91,484	\$ 91,484	\$ 375,000
Bond Principal Retired						405,000	405,000	125,000
Other	\$ -	\$ -	\$ -	\$ -	\$ -	1,250	1,250	600
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,734</u>	<u>\$ 497,734</u>	<u>\$ 500,600</u>
TRANSPORTATION FUND:								
Support Services:								
Business --								
Pupil Transportation Services	\$ 569,521	\$ 70,190	\$ 24,915	\$ 101,829	\$ -	\$ -	\$ 766,455	\$ 818,165
Debt Services:								
Interest						\$ 5,975	\$ 5,975	\$ 63,800
Debt Services	\$ -	\$ -	\$ -	\$ -	\$ -	68,848	68,848	12,000
Total Debt Services	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 74,823</u>	<u>\$ 74,823</u>	<u>\$ 75,800</u>
Total Expenditures Disbursed	<u>\$ 569,521</u>	<u>\$ 70,190</u>	<u>\$ 24,915</u>	<u>\$ 101,829</u>	<u>\$ -</u>	<u>\$ 74,823</u>	<u>\$ 841,278</u>	<u>\$ 893,965</u>

(Continued on Next Page)

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Budget</u>
MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND:								
Instruction:								
Regular Programs		\$ 65,506					\$ 65,506	\$ 70,209
Pre-K Programs		19,453					19,453	7,610
Remedial and Supplemental Programs K-12		13,696					13,696	3,972
Interscholastic Programs	\$ -	4,354	\$ -	\$ -	\$ -	\$ -	4,354	5,080
Total Instruction	\$ -	\$ 103,009	\$ -	\$ -	\$ -	\$ -	\$ 103,009	\$ 86,871
Support Services:								
Pupils --								
Guidance Services								\$ 2,800
Health Services	\$ -	\$ 19,191	\$ -	\$ -	\$ -	\$ -	\$ 19,191	17,350
Total Pupils	\$ -	\$ 19,191	\$ -	\$ -	\$ -	\$ -	\$ 19,191	\$ 20,150
Instructional Staff --								
Educational Media Services	\$ -	\$ 2,105	\$ -	\$ -	\$ -	\$ -	\$ 2,105	\$ 2,500
Total Instructional Staff	\$ -	\$ 2,105	\$ -	\$ -	\$ -	\$ -	\$ 2,105	\$ 2,500

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND: (Continued)	Salaries	Employee Benefits	Purchased Services	Supplies & Materials	Capital Outlay	Other Objects	Total	Budget
Support Services:								
General Administration --								
Board of Education Services		\$ 211					\$ 211	\$ 240
Executive Administration Services		10,364					10,364	12,375
Educational, Inspectional, Supervisory Services								
Related to Loss Prevention or Reduction	\$ -	1,376	\$ -	\$ -	\$ -	\$ -	1,376	-
Total General Administration	\$ -	\$ 11,951	\$ -	\$ -	\$ -	\$ -	\$ 11,951	\$ 12,615
School Administration --								
Office of the Principal Services	\$ -	\$ 43,157	\$ -	\$ -	\$ -	\$ -	\$ 43,157	\$ 53,500
Business --								
Fiscal Services		\$ 17,398					\$ 17,398	\$ 17,850
Operation & Maintenance of Plant Services		105,837					105,837	118,000
Pupil Transportation Services		137,128					137,128	149,290
Food Services	\$ -	52,229	\$ -	\$ -	\$ -	\$ -	52,229	57,008
Total Business	\$ -	\$ 312,592	\$ -	\$ -	\$ -	\$ -	\$ 312,592	\$ 342,148
Total Support Services	\$ -	\$ 388,996	\$ -	\$ -	\$ -	\$ -	\$ 388,996	\$ 430,913
Community Services	\$ -	\$ 222	\$ -	\$ -	\$ -	\$ -	\$ 222	\$ -
Total Expenditures Disbursed	\$ -	\$ 492,227	\$ -	\$ -	\$ -	\$ -	\$ 492,227	\$ 517,784

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

SCHEDULE OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL - ALL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2016

	<u>Salaries</u>	<u>Employee Benefits</u>	<u>Purchased Services</u>	<u>Supplies & Materials</u>	<u>Capital Outlay</u>	<u>Other Objects</u>	<u>Total</u>	<u>Budget</u>
TORT FUND								
Support Services:								
General Administration --								
Workers' Compensation Payments			\$ 144,713				\$ 144,713	\$ 145,055
Unemployment Insurance Payments			516				516	-
Insurance Payments			137,816				137,816	136,213
Educational, Inspectional, Supervisory Service	\$ 15,120	\$ 58	7,433	\$ 7,363		\$ 52,312	82,286	48,000
Legal Services	-	-	58,150	-	-	-	58,150	53,000
	<u>-</u>	<u>-</u>	<u>58,150</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58,150</u>	<u>53,000</u>
Total Expenditures Disbursed	<u>\$ 15,120</u>	<u>\$ 58</u>	<u>\$ 348,628</u>	<u>\$ 7,363</u>	<u>\$ -</u>	<u>\$ 52,312</u>	<u>\$ 423,481</u>	<u>\$ 382,268</u>
FIRE PREVENTION AND SAFETY FUND:								
Support Services:								
Business --								
Facilities Acquisition and								
Construction Services			\$ 283,795	\$ 88			\$ 283,883	\$ 89,150
Other Support Services	\$ -	\$ -	-	-	\$ -	\$ -	-	-
Total Business Services	\$ -	\$ -	\$ 283,795	\$ 88	\$ -	\$ -	\$ 283,883	\$ 89,150
	<u>-</u>	<u>-</u>	<u>283,795</u>	<u>88</u>	<u>-</u>	<u>-</u>	<u>283,883</u>	<u>89,150</u>
Debt Services:								
Interest	\$ -	\$ -	-	-	\$ -	\$ 3,444	\$ 3,444	\$ -
Total Debt Services	\$ -	\$ -	-	-	\$ -	\$ 3,444	\$ 3,444	\$ -
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,444</u>	<u>3,444</u>	<u>-</u>
Total Expenditures Disbursed	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 283,795</u>	<u>\$ 88</u>	<u>\$ -</u>	<u>\$ 3,444</u>	<u>\$ 287,327</u>	<u>\$ 89,150</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
ACTIVITY FUNDS
JUNE 30, 2016ASSETS

Cash	\$ 198,805
Total Assets	<u>\$ 198,805</u>

LIABILITIES AND FUND BALANCE

6th Grade	\$ 3,433
6th Grade Volleyball Donation Account	141
Activities/Athletics	10,495
Barn to Barn FFA	3,497
Bowling/Skating	204
Class of 2010	59
Class of 2013	2,852
Class of 2014	333
Class of 2015	377
Class of 2016	1,033
Class of 2017	3,287
Class of 2018	4,852
Class of 2019	2,052
Drama Club	2,686
Eight Grade Teachers	131
Elementary Library	89
Elementary PBIS	387
Elementary Social Committee	61
FCA	3
FCCLA	307
FFA	2,469
Football	6,271
French Club	1,078
General Fund Resale Uniforms	2,687
Golf	74
Grants Teachers	1,033
HS Art Club	345
HS Band	2,138
HS Baseball	2,563
HS Boys Basketball	5,198
HS Boys Soccer Donation Account	5,478
HS Cheerleaders	2,897
HS Girls Basketball	4,879
HS Library	352
HS Library Fines	(240)
HS PBIS	2,913
HS Principal Office	<u>3,636</u>
Sub-Total	<u>\$ 80,050</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
ACTIVITY FUNDS
JUNE 30, 2016LIABILITIES AND FUND BALANCE (Continued)

HS Scholastic	\$ 214
HS Science Club	443
HS Soccer	2,815
HS Social Committee	228
HS Softball	2,328
HS Student Council	1,522
HS Track	1,483
HS Volleyball	2,162
Intermediate Office	2,379
Intermediate PBIS	1,404
KC Donation to SASSED	2,801
Key Club	881
Locker Room Campaign	14,836
Math Club	140
Misc. Account-Brady	4,059
MS Activity Fund	331
MS Band	2,840
MS Baseball Donation Account	247
MS BB Tournament	1,425
MS Boys Baseball Donation	338
MS Boys Basketball	587
MS Builders Club	256
MS Cheerleaders	1,272
MS Drama Club	3,149
MS Girls Basketball	189
MS Girls Volleyball	1,254
MS PBIS	5,917
MS Principal Office	481
MS Scholastic	451
MS Science Club	1,919
MS Softball Donation Account	2,335
MS Student Council	13,127
MS Track	211
MS Yearbook	408
National Honor Society	378
North Campus Nurse	489
North Campus Teachers Lounge	343
North Mac Elementary Office	6,621
North Mac Foundation	8,889
North Mac K-8 PTO	10,289
North Mac Yearbook	3,944
Revolving Account	(4,457)
Santa's Workshop	5,794
Science	24
Sub-Total	<u>\$ 106,746</u>

(Continued on Next Page)

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE
ARISING FROM CASH TRANSACTIONS
ACTIVITY FUNDS
JUNE 30, 2016LIABILITIES AND FUND BALANCE (Continued)

South Campus Vocal Music	\$ 4,659
South Campus Library	816
South Campus Nurse	994
South Campus Elem Reading Program	328
South Campus Social Committee	298
Spanish Club	250
Student Damage Items	154
Tournament Account	2,234
Unit Office	8
Varsity Account	133
Virtual School	<u>2,235</u>
Sub-Totals (This Page)	\$ 12,109
Sub-Totals (Page 1)	80,050
Sub-Totals (Page 2)	<u>106,746</u>
Total School Activity Funds	<u>\$ 198,905</u>
Total Liabilities and Fund Balance	<u>\$ 198,905</u>

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34SCHEDULE OF PER CAPITA TUITION CHARGE
AND AVERAGE DAILY ATTENDANCE
(UNAUDITED)

<u>Year Ending</u>	<u>Per Capita Tuition</u>	<u>Allowable Expenses</u>	<u>Average Daily Attendance</u>
2011	6,770	9,401,282	1,388.69
2012	7,621	10,777,608	1,414.20
2013	5,803	8,414,186	1,449.78
2014	5,928	8,134,841	1,372.39
2015	6,679	8,668,493	1,297.95
2016	6,457	8,441,952	1,307.36

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2016

DISTRICT/JOINT AGREEMENT NAME NORTH MAC COMMUNITY UNIT SCH	RCDT NUMBER 40-056-0340-26	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 060-003363	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM LOY MILLER TALLEY, PC #2 CROSSROADS COURT ALTON IL 62002	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 525 NORTH THIRD STREET 0 GIRARD IL 0		E-MAIL ADDRESS: KEN@LMTCPAS.COM	NAME OF AUDIT SUPERVISOR KENNETH E. LOY
		CPA FIRM TELEPHONE NUMBER 618-465-1196	FAX NUMBER 618-465-2900

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:

- A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- Financial Statements including footnotes Title 2 CFR §200.510 (a)
- Schedule of Expenditures of Federal Awards including footnotes Title 2 CFR §200.510 (b)
- Independent Auditor's Report Title 2 CFR §200.515 (a)
- Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* Title 2 CFR §200.515 (b)
- Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance Title 2 CFR §200.515 (c)
- Schedule of Findings and Questioned Costs Title 2 CFR §200.515 (d) (1) - (3)
- Summary Schedule of Prior Year Audit Findings Title 2 CFR §200.511 (b)
- Corrective Action Plan Title 2 CFR §200.511 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- Copy of Federal Data Collection Form Title 2 CFR §200.512 (b)
- Copy(ies) of Management Letter(s)

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/Subrecipients * Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year	Year	Year	Year			
			7/1/14-6/30/15 (C)	7/1/15-6/30/16 (D)	7/1/14-6/30/15 (E)	7/1/15-6/30/16 (F)			
U.S. DEPARTMENT OF AGRICULTURE PASS-THROUGH									
PROGRAMS FROM ILLINOIS STATE BOARD OF EDUCATION:									
(M) NATIONAL SCHOOL LUNCH PROGRAM	10.555	16-4210-00		333,714		333,714		333,714	N/A
NATIONAL SCHOOL LUNCH PROGRAM	10.555	15-4210-00	342,788	74,380	342,788	74,380		417,168	N/A
(M) SCHOOL BREAKFAST PROGRAM	10.553	16-4220-00		125,630		125,630		125,630	N/A
SCHOOL BREAKFAST PROGRAM	10.553	15-4220-00	125,684	26,343	125,684	26,343		152,027	N/A
(M) SPECIAL MILK PROGRAM	10.556	16-4215-00		2,570		2,570		2,570	N/A
SPECIAL MILK PROGRAM	10.556	15-4215-00	2,828	531	2,828	531		3,359	N/A
COMMODITIES (NON-CASH)	10.565	16-4250-00		24,442		24,442		24,442	N/A
DEPARTMENT OF DEFENSE FRESH FRUITS & VEGETABLES	10.582	16-4250-00		27,298		27,298		27,298	N/A
NSLP EQUIPMENT ASSISTANCE GRANT	10.579	15-4260-00		48,100		48,100		48,100	N/A
TOTAL U.S. DEPARTMENT OF AGRICULTURE									
PASS-THROUGH PROGRAMS			471,300	663,008	471,300	663,008	0	1,134,308	0

• (M) Program was audited as a major program as defined by §200.518.

* **NEW** - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- ⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, the Uniform Guidance states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/Subrecipients* Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year	Year	Year	Year			
			7/1/14-6/30/15 (C)	7/1/15-6/30/16 (D)	7/1/14-6/30/15 (E)	7/1/15-6/30/16 (F)			
U.S. DEPARTMENT OF EDUCATION PASS-THROUGH									
PROGRAMS FROM ILLINOIS STATE BOARD OF EDUCATION:									
(M) TITLE I - LOW INCOME	84.010	16-4300-00		163,985		233,093		233,093	287,888
TITLE I - LOW INCOME	84.010	15-4300-00	172,570	151,816	172,570	153,185		325,755	324,386
TITLE II - TEACHER QUALITY	84.367	16-4932-00		29,729		49,931		49,931	76,349
TITLE II - TEACHER QUALITY	84.367	15-4932-00		43,813		43,813		43,813	77,000
TOTAL U.S. DEPARTMENT OF EDUCATION - PASS-THROUGH PROGRAMS			172,570	389,343	172,570	480,022	0	652,592	765,623

* (M) Program was audited as a major program as defined by §200.518.

* **NEW** - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- ⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, the Uniform Guidance states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/Subrecipients * Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year	Year	Year	Year			
			7/1/14-6/30/15 (C)	7/1/15-6/30/16 (D)	7/1/14-6/30/15 (E)	7/1/15-6/30/16 (F)			
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES -									
PASS-THROUGH PROGRAMS FROM THE ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES									
MEDICAL ASSISTANCE PROGRAM	93.778	16-4991-00		16,353		16,353		16,353	N/A
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES			0	16,353	0	16,353	0	16,353	0

• (M) Program was audited as a major program as defined by §200.518.

* **NEW** - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- ⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, the Uniform Guidance states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/Subrecipients * Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year	Year	Year	Year			
			7/1/14-6/30/15 (C)	7/1/15-6/30/16 (D)	7/1/14-6/30/15 (E)	7/1/15-6/30/16 (F)			
OTHER PASS-THROUGH ENTITIES									
PASS-THROUGH FROM SPECIAL EDUCATION REGION:									
IDEA FLOW THROUGH	84.027	16-4620-00		173,866		173,866		173,866	N/A
IDEA PART B PRESCHOOL	84.173	16-4600-00		24,278		24,278		24,278	N/A
TOTAL OTHER PASS-THROUGH ENTITIES			0	198,144	0	198,144	0	198,144	0

• (M) Program was audited as a major program as defined by §200.518.

* NEW - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

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NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2016

Federal Grantor/Pass-Through Grantor/Subrecipients * Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year	Year	Year	Year			
			7/1/14-6/30/15 (C)	7/1/15-6/30/16 (D)	7/1/14-6/30/15 (E)	7/1/15-6/30/16 (F)			
TOTAL FEDERAL FUNDS:									
PASS-THROUGH ILLINOIS STATE BOARD OF EDUCATION			643,870	1,052,351	643,870	1,143,030	0	1,786,900	765,623
PASS-THROUGH DEPARTMENT OF PUBLIC AID			0	16,353	0	16,353	0	16,353	0
PASS-THROUGH OTHER ENTITIES			0	198,144	0	198,144	0	198,144	0
TOTAL FEDERAL FUNDS			643,870	1,266,848	643,870	1,357,527	0	2,001,397	765,623

• (M) Program was audited as a major program as defined by §200.518.

* **NEW** - Also include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)
- ⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, the Uniform Guidance states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Financial Awards presents the activity of federal programs of North Mac Community Unit School District No. 34. The District's reporting entity is defined in Note 1-A to the District's basic financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Financial Awards is presented using the cash basis of accounting, which is described in Note 1 to the District's basic financial statements.

Relationship to Basic Financial Statements

Federal Awards Received are reflected in the District's basic financial statements within the Educational Fund as receipts from federal sources.

Relationship to Program Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Program Financial Reports for programs which have filed final reports at June 30, 2016, with the Illinois State Board of Education.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT NO. 34

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED JUNE 30, 2016

Summary of Auditor's Results

1. We have audited the combined cash basis financial statements of North Mac Community Unit School District No. 34 as of and for the year ended June 30, 2016. The District's policy is to prepare its basic financial statements on the cash basis which is a comprehensive basis of accounting other than generally accepted accounting principles. Also, the cash basis financial statements are issued in a format to comply with regulatory provisions prescribed by the Illinois State Board of Education. This practice differs from generally accepted accounting principles in that combined and combining financial statements are not required. The auditor's report expresses an adverse opinion on the basic financial statements prepared in accordance with a comprehensive basis of accounting other than generally accepted accounting principles.
2. No reportable condition relating to the audit of the financial statements was reported in the Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*.
3. Our audit disclosed no instances of noncompliance which are material to the financial statements of North Mac Community Unit School District No. 34.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, and Schedule of Expenditures of Federal Awards.
5. We have audited the compliance of North Mac Community Unit School District No. 34 with the types of compliance required by the Uniform Guidance that are applicable to each of its major programs for the year ended June 30, 2016, and have issued our unqualified opinion thereon dated October 4, 2016.
6. The following programs were identified as major programs in accordance with requirements described by the Uniform Guidance:

<u>Program</u>	<u>CFDA Number</u>
National School Lunch Program	10.555
School Breakfast Program	10.553
Special Milk Program	10.556
Title I - Low Income	84.010

7. The threshold for distinguishing types A and B programs was \$750,000.
8. North Mac Community Unit School District No. 34 was considered as a high risk auditee.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-28
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2016- _____ 2. THIS FINDING IS: New Repeat from Prior year?
Year originally reported? _____

3. Federal Program Name and Year: _____

4. Project No.: _____ 5. CFDA No: _____

6. Passed Through: _____

7. Federal Agency: _____

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
NO AUDIT FINDINGS FOR FISCAL YEAR END JUNE 30, 2016

9. Condition¹⁵ _____

10. Questioned Costs¹⁶ _____

11. Context¹⁷ _____

12. Effect _____

13. Cause _____

14. Recommendation _____

15. Management's response¹⁸ _____

For ISBE Review	
Date: _____	Resolution Criteria Code Number: _____
Initials: _____	Disposition of Questioned Costs Code Letter: _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding.

¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34

40-056-0340-26

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹

Year Ending June 30, 2016

[If there are no prior year audit findings, please submit schedule and indicate NONE]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2015-001	TITLE I LOW INCOME SALARIES AND EXPENDITURES PAID FROM THE GRANT WERE NOT APPROVED, ACCURATE, AND/OR ALLOWABLE	PROCEDURES WERE IMPLEMENTED TO ENSURE THAT ALL GRANT EXPENDITURES ARE ALLOWABLE AND SUPPORT THE PROGRAM INTENT
2015-002	TITLE II TEACHER QUALITY GRANT EXPENDITURES WERE NOT ACCOUNTED FOR IN THE GENERAL LEDGER ACCOUNTS AND REPORTS WERE NOT SUBMITTED TIMELY	PROCEDURES WERE IMPLEMENTED TO ENSURE THAT ALL GRANT EXPENDITURES WERE ACCOUNTED FOR AND REPORTS WERE TIMELY SUBMITTED

When possible, all prior findings should be on the same page

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

NORTH MAC COMMUNITY UNIT SCHOOL DISTRICT #34
40-056-0340-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2016

Corrective Action Plan

Finding No.: **2016- N/A**

Condition:
NONE

Plan:

Anticipated Date of Completion:

Name of Contact Person: **[Name and Title of person responsible for implementation]**

Management Response: **[If applicable, an explanation giving specific reasons if the district officials do not agree with the finding and believe that corrective action is unnecessary.]**

²¹ Explanation of this schedule - §200.511 (c)