

ALTON COMMUNITY UNIT SCHOOL
DISTRICT NO. 11
ALTON, ILLINOIS

ANNUAL REPORT AND
FINANCIAL STATEMENTS INCLUDING
FEDERAL COMPLIANCE SECTION

JUNE 30, 2016

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11

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ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

October 6, 2016

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Alton Community Unit School District No. 11
Alton, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alton Community Unit School District No. 11 (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of the governmental activities, each major fund, and the aggregate remaining fund information of Alton Community Unit School District No. 11 as of June 30, 2016, and the respective changes in financial position – modified cash basis, thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alton Community Unit School District No. 11's basic financial statements. The supplementary information as listed in the table of contents presented for purposes of additional analysis and is not a required part of the basic financial statements. The 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 basic financial statements.

The supplementary information and the 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

The management's discussion and analysis and the schedules included as Other Information as listed in the table of contents are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued a report dated October 6, 2016, on our consideration of Alton Community Unit School District No. 11's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Alton Community Unit School District No. 11's internal control over financial reporting and compliance.


Alton, Illinois



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

October 6, 2016

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF MODIFIED CASH BASIS FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Alton Community Unit School District No. 11
Alton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alton Community Unit School District No. 11 as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Alton Community Unit School District No. 11's basic financial statements, and have issued our report thereon dated October 6, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Alton Community Unit School District No. 11's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Alton Community Unit School District No. 11's internal control. Accordingly, we do not express an opinion on the effectiveness of the Alton Community Unit School District No. 11's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control as Finding Number 2016-001.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alton Community Unit School District No. 11'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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding Number 2016-002, 2016-003.

Additional matters were communicated to management in a separate letter.

Alton Community Unit School District No. 11's Response to Findings

Alton Community Unit School District No. 11's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Alton Community Unit School District No. 11's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.



Alton, Illinois

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

June 30, 2016

USING THIS ANNUAL REPORT

The School District's annual report consists of a series of financial statements that show information for the School District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities (on pages 10 and 11) provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Our fund financial statements start on page 12. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the School District's overall financial health. Fund financial statements also report the School District's operations in more detail than the government-wide financial statements providing information about the School District's most significant funds – such as the School District's General Fund, Municipal Retirement/Social Security Fund, Debt Service Fund, and Transportation Fund. The remaining statement – the Statement of Fiduciary Net Position presents financial information about activities for which the School District acts solely as an agent for the benefit of students and parents.

Our auditor's have provided assurance in their Independent Auditor's Report, located immediately preceding this Management's Discussion and Analysis, that the basic financial statements are fairly stated. Varying degrees of assurance are being provided by the auditors regarding the supplemental information and the other information identified above. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the other parts in the financial section.

Reporting the School District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the School District as a whole begins on page 6. One of the most important questions asked about the School District is "Is the School District as a whole better off or worse off financially as a result of the year's activities". The Statement of Net Position and the Statement of Activities, which appear first in the School District's financial statements, report information on the School District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include *all* assets and liabilities, using the *modified cash basis of accounting*.

These two statements report the School District's *net position* – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the School District's financial health, or *financial position*. Over time, *increases or decreases* in the School District's net position – as reported in the Statement of Activities – are one indicator of whether its *financial health* is improving or deteriorating. The relationship between revenues and expenses is the School District's *operating results*. However, the School District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the *overall health* of the School District.

The Statement of Net Position and Statement of Activities report the following activity for the School District:

Governmental Activities – All of the School District's services are reported here, including instruction, supporting services, transportation, and food services. Property taxes, corporate personal property replacement taxes, and state and federal grants finance most of these activities.

Fund Financial Statements

The School District's fund financial statements, which begin on page 12, provide detailed information about the most significant funds – not the School District as a whole. These funds are required to be established by State law. However, the School District establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money (like the Title I Grant). The School District's governmental funds use the following accounting approach:

Governmental Funds – All of the School District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified cash accounting, which measures detailed short-term view of the School District's operations and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation on Exhibits "D and F".

THE SCHOOL DISTRICT AS TRUSTEE

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or *fiduciary*, for the student activity funds. All of the School District's fiduciary activities are reported in a separate Statement of Assets Liabilities and Fund Balance on page 16. We exclude these activities from the School District's other financial statements because the School District cannot use these assets to finance operations. The School District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE SCHOOL DISTRICT AS A WHOLE

The School District's net position was \$33.3 million at June 30, 2016 and \$36.3 million at June 30, 2015. Of the \$33.3 million total net position at June 30, 2016, \$27.7 million was unrestricted or invested in capital assets. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the School District's ability to use its net position for day-to-day operations. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the School District's governmental activities.

Table 1
Net Position
June 30,
(in millions)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 11.4	\$ 8.0
Capital Assets	<u>90.0</u>	<u>93.0</u>
Total Assets	<u>\$ 101.4</u>	<u>\$ 101.0</u>
Current and Other Liabilities	\$ 9.6	\$ 6.2
Long-term Liabilities	<u>55.6</u>	<u>56.0</u>
Total Liabilities	<u>\$ 65.2</u>	<u>\$ 62.2</u>
Deferred Inflows of Resources	\$ 2.9	\$ 2.5
Invested in Capital Assets, Net of Related Debt	\$ 43.4	\$ 42.3
Restricted	5.8	3.4
Unrestricted	<u>(15.9)</u>	<u>(9.4)</u>
Total Net Position	<u>\$ 33.3</u>	<u>\$ 36.3</u>

The results of this year's operations for the School District as a whole are reported in the Statement of Activities on page 11. Table 2, below, takes the information from that Statement and rounds off the numbers so you can see our total revenues for the year compared to the prior year.

Table 2
Changes in Net Position
Year Ended June 30,
(in millions)

	<u>2016</u>	<u>2015</u>
Revenues:		
Program Revenues:		
Charges for Service	\$ 0.8	\$ 1.3
Federal Grants	9.5	8.3
State Grants	8.0	6.4
Capital Grants & Contributions		0.2
General Revenues:		
Property Taxes	32.4	30.0
Payments in Lieu of Property Taxes	4.9	5.3
General State Aid	15.2	14.0
Other General Revenues	0.1	0
Total Revenues	<u>\$ 70.9</u>	<u>\$ 65.5</u>
Functions/Programs Expenses:		
Instruction	\$ 39.1	\$ 38.6
Supporting Services	24.9	24.3
Community Services	0.5	1.3
Non-Programmed Charges	0.4	0.7
Unallocated Depreciation	5.2	5.2
Interest, Net of Amortization	3.4	2.9
Other Debt Charges & Amortization	0.4	0.1
Total Expenses	<u>\$ 73.9</u>	<u>\$ 73.1</u>
Decrease in Net Position	<u>\$ (3.0)</u>	<u>\$ (7.6)</u>

Governmental Activities

As reported in the Statement of Activities on page 11, the cost of all of our *governmental* activities this year was \$73.9 million. The amount that our taxpayers ultimately financed for these activities was only \$55.6 million because some of the cost was paid by those who benefited from the programs (\$.8 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$17.5 million). We paid for the remaining "public benefit" portion of our governmental activities with \$32.4 million in real estate taxes, \$4.9 million in payments in lieu of property taxes (primarily Corporate Personal Property Replacement Tax), \$15.2 million in general state aid, and with other revenues, such as interest earnings.

THE SCHOOL DISTRICT'S FUNDS

As we noted earlier, the School District uses funds to help it control and manage money for particular purposes. Looking at funds helps you consider whether the School District is being accountable for the resources taxpayers and others provide to it but may also give you more insight into the School District's overall financial health.

As the School District completed this year, our governmental funds reported a combined fund balance of \$8.4 million, which is an increase of \$5.4 million from last year. The primary reasons for the increase are:

Our General fund (which consists of the Education, Operations & Maintenance, Working Cash, and Tort Funds) is our principal operating fund. The fund balance in the General fund increased \$1.4 million to \$6.2 million. The increase is mainly due to the issuance of approximately \$8.7 million in working cash bonds. Before other financing sources/uses, the fund balance actually decreased by \$2.7 million mainly due to:

- Pro-rated General State Aid resulted in the district receiving \$1,313,000 less than it would have received if General State Aid had not been pro-rated.
- Reduced property values resulted in a reduction in property tax receipts. This translated into lost General Fund revenues of approximately \$180,000 versus the previous year.
- Increased staff costs due to the collective bargaining agreement.
- Completion of the athletic facilities projects.
- The combined losses to General State Aid over the last five years, due to pro-rated payments, have totaled over \$7.0 million. The combined losses in property tax receipts to the General Fund due to reduced property values have totaled over \$6.0 million.

Our transportation fund's fund balance was lower from the prior year with an ending fund balance of \$(2.9) million compared to an ending fund balance of \$(2.0) million last year. A new transportation contract bid in fiscal year 2015 increased costs. In addition, there was a partial abatement from Working Cash to Transportation in fiscal year 2015 that offset some of the negative fund balance that year. It is projected that this fund would have a positive balance if state transportation payments had not been pro-rated for the last several years. The combined losses to the Transportation Fund over the last six year, due to pro-rated payments, have totaled over \$3.7 million.

The debt service fund's fund balance was significantly more than the prior year with an ending fund balance of \$3.6 million compared to an ending fund balance of negative \$50,000 in the prior year. This is due to \$8 million in new bond proceeds and a \$4.2 million abatement of the working cash fund due to issuance of a working cash bond to help make payments on the 2002 bond issue, and \$600 thousand of other transfers for debt repayment purposes.

The capital projects fund did not show an ending fund balance as there were no capital projects undertaken.

The fire prevention and safety fund had a decrease in ending fund balance from \$3.0 million to \$1.8 million. This was due to the District spending more of the fiscal year 2015 bond proceeds for projects such as roofs and the middle school parking lot.

General Fund Budgetary Highlights

The School District adopts its budget annually prior to the end of September. Budgetary Comparison for all major fund expenditures required to be budgeted are shown, beginning on page 49, compared to actual expenditures.

The General Fund showed expenditures exceeding revenues before other financing sources and uses. This was primarily due to reduced tax receipts due to lower property values and pro-rated General State Aid as well as a late reduction (April) in Corporate Personal Property Replacement Tax receipts from the \$5.3 million originally estimated in August, 2015 by the Illinois Department of Revenue to \$4.8 million. This was attributed to a software error.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016 and 2015, the School District had \$90.0 million and \$93.0 million, respectively invested in a broad range of capital assets, including land, buildings, and furniture and equipment. This amount represents a \$3 million net decrease (including additions, deductions and depreciation) from the prior year.

Capital Assets, net of depreciation as of Year-End (in millions)

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Land	\$ 2.2	\$ 2.2
Buildings and Improvements	85.4	82.5
Furniture and Equipment	2.3	3.1
Construction in Progress	<u>0.1</u>	<u>5.2</u>
Totals	<u>\$ 90.0</u>	<u>\$ 93.0</u>

Debt

At the end of this year, the School District had \$64.1 million in debt outstanding which is an increase of \$2.4 million from last year. The bulk of this total is debt service on general obligation bonds issued by the District to finance its fire life safety improvements to existing buildings and equipment purchases, but some of the debt is due to Working Cash Bond sales that occurred in 2014 and 2016. A detailed discussion on debt is presented in Note 7 of the financial statements.

The state limits the amount of debt that School Districts can issue to 13.8 percent of the assessed valuation of all taxable property within the School District's limits. The current debt limitation for the District is \$93.8 million, which is \$29.7 million greater than the District's outstanding debt as of June 30, 2016.

CURRENTLY KNOWN FACTS, CONDITIONS, OR DECISIONS

Health Life Safety roofing projects are in progress at Alton Middle School. In addition, Alton High School Athletic Facilities projects which began in the winter of 2014 were substantially completed, although minor additions such as a baseball clubhouse and cross-country track are still in progress.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Christopher C. Norman, Director of Financial Services, at Alton Community Unit School District No. 11, 1854 East Broadway, Alton, Illinois 62002.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
JUNE 30, 2016

GOVERNMENTAL
ACTIVITIES

ASSETS

Current Assets:

Cash and Invested Cash	\$ 11,152,566
Bond Refund Receivable	104,700
Total Current Assets	<u>\$ 11,257,266</u>

Non-Current Assets:

Discount on Bonds Payable, Net	\$ 71,855
Bond Insurance Costs, Net	29,920
Capital Assets, Net of Accumulated Depreciation	90,070,710
Total Non-Current Assets	<u>\$ 90,172,485</u>

TOTAL ASSETS

\$ 101,429,751

LIABILITIES

Current Liabilities:

Current Portion of Long-Term Debt	\$ 9,623,766
Total Current Liabilities	<u>\$ 9,623,766</u>

Long-Term Liabilities:

General Obligation Bonds Payable	\$ 53,604,750
Premium on Bonds Payable, Net	1,113,431
Lease Purchase Agreements	864,397
Total Long-Term Liabilities	<u>\$ 55,582,578</u>
Total Liabilities	<u>\$ 65,206,344</u>

DEFERRED INFLOWS OF RESOURCES

Property Taxes	<u>\$ 2,878,061</u>
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NET POSITION

Invested in Capital Assets, Net of Related Debt	\$ 43,397,797
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Restricted for:

Federal and State Grants	1,297,403
Tort	145,682
Fire Prevention and Safety	1,765,452
Debt Service	2,599,620

Unrestricted	(15,860,608)
Total Net Position	<u>\$ 33,345,346</u>

TOTAL LIABILITIES, DEFERRED INFLOWS
OF RESOURCES, AND NET POSITION

\$ 101,429,751

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STATEMENT OF ACTIVITIES
MODIFIED CASH BASIS
YEAR ENDED JUNE 30, 2016

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUES</u>				<u>NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION GOVERNMENTAL ACTIVITIES</u>
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>	
Primary Government:					
Governmental Activities:					
Instruction	\$ 39,107,763	\$ 326,009	\$ 14,656,243		\$ (24,451,520)
Supporting Services	24,844,228	510,116	2,820,277	\$ 30,823	(22,023,951)
Community Services	508,520				(508,520)
Nonprogrammed Charges	419,510				(419,510)
Debt Services	439,842				(439,842)
Unallocated Depreciation	5,204,186				(5,204,186)
Interest, Net of Amortization	3,383,155				(3,383,155)
Total Primary Government	<u>\$ 73,907,204</u>	<u>\$ 836,125</u>	<u>\$ 17,476,520</u>	<u>\$ 30,823</u>	<u>\$ (55,563,736)</u>
General Revenues:					
Property Taxes					\$ 32,387,254
Intergovernmental					4,875,591
Unrestricted Grants-In-Aid-State					15,239,073
Unrestricted Grants-In-Aid-Federal					4,201
Earnings on Invested Cash					26,650
Total General Revenues					<u>\$ 52,532,769</u>
CHANGE IN NET POSITION					\$ (3,030,967)
NET POSITION, BEGINNING OF YEAR					<u>36,376,313</u>
NET POSITION, END OF YEAR					<u>\$ 33,345,346</u>

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>GENERAL</u> <u>FUND</u>	<u>MUNICIPAL</u> <u>RETIREMENT/</u> <u>SOCIAL</u> <u>SECURITY</u> <u>FUND</u>	<u>TRANSPORTATION</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>FIRE</u> <u>PREVENTION</u> <u>AND SAFETY</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>							
Cash and Invested Cash	\$ 4,960,175	\$ 127,264	\$ 68,635		\$ 1,798,557	\$ 4,197,935	\$ 11,152,566
Bond Refund Receivable						104,700	104,700
Loans to Other Funds	3,075,000						3,075,000
TOTAL ASSETS	\$ 8,035,175	\$ 127,264	\$ 68,635	\$ 0	\$ 1,798,557	\$ 4,302,635	\$ 14,332,266
<u>LIABILITIES</u>							
Loans from Other Funds		\$ 225,000	\$ 2,850,000				\$ 3,075,000
<u>DEFERRED INFLOWS</u> <u>OF RESOURCES</u>							
Property Taxes	\$ 1,879,288	\$ 159,450	\$ 118,372		\$ 29,592	\$ 691,359	\$ 2,878,061
<u>FUND BALANCES</u>							
Restricted	\$ 1,443,085				\$ 1,765,452	\$ 3,611,276	\$ 6,819,813
Committed	4,710,160						4,710,160
Assigned	1,265				3,513		4,778
Unassigned - Working Cash	13,109,326						13,109,326
Unassigned	(13,107,949)	\$ (257,186)	\$ (2,899,737)				(16,264,872)
Total Fund Balances (Deficit)	\$ 6,155,887	\$ (257,186)	\$ (2,899,737)	\$ 0	\$ 1,768,965	\$ 3,611,276	\$ 8,379,205
TOTAL LIABILITIES, DEFERRED							
INFLOWS OF RESOURCES,							
AND FUND BALANCES	\$ 8,035,175	\$ 127,264	\$ 68,635	\$ 0	\$ 1,798,557	\$ 4,302,635	\$ 14,332,266

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
RECONCILIATION OF THE GOVERNMENTAL FUNDS
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Total Governmental Fund Balances	\$ 8,379,205
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Total Net Position reported for Governmental Activities in
the Statement of Net Position is different because:

Governmental Funds expense discounts and bond insurance costs when paid or issued, but are amortized over the life of the bonds issued in the Statement of Net Position.	101,775
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Capital assets used in Governmental Activities are not
financial resources and therefore are not reported in the funds.

Those assets consist of:

Land	\$ 2,204,599	
Buildings and Improvements, Net of		
\$67,098,913 Accumulated Depreciation	85,371,507	
Equipment and Improvements, Net of		
\$7,784,602 Accumulated Depreciation	2,310,339	
Construction in Progress	184,265	
 Total Capital Assets		 90,070,710

Long-Term Liabilities applicable to the District's Governmental Activities are not due and payable in the current period and accordingly, are not reported as fund liabilities.	(65,206,344)
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Total Net Position of Governmental Activities	\$ 33,345,346
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The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

	<u>GENERAL</u> <u>FUND</u>	<u>MUNICIPAL</u> <u>RETIREMENT/</u> <u>SOCIAL</u> <u>SECURITY</u> <u>FUND</u>	<u>TRANSPORTATION</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>FIRE</u> <u>PREVENTION</u> <u>AND SAFETY</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTALS</u>
REVENUES RECEIVED:							
Local Sources	\$ 26,579,528	\$ 1,680,911	\$ 1,354,571		\$ 337,986	\$ 8,136,100	\$ 38,089,096
State Sources	20,328,056	55,929	2,820,277				23,204,262
Federal Sources	8,780,197	295,230				440,104	9,515,531
Charges for Services			40,694				40,694
Earnings on Invested Cash	18,226	467	893		3,496	3,567	26,649
Total Revenues Received	<u>\$ 55,706,007</u>	<u>\$ 2,032,537</u>	<u>\$ 4,216,435</u>	<u>\$ 0</u>	<u>\$ 341,482</u>	<u>\$ 8,579,771</u>	<u>\$ 70,876,232</u>
EXPENDITURES DISBURSED:							
Current							
Instruction	\$ 38,048,318	\$ 1,059,441					\$ 39,107,759
Supporting Services	18,692,239	957,138	\$ 5,099,079		\$ 95,772		24,844,228
Community Services	483,468	25,052					508,520
Nonprogrammed Charges	419,510						419,510
Debt Services	15,366					\$ 17,837,337	17,852,703
Capital Outlay							
Instruction	74,684						74,684
Supporting Services	645,261				1,498,556		2,143,817
Community Services	18,185						18,185
Total Expenditures Disbursed	<u>\$ 58,397,031</u>	<u>\$ 2,041,631</u>	<u>\$ 5,099,079</u>	<u>\$ 0</u>	<u>\$ 1,594,328</u>	<u>\$ 17,837,337</u>	<u>\$ 84,969,406</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	<u>\$ (2,691,024)</u>	<u>\$ (9,094)</u>	<u>\$ (882,644)</u>	<u>\$ 0</u>	<u>\$ (1,252,846)</u>	<u>\$ (9,257,566)</u>	<u>\$(14,093,174)</u>
OTHER FINANCING SOURCES (USES):							
Permanent Transfers, Net	\$ (4,801,320)					\$ 4,801,320	\$ 0
Lease Purchase Agreement Proceeds	225,000						225,000
Bond Proceeds	8,700,000					7,345,000	16,045,000
Premium on Bonds Sold						772,631	772,631
Receipts for State "On-Behalf" Payments	16,811,585						16,811,585
Disbursements for State "On-Behalf" Payments	(16,811,585)						(16,811,585)
Total Other Financing Sources (Uses)	<u>\$ 4,123,680</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,918,951</u>	<u>\$ 17,042,631</u>
NET CHANGE IN FUND BALANCES	\$ 1,432,656	\$ (9,094)	\$ (882,644)	\$ 0	\$ (1,252,846)	\$ 3,661,385	\$ 2,949,457
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>4,723,231</u>	<u>(248,092)</u>	<u>(2,017,093)</u>	<u>0</u>	<u>3,021,811</u>	<u>(50,109)</u>	<u>5,429,748</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ 6,155,887</u>	<u>\$ (257,186)</u>	<u>\$ (2,899,737)</u>	<u>\$ 0</u>	<u>\$ 1,768,965</u>	<u>\$ 3,611,276</u>	<u>\$ 8,379,205</u>

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
RECONCILIATION OF THE STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2016

Net Change in Fund Balances - Total Governmental Funds	\$ 2,949,457
Amounts reported for governmental activities in the Statement of Activities are different because:	
Proceeds from debt issuance is reported as Other Financing Sources in the governmental funds, but a debt issue increases long-term liabilities in the Statement of Net Position.	(16,270,000)
Premium on Bonds sold is amortized over the life of the debt in the Statement of Net Position, but is reported as Other Financing Sources in the year the debt is issued in the governmental funds.	(673,030)
Discounts are expenditures in the governmental funds, but are amortized over the life of the debt in the Statement of Net Position.	(7,350)
Bond insurance costs are expenditures in the governmental funds in the year the debt is issued, but are amortized over the life of the debt in the Statement of Net Position	29,920
Governmental funds report capital outlay (\$2,236,687) as expenditures while governmental activities report depreciation expense (\$5,204,186) to allocate those expenditures over the life of the assets. This is the amount by which depreciation expense exceeds capital outlay in the current period.	(2,967,499)
Repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position.	13,907,535
Change in Net Position of Governmental Activities	<u>\$ (3,030,967)</u>

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STATEMENT OF NET POSITION
MODIFIED CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2016

	<u>DISTRICT NO. 11</u> <u>ACTIVITY</u> <u>FUNDS</u>
<u>ASSETS</u>	
Cash and Invested Cash	\$ 607,798
TOTAL ASSETS	<u>\$ 607,798</u>
<u>LIABILITIES AND NET POSITION</u>	
Liabilities:	
Due to Students and Organizations	\$ 607,798
TOTAL LIABILITIES AND NET POSITION	<u>\$ 607,798</u>

The accompanying notes are an integral part of the financial statements.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Alton Community Unit School District No. 11 (the District), conform to the modified cash basis of accounting principles as applicable to governments. The following is a summary of the more significant policies:

A. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The District's funds are grouped into one broad fund category and several generic fund types for financial statement presentation purposes. Governmental funds include the General, Municipal Retirement/Social Security, Transportation, Capital Projects, Fire Prevention and Safety, and Debt Service. The District has one fiduciary agency fund.

B. Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District, the primary government, as a whole.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. The government-wide statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This basis recognized assets, liabilities, net position, revenues, and expenditures when they result from cash transactions modified to include capital assets, long-term liabilities such as bonds and capital leases and the related premiums, discounts, and bond insurance costs, interfund loans, deferred revenue related to property taxes, and a provision for depreciation of fixed assets.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the District and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients for the goods or services offered by the programs and grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Net position is the difference between assets and liabilities and deferred inflows. Net position invested in capital assets, net of related debt represents capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are legal limitations imposed on their use by District legislation or external restrictions by other governments, creditors or grantors.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Basis of Accounting (Continued)

FUND FINANCIAL STATEMENTS

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. All funds are reported as major funds and are presented in separate columns. The General Fund consists of the Education, Operation and Maintenance, Working Cash, and Tort Funds.

Transportation Fund and the Municipal Retirement/Social Security Fund – These funds are used to account for cash received from specific sources (other than those accounted for in the Debt Service Fund or Fiduciary Funds) that is legally restricted to expenditures for specified purposes.

Debt Service Fund – This fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund and the Fire Prevention and Safety Fund – These funds are used to account for the proceeds of debt and related construction costs of a specific capital project or the financial resources to be used for the repairs of facilities that are found to be required in a life safety survey.

GOVERNMENTAL FUNDS

Governmental fund financial statements are prepared using the modified cash basis method of accounting as described in the "Illinois Program Accounting Manual for Local Education Agencies". Governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The modified cash basis differs from generally accepted accounting principles because the District has not recognized balances, and the related effects on changes in net position, of accounts receivable from certain federal, state, and local funding sources, accounts payable to vendors and other accrued and deferred items. Additionally, allocations of costs, such as depreciation and amortization, are recognized in the governmental funds as capital outlay expenditures when incurred and debt issuance costs are fully expensed as incurred. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

FIDUCIARY FUNDS

The District currently has one agency fiduciary fund. Agency funds are unlike all other types of funds, reporting only assets and liabilities. Agency Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds.

Activity Funds are custodial in nature, do not involve measurement of results of operations, and are treated as Agency Funds. The amounts due to the activity fund organizations are equal to assets.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Principles Used to Determine the Scope of the Reporting Entity

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

The District has developed criteria to determine whether outside agencies with activities which benefit the citizens of the District, including joint agreements which serve pupils from the District, should be included within its financial reporting entity. The criteria include, but is not limited to, whether the District exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters), scope of public service and special financing relationships. There are no component units within the District.

In addition, the District is not aware of any entity which would exercise such oversight as to result in the District being considered a component unit of the entity.

D. Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as disbursements in the governmental funds and are capitalized in the government-wide statements. The District's capitalization threshold for capital assets other than computers is \$5,000. All computers are capitalized unless they are used by students similar to textbooks in such case they are expensed. The valuation basis for general capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost.

Depreciation of capital assets is computed and recorded by the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements/infrastructure, 5 to 50 years; equipment, 2 to 15 years.

E. Invested Cash

Invested Cash is stated at cost or amortized cost, which approximates market.

F. Estimates

The preparation of financial statements in conformity with the modified cash basis of accounting requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

G. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources then toward unrestricted resources.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has no items that qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District only has one type of item that qualifies for reporting in this category, property taxes levied during the current fiscal year but not to be received until the next fiscal year. These amounts are recognized as an inflow of resources in the period that the amounts become available.

NOTE 2. CASH AND INVESTED CASH – SEGMENTED TIME DISTRIBUTION

Cash and Invested Cash as of June 30, 2016 consist of the following:

Deposits with Financial Institutions	\$ 6,371,788
Investments	<u>4,780,778</u>
Total	<u>\$ 11,152,566</u>

The District is allowed to invest in securities as authorized in the School Code of Illinois, Chapter 30, Section 235/6, Chapter 105 Section 5/34A-202 and Section 5/8-7. The District shall ensure that the loss of capital, whether from credit or market risk, is avoided, the District's anticipated cash flows are met, and the highest rate of return on investments is sought. The District should avoid any investment transaction which in appearance or fact might impair public confidence. The District should consider investments with local financial institutions. As of June 30, 2016 the District investments are with the Illinois Liquid Asset Fund MAX and LIQ accounts which are money market accounts whose fair value approximates cost.

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.

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>Remaining Maturity</u>	<u>Total</u>	<u>12 months or less</u>
State Investment Pool	\$ <u>4,780,778</u>	\$ <u>4,780,778</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 2. CASH AND INVESTED CASH – SEGMENTED TIME DISTRIBUTION (CONTINUED)

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) Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. As of June 30, 2016, 57 percent of the District's deposits and investments were held at Liberty Bank and 43 percent was held at Illinois School District Liquid Asset Fund Plus (ISDLAF+).

d) 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.

At June 30, 2016, all deposit accounts held with a financial institution were covered either through federal depository insurance or by collateral held by the depository institutions in the District's name.

Also at year end, none of the district's deposits held in ISDLAF+ were subject to custodial credit risk due to them being part of an insured pool. The Illinois School District Liquid Asset Fund is an external investment pool that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, and it is controlled by the Illinois State Treasurer.

NOTE 3. PROPERTY TAXES

The District's property taxes are levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2014 levy was passed by the Board on December 16, 2014. Property taxes attach as an enforceable lien on property as of January 1 and are payable in four installments on July 5, September 5, October 5, and December 5. The District receives significant distributions of tax receipts approximately one month after these due dates. Taxes recorded in these financial statements are from the 2014 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:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 3. PROPERTY TAXES (CONTINUED)

<u>LEVY</u>	<u>MAXIMUM 2014 LEVY</u>		<u>ACTUAL</u>	<u>ACTUAL</u>
	<u>WITHOUT</u>	<u>WITH</u>	<u>2014</u>	<u>2013</u>
	<u>REFERENDUM</u>	<u>REFERENDUM</u>	<u>LEVY</u>	<u>LEVY</u>
Educational	2.1500	4.0000	2.1500	2.1500
Operations & Maintenance	0.5250	0.7500	0.5250	0.5250
Bond and Interest	N/A	AS NEEDED	1.1532	0.7671
Transportation	0.200	AS NEEDED	0.2000	0.2000
Municipal Retirement	AS NEEDED	N/A	0.1196	0.1309
Social Security	AS NEEDED	N/A	0.1196	0.0727
Liability Insurance	AS NEEDED	N/A	0.3359	0.3328
Fire Prevention & Safety	0.050	0.100	0.0500	0.0500
Special Education	0.040	0.800	0.0400	0.0400
Working Cash	0.050	N/A	0.0500	0.0500
Leased Facilities	0.050	0.100	0.0500	0.0500
Total			<u>4.7933</u>	<u>4.3685</u>

Various property owners have appealed their property tax assessments. Any assessment reduction could result in lost revenue, with the possibility of refund liabilities and/or interest payments associated with any such reduction. The financial statements do not include accrual or provisions for loss contingencies that may result from these assessments.

NOTE 4. FUND BALANCE REPORTING

According to Government Accounting Standards Statement No. 54, 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. Following are definitions and details of how these balances are reported.

A. 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 or prepaid amounts. Due to the cash basis nature of the district all such items are expensed at the time of purchase, so there is nothing to report for this classification.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or law 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. Additionally, the District has several revenue sources received within different funds that fall into these restricted categories:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. FUND BALANCE REPORTING (CONTINUED)

B. Restricted Fund Balance (Continued)

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Over the years, expenditures disbursed have exceeded revenues received for this purpose, resulting in no restricted fund balance.

2. Leasing Levy

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Debt Service Fund. At June 30, 2016, expenditures disbursed for those specific purposes have exceed revenues received from this restricted tax levy in the Debt Service Fund, resulting in no restricted fund balance.

3. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2016, revenues received from federal grants exceeded the expenditures disbursed for those specific purposes in the Educational Fund by \$25,842, resulting in restricted fund balance. The Child Nutrition Cluster Program requires the District to restrict any food service profit to be used only to operate and improve its food service resulting in a cumulative restricted fund balance of \$1,141,501.

4. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational and Transportation Funds. At June 30, 2016, revenue received exceeded expenditures disbursed from state, resulting in a restricted fund balance of \$130,060.

5. Social Security

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

6. Tort

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the General Fund. At June 30, 2016, revenues received for this purpose exceeded expenditures disbursed, resulting in a restricted fund balance of \$145,682.

C. Committed Fund Balance

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

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

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 4. FUND BALANCE REPORTING (CONTINUED)

C. Committed Fund Balance (Continued)

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2016, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2016 amounted to \$4,710,160 in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by the District's Board itself or by the Superintendent or the Director of Finance when the School Board has delegated the authority to assign amounts to be used for specific purposes. Interest is assigned in the restricted funds.

E. 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 Fund. The General Fund showed unassigned fund balances in all funds besides Working Cash of \$(12,952,047) as of June 30, 2016. Negative fund balances in funds other than the General Fund are also shown as unassigned. The Transportation Fund and Municipal Retirement/Social Security Fund have negative unassigned fund balances of \$(2,899,737), and \$(257,186), respectively.

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
General	\$ 0	\$ 1,443,085	\$ 4,710,160	\$ 1,265	\$ 1,377
Municipal Retirement/ Social Security	0	0	0	0	(257,186)
Transportation	0	0	0	0	(2,899,737)
Capital Projects	0	0	0	0	0
Fire Prevention & Safety	0	1,765,452	0	3,513	0
Debit Service	0	3,611,276	0	0	0
Totals	\$ 0	\$ 6,819,813	\$ 4,710,160	\$ 4,778	\$ (3,155,546)

F. Expenditures of Fund Balance

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

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 5. CAPITAL ASSETS

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

	<u>Beginning</u> <u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Not Being Depreciated:				
Land	\$ 2,204,599			\$ 2,204,599
Construction in Progress	5,238,007	\$ 184,265	\$ 5,238,007	184,265
Subtotal	<u>\$ 7,442,606</u>	<u>\$ 184,265</u>	<u>\$ 5,238,007</u>	<u>\$ 2,388,864</u>
Other Capital Assets:				
Buildings and Improvements	\$ 142,166,754	\$ 362,322		\$ 142,529,076
Equipment Other Than				
Transportation/Food Services	9,400,963	96,026		9,496,989
Improvements	3,145,366	6,795,978		9,941,344
Transportation Equipment	518,534	12,044		530,578
Food Services Equipment	43,315	24,059		67,374
Subtotal	<u>\$ 155,274,932</u>	<u>\$ 7,290,429</u>		<u>\$ 162,565,361</u>
Accumulated Depreciation:				
Buildings and Improvements	\$ 60,670,876	\$ 4,042,493		\$ 64,713,369
Equipment Other Than				
Transportation/Food Services	6,349,586	930,234		7,279,820
Improvements	2,169,272	216,272		2,385,544
Transportation Equipment	483,749	8,987		492,736
Food Services Equipment	5,846	6,200		12,046
Subtotal	<u>\$ 69,679,329</u>	<u>\$ 5,204,186</u>		<u>\$ 74,883,515</u>
Net Other Capital Assets	<u>\$ 85,595,603</u>			<u>\$ 87,681,846</u>
Net Capital Assets	<u>\$ 93,038,209</u>			<u>\$ 90,070,710</u>

Fully depreciated equipment over 10 years old were removed, in addition to any equipment no longer in use that is not yet fully depreciated.

During the year, the District purchased laptop computers for students totaling \$170,410. These computers were considered to be instructional materials as they were replacements for classroom textbooks, and thus, were not capitalized by the District as of June 30, 2016.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS

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

General Information about the Pension Plan

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

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

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

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

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

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

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

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

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

On behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2016, state of Illinois contributions recognized by the District were based on the state's proportionate share of the collective net pension liability associated with the District, and the District recognized revenue and expenditures of \$16,488,364 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2016 were \$175,160, and are deferred because they were paid after the June 30, 2015 measurement date.

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 \$1,852,917 were paid from federal and special trust funds that required employer contributions of \$666,935. 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 District 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 \$2,350 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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

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

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

At June 30, 2016, the District disclosed 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 employer. The state's support and total are for disclosure purposes only. The amount disclosed by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 13,690,256
State's proportionate share of the net pension liability associated with the employer	<u>201,253,254</u>
Total	<u><u>\$ 214,943,510</u></u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, and rolled forward to June 30, 2015. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the District's proportion was 0.0210 percent, which was a decrease of .0024 percent from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the District disclosed pension expense of \$16,488,364 and revenue of \$16,488,364 for support provided by the state. At June 30, 2016, the District disclosed 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	\$ 5,088	\$ 15,006
Net difference between projected and actual earnings on pension plan investments	271,126	479,387
Changes of assumptions	189,322.00	
Changes in proportion and differences between employer contributions and proportionate share of contributions		4,153,512
Employer contributions subsequent to the measurement date	<u>843,366</u>	
Total	<u><u>\$ 1,308,902</u></u>	<u><u>\$ 4,647,905</u></u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

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

\$843,366 disclosed as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be disclosed as a reduction of the net pension liability in the reporting year ended June 30, 2016. Other amounts disclosed as deferred outflows of resources and deferred inflows of resources related to pensions will be disclosed in pension expense as follows:

Year ending June 30,

2017	\$ (1,293,000)
2018	(1,293,000)
2019	(1,293,000)
2020	(303,370)

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 adjustment as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

The actuarial assumptions for the years ended June 30, 2015 and 2014 were different. The actuarial assumptions used in the June 30, 2015 valuation were based on the 2015 actuarial experience analysis. The investment return assumption remained at 7.5 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 assumptions 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 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:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

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

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	14%	12.33%
Total	100%	

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

At June 30, 2014, the discount rate used to measure the total pension liability was 7.50 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 of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.47 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 (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension liability	\$ 16,917,800	\$ 13,690,256	\$ 11,043,583

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

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

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

(b) Teacher Health Insurance Security Fund

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

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

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

On behalf contributions to the THIS Fund. The state of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.07 percent of pay during the year ended June 30, 2016. State of Illinois contributions were \$323,221, and the District recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The District also makes contributions to the THIS Fund. The 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 \$241,661 to the THIS Fund, which was 100 percent of the required contribution.

Further Information on the THIS Fund

The publicly available financial report of the THIS Fund may be found on the website of the Illinois Auditor General: <http://www.auditor.illinois.gov/Audit-Reports/ABC-List.asp>. The current reports are listed under "Central Management Services." Prior reports are available under "Healthcare and Family Services."

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

(c) Illinois Municipal Retirement Fund

Plan Description. The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The District plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multiple-employer public pension plan. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report may be obtained on-line at www.imrf.org.

Benefits Provided. Employees hired *before* January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings is the highest total earnings during any consecutive 48 months within the last 10 years of service, divided by 48. Under Tier 1, the pension is increased by 3% of the original amount on January 1 every year after retirement.

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the Plan:

Active Employees	369
Inactive employees or beneficiaries currently receiving benefits	271
Inactive employees entitled to but not yet receiving benefits	<u>307</u>
Total	<u>947</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

(c) Illinois Municipal Retirement Fund (Continued)

Contributions. As set by statute, the District's 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 15.9 percent. For the fiscal year ended June 30, 2016, the District contributed \$1,095,336 to the plan. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability. The District's net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

Actuarial Cost Method	Entry Age Normal
Assets Valuation Method	Market Value of Assets
Price Inflation	2.75%
Salary Increases	3.75% to 14.50% including inflation
Investment Rate of Return	7.49%
Retirement Age	Experience-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:

Notes	There were no benefit changes during the year.
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A detailed description of the actuarial assumptions and methods can be found in the December 31, 2015 Illinois Municipal Retirement Fund annual actuarial valuation report.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

(c) Illinois Municipal Retirement Fund (Continued)

The long term expected rate of return on 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 Plan investment expenses 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 are summarized in the following table:

Asset Class	Target Allocation	Return 12/31/2015	<u>Projected Returns/Risk</u>	
			One Year Arithmetic	Ten Year Geometric
Equities	38.00%	0.02%	8.85%	7.39%
International Equities	17.00%	(1.90%)	9.55%	7.59%
Fixed Income	27.00%	(0.09%)	3.05%	3.00%
Real Estate	8.00%	11.99%	7.20%	6.00%
Alternatives	9.00%			
Private Equity		N/A	13.15%	8.15%
Hedge Funds		N/A	5.55%	5.25%
Commodities		N/A	4.40%	2.75%
Cash Equivalents	1.00%	N/A	2.25%	2.25%
Total	100.00%			

Single Discount Rate. A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

1. The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits, and
2. The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.57%, and the resulting single discount rate is 7.49%.

Changes in District's Net Pension Liability. Changes in the District's net pension liability for the year ended December 31, 2015, were as follows:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

(c) Illinois Municipal Retirement Fund (Continued)

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance, December 31, 2014	\$ 52,015,161	\$ 50,939,193	\$ 1,075,968
Changes for the year:			
Service Cost	712,437		712,437
Interest	3,798,957		3,798,957
Difference between expected and actual experience	813,783		813,783
Changes in assumptions	53,178		53,178
Contributions-employees		309,039	(309,039)
Contributions- employer		1,087,659	(1,087,659)
Net investment income		249,595	(249,595)
Benefit payments including refunds of employee contributions	(3,437,229)	(3,437,229)	0
Other (Net Transfer)		1,084,314	(1,084,314)
Net Changes	1,941,126	(706,622)	2,647,748
Balance, December 31, 2015	\$ 53,956,287	\$ 50,232,571	\$ 3,723,716

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.49 percent, as well as, what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	Discount Rate	Net Pension Liability (Asset)
1% decrease	6.49%	\$ 9,420,682
Current discount rate	7.49%	3,723,716
1% increase	8.49%	(1,077,865)

Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position is available in the separately issued report.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the year ended June 30, 2016, the District disclosed pension expense of \$1,095,644. At June 30, 2016, the District disclosed deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 6. PENSION PLANS (CONTINUED)

(c) Illinois Municipal Retirement Fund (Continued)

	Deferred Outflow of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 542,964	\$ 133,485
Changes of assumptions	795,176	
Net difference between projected and actual earnings on Plan investments	3,238,793	
Total Deferred Amounts to be realized in pension expense in future periods	4,576,933	133,485
Pension Contributions made subsequent to the Measurement Date	741,795	
Total Deferred Amounts Related to Pensions	\$ 5,318,728	\$ 133,485

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

Year ending December 31,

2016	\$ 1,758,657
2017	1,132,447
2018	845,346
2019	706,998
2020	0
Thereafter	0
Total	\$ 4,443,448

NOTE 7. DEBT SERVICE REQUIREMENTS

The following is a summary of long-term debt transactions of the District for the year ended June 30, 2016.

	<u>Bonds</u>	<u>Lease Purchase Agreements</u>	<u>Total</u>
Balance, July 1, 2015	\$ 59,488,657	\$ 2,241,791	\$ 61,730,448
Retired	13,070,400	837,135	13,907,535
Issued	16,045,000	225,000	16,270,000
Balance, June 30, 2016	\$ 62,463,257	\$ 1,629,656	\$ 64,092,913

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable

Bonds payable at June 30, 2016 are comprised of the following individual issues:

- a) \$31,740,676 2002 General Obligation Bonds due in annual installments varying from \$90,000 to \$3,700,000 through December 2022. Interest payments at rates varying from 1.75% to 5% began in June 2003. The first principal payment began in December 2004.

The bonds were sold at a premium of \$1,108,033 and are being amortized over the life of the bonds. Accumulated amortization as of June 30, 2016 was \$751,642.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,090,508	\$ 2,109,492	\$ 4,200,000
2018	2,006,595	2,293,405	4,300,000
2019	1,921,304	2,478,696	4,400,000
2020	1,855,490	2,694,510	4,550,000
2021	1,792,815	2,907,185	4,700,000
2022	1,721,411	3,128,589	4,850,000
2023	1,657,700	3,342,300	5,000,000
	<u>\$ 13,045,823</u>	<u>\$ 18,954,177</u>	<u>\$ 32,000,000</u>

- b) \$8,295,434 2005 G.O. Health/Life Safety Bonds due in annual installments varying from \$65,000 to \$2,226,917 through November 2024. Interest payments at rates varying from 2.625% to 5.020% began in November 2006. The first principal payment began in November 2006. The bonds were sold at a discount of \$34,459 and are being accreted over the life of the bonds. Accumulated accretion as of June 30, 2016 was \$20,128. In February 2016, part of this bond was refunded leaving only 2 principal payments to be made in 2024 and 2025 with interest payment also only in those years with rates varying from 4.970% to 5.020%.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,248,517	\$ 3,331,483	\$ 5,580,000
2025	<u>2,226,917</u>	<u>3,633,083</u>	<u>5,860,000</u>
	<u>\$ 4,475,434</u>	<u>\$ 6,964,566</u>	<u>\$ 11,440,000</u>

- c) \$1,715,000 2006 G.O. Health/Life Safety Bonds due in annual installments varying from \$35,000 to \$400,000 through December 2018. Interest payments at rates varying from 3.82% to 4.37% began in December 2006. The first principal payment began in December 2007.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 220,000	\$ 35,137	\$ 255,137
2018	300,000	23,960	323,960
2019	<u>400,000</u>	<u>8,740</u>	<u>408,740</u>
	<u>\$ 920,000</u>	<u>\$ 67,837</u>	<u>\$ 987,837</u>

- d) \$9,225,000 2007 General Obligation Bonds due in annual installments varying from \$330,000 to \$680,000 through December 2026. Interest payments at a rate of 4.00% began in June 2008. The first principal payment began in December 2008. In February 2016, most of this bond was refunded through legal defeasance since this bond is not callable until December 2017. The total bond payable amount as of June 30, 2016 was \$6,165,000. \$5,235,000 was legally defeased. The District is still responsible for paying the principal and interest in fiscal years 2017 and 2018.

The bonds were sold at a premium of \$27,721 and are being amortized over the life of the bonds. Accumulated amortization as of June 30, 2016 was \$25,518.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 455,000	\$ 28,100	\$ 483,100
2018	<u>475,000</u>	<u>9,500</u>	<u>484,500</u>
	<u>\$ 930,000</u>	<u>\$ 37,600</u>	<u>\$ 967,600</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

- e) \$7,685,000 2011 General Obligation Qualified Zone Academy Bonds (QZAB) due in annual installments varying from \$1,450,000 to \$6,235,000 through December 2026. Interest payments at a rate of 5.50% began in July 2011 and will increase to 5.625% in December 2025. The first principal payment will be due December 1, 2025.

The bonds were sold at a discount of \$65,322 and are being accreted over the life of the bonds. Accumulated accretion as of June 30, 2016 was \$21,071.

The District expects to receive QZAB credits semi-annually from the IRS based on an applicable tax credit rate of 5.05% of outstanding principal. However, due to the Balanced Budget and Emergency Deficit Control Act of 1985 (amended), the refundable credit payment has been reduced by 6.80%. This reduction rate will be applied until September 30, 2016 at which time the rate is subject to change.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>IRS Credit</u> <u>Payment</u>
2017	\$ 0	\$ 430,469	\$ 430,469	\$ 388,093
2018	0	430,469	430,469	388,093
2019	0	430,469	430,469	388,093
2020	0	430,469	430,469	388,093
2021	0	430,469	430,469	388,093
2022	0	430,469	430,469	388,093
2023	0	430,469	430,469	388,093
2024	0	430,469	430,469	388,093
2025	0	430,469	430,469	388,093
2026	1,450,000	390,594	1,840,594	351,480
2027	6,235,000	175,359	6,410,359	157,434
	<u>\$ 7,685,000</u>	<u>\$ 4,440,174</u>	<u>\$ 12,125,174</u>	<u>\$ 4,001,751</u>

- f) \$2,130,000 General Obligation Bonds, Series 2012A due in one installment upon maturity at December 1, 2025. Interest payments at a rate of 3.00% began in June 2013. The bonds were sold at a premium of \$16,273 and are being amortized over the life of the bonds. Accumulated amortization as of June 30, 2016 was \$4,635.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 0	\$ 63,900	\$ 63,900
2018	0	63,900	63,900
2019	0	63,900	63,900
2020	0	63,900	63,900
2021	0	63,900	63,900
2022	0	63,900	63,900
2023	0	63,900	63,900
2024	0	63,900	63,900
2025	0	63,900	63,900
2026	2,130,000	31,950	2,161,950
	<u>\$ 2,130,000</u>	<u>\$ 607,050</u>	<u>\$ 2,737,050</u>

- g) \$2,185,000 General Obligation Qualified Zone Academy Bonds, Series 2012B due in one installment upon maturity at December 1, 2025. Interest payments at a rate of 3.85% began in June 2013. The bonds were sold at a discount of \$18,573 and are being accreted over the life of the bonds. Accumulated accretion as of June 30, 2016 was \$5,299.

The District expects to receive QZAB credits semi-annually from the IRS based on an applicable tax credit rate of 5.05% of outstanding principal. However, due to the Balanced Budget and Emergency Deficit Control Act of 1985 (amended), the refundable credit payment has been reduced by 6.80%. This reduction rate will be applied until September 30, 2016 at which time the rate is subject to change.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>IRS Credit</u> <u>Payment</u>
2017	\$ 0	\$ 84,123	\$ 84,123	\$ 84,123
2018	0	84,123	84,123	84,123
2019	0	84,123	84,123	84,123
2020	0	84,123	84,123	84,123
2021	0	84,123	84,123	84,123
2022	0	84,123	84,123	84,123
2023	0	84,123	84,123	84,123
2024	0	84,123	84,123	84,123
2025	0	84,123	84,123	84,123
2026	2,185,000	42,061	2,227,061	42,061
	<u>\$ 2,185,000</u>	<u>\$ 799,168</u>	<u>\$ 2,984,168</u>	<u>\$ 799,168</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

- h) \$2,071,000 Debt Certificates, Series 2014 due in annual installments varying from \$119,000 to \$181,000 through December 2028. Interest payments at a rate of 3.24% began in December 2014. The first principal payment was due December 1, 2015.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 123,000	\$ 61,252	\$ 184,252
2018	127,000	57,202	184,202
2019	131,000	53,023	184,023
2020	135,000	48,713	183,713
2021	140,000	44,258	184,258
2022	144,000	39,658	183,658
2023	149,000	34,911	183,911
2024	154,000	30,002	184,002
2025	159,000	24,932	183,932
2026	164,000	19,699	183,699
2027	170,000	14,288	184,288
2028	175,000	8,699	183,699
2029	181,000	2,932	183,932
	<u>\$ 1,952,000</u>	<u>\$ 439,569</u>	<u>\$ 2,391,569</u>

- i) \$11,000,000 General Obligation Bonds, Series 2014 due in annual installments varying from \$2,025,000 to \$2,395,000 through December 2019. Interest payments at rates varying from 0.80% to 2.50% began in June 2015. The first principal payment was due December 1, 2015.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,190,000	\$ 149,342	\$ 2,339,342
2018	2,110,000	118,795	2,228,795
2019	2,025,000	80,631	2,105,631
2020	2,395,000	29,938	2,424,938
	<u>\$ 8,720,000</u>	<u>\$ 378,706</u>	<u>\$ 9,098,706</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

- j) \$4,375,000 General Obligation Qualified Zone Academy Bonds, Series 2015 due in annual installments varying from \$5,000 to \$3,120,000 starting in December 2017 through December 2027. Interest payments at a rate of 2.40% begin in June 2016.

The District expects to receive QZAB credits semi-annually from the IRS based on an applicable tax credit rate of 5.05% of outstanding principal. However, due to the Balanced Budget and Emergency Deficit Control Act of 1985 (amended), the refundable credit payment has been reduced by 6.80%. This reduction rate will be applied until September 30, 2016 at which time the rate is subject to change.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2015 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>IRS Credit</u> <u>Payment</u>
2017	\$ 0	\$ 105,000	\$ 105,000	\$ 105,000
2018	85,000	103,980	188,980	103,980
2019	85,000	101,940	186,940	101,940
2020	90,000	99,840	189,840	99,840
2021	355,000	94,500	449,500	94,500
2022	260,000	87,120	347,120	87,120
2023	155,000	82,140	237,140	82,140
2024	115,000	78,900	193,900	78,900
2025	5,000	77,460	82,460	77,460
2026	100,000	76,200	176,200	76,200
2027	5,000	74,940	79,940	74,940
2028	3,120,000	37,440	3,157,440	37,440
	<u>\$ 4,375,000</u>	<u>\$ 1,019,460</u>	<u>\$ 5,394,460</u>	<u>\$ 1,019,460</u>

- k) \$8,700,000 Working Cash Bonds, Series 2016A due in annual installments (skipping payments in FY 2019 and 2020) varying from \$1,105,000 to \$3,815,000 through December 2020. Interest payments at rates varying from 1.050% to 2.300% begin in December 2016. The first principal payment will be due December 1, 2016.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,780,000	\$ 135,106	\$ 3,915,106
2018	3,815,000	54,027	3,869,027
2019		25,415	25,415
2020		25,415	25,415
2021	<u>1,105,000</u>	<u>12,708</u>	<u>1,117,708</u>
	<u>\$ 8,700,000</u>	<u>\$ 252,671</u>	<u>\$ 8,952,671</u>

- l) \$7,345,000 Refunding Bonds, Series 2016B due in annual installments varying from \$845,000 to \$2,015,000 through December 2024. Interest payments at a rate of 4.00% begin in June 2016. The first principal payment will be due December 1, 2020. The bonds were sold at a premium of \$772,631 and are being amortized over the life of the bonds. Accumulated amortization as of June 30, 2016 was \$29,434.

The annual requirements to amortize debt outstanding on this bond issue as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017		\$ 293,800	\$ 293,800
2018		293,800	293,800
2019		293,800	293,800
2020		293,800	293,800
2021	\$ 845,000	276,900	1,121,900
2022	1,975,000	220,500	2,195,500
2023	2,015,000	140,700	2,155,700
2024	1,545,000	69,500	1,614,500
2025	<u>965,000</u>	<u>19,300</u>	<u>984,300</u>
	<u>\$ 7,345,000</u>	<u>\$ 1,902,100</u>	<u>\$ 9,247,100</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 7. DEBT SERVICE REQUIREMENTS (CONTINUED)

Bonds Payable (Continued)

The annual requirements to amortize all bonded debt outstanding as of June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 8,858,508	\$ 3,495,721	\$ 12,354,229
2018	8,918,595	3,533,162.00	12,451,757
2019	4,562,304	3,620,737.75	8,183,042
2020	4,475,490	3,770,707.62	8,246,198
2021	4,237,815	3,914,042.77	8,151,858
2022	4,100,411	4,054,359.12	8,154,770
2023	3,976,700	4,178,542.25	8,155,242
2024	4,062,517	4,088,377.00	8,150,894
2025	3,355,917	4,333,267.00	7,689,184
2026	6,029,000	560,504.00	6,589,504
2027	6,410,000	264,587.00	6,674,587
2028	3,295,000	46,139.00	3,341,139
2029	181,000	2,932.00	183,932
	<u>\$ 62,463,257</u>	<u>\$ 35,863,079</u>	<u>\$ 98,326,336</u>

Other Debt Payable

Lease purchase agreements were entered into for equipment acquisitions, textbooks, and instructional materials. These agreements range from 144 months to 60 months and have interest rates from 4.48% to 1.85%.

The annual requirements to retire these agreements at June 30, 2016 are as follows:

<u>Year Ending,</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 765,258	\$ 27,205	\$ 792,463
2018	495,646	11,906	507,552
2019	277,956	4,629	282,585
2020	71,285	1,078	72,363
2021	19,511	90	19,601
	<u>\$ 1,629,656</u>	<u>\$ 44,908</u>	<u>\$ 1,674,564</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 8. INTERFUND RECEIVABLES AND PAYABLES

During the year ended June 30, 2016, the District had the following interfund receivable and payable transactions:

	<u>Balance</u> <u>July 1,</u> <u>2014</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>June 30,</u> <u>2015</u>
Due from Transportation to General Fund	\$ 1,950,000	\$ 2,850,000	\$ 1,950,000	\$ 2,850,000
Due from Municipal Retirement/Social Security to General Fund	<u>150,000</u>	<u>225,000</u>	<u>150,000</u>	<u>225,000</u>
	<u>\$ 2,100,000</u>	<u>\$ 3,075,000</u>	<u>\$ 2,100,000</u>	<u>\$ 3,075,000</u>

Interfund loans are for operating purposes and will be repaid when property taxes or state funding are received in the next fiscal year.

NOTE 9. COMMON BANK ACCOUNT

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

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

NOTE 10. COMPENSATED ABSENCES

The District's employee sick and personal leave policies provide for granting sick and personal leave with pay. At June 30, 2016, the District's employees had accumulated an unrecorded liability of approximately \$12,433,921 that is attributable to services already rendered. This amount is in excess of a normal year's accumulations because they include accumulated benefits carried over from prior years.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The District has entered into construction contracts with various contractors to finish resurfacing the tennis courts and for partial roof replacements on two middle school buildings. As of June 30, 2016, the District has \$823,223 remaining to be paid on these various contracts.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 12. CORPORATE PERSONAL PROPERTY REPLACEMENT TAX

During the fiscal year ended June 30, 2016, the District was notified by the State of Illinois that there was a miscalculation of Corporate Personal Property Replacement Taxes under the prior administration under Public Act 098-0478. The statutory change resulted in calculation errors causing an overpayment of \$618,390 to the District. As of the date of this report, there has been no resolution on how or if the overpayment will be repaid.

NOTE 13. DEFINITION OF ACTIVITY FUNDS

The term "Activity Funds" as it is used in this report includes Student Activity Funds, Convenience Accounts, and Trust and Agency Funds.

- a) Student Activity Funds are those which are owned, operated and managed generally by the student body under the guidance and direction of adults or a staff member for educational, recreational or cultural purposes. Although the Board of Education has the ultimate responsibility for Student Activity Funds, they are not local education agency funds.
- b) Convenience accounts are those normally maintained by a local education agency as a convenience for its faculty, staff, parent-teacher associations, etc. Although the Board of Education has the ultimate responsibility for convenience account monies, they are not local education agency funds.
- c) Trust and Agency Funds are local education agency funds. It is permissible for a school district to choose to handle certain regular district funds through its Activity Fund accounting system as Trust and Agency Funds on a temporary basis.

NOTE 14. ACTIVITY FUND TREASURERS

Activity Fund accounting records are maintained in the business offices of the various schools. In each school, the principal has been designated as Activity Fund Treasurer and has been charged with depositing all activity fund monies into a designated depository and with maintaining accounts to show each fund's share of the total cash.

NOTE 15. COMPLIANCE, STEWARDSHIP AND ACCOUNTABILITY

Legal Debt Margin – The District's legal debt limit as set by state statute is limited to 13.8 percent of total assessed value. As of June 30, 2016 the legal debt limit approximates \$93,807,615 and the District's debt is under the debt limit by \$29,714,684.

NOTE 16. RISK MANAGEMENT

The District is party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the District and the State statute relating to judgment, the District feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the District.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 16. RISK MANAGEMENT (CONTINUED)

The District is exposed to risks of loss from items typically applicable to all school districts. These include liability, worker's injury, student injury, property damage and others too numerous to mention. The District has purchased insurance through a public entity risk pool, Mississippi Valley Intergovernmental Cooperative, to protect against such loss. The District believes that they are reasonably covered for all possible risks of loss. Any liabilities for unpaid claims would revert back to the members of the pool. As of June 30, 2016, the liability pool and the health pool had a positive fund balance. During the year ended June 30, 2016, there were no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

NOTE 17. TAX ANTICIPATION WARRANTS

Tax Anticipation Warrants are short-term debt issued by a local government that can be paid back only with the taxes that were anticipated. They are not a general obligation of the District. Tax anticipation warrants for school districts cannot exceed 85% of the taxes levied for educational and building purposes. During the fiscal year ending June 30, 2016, the District did not issue or have outstanding any tax anticipation warrants.

NOTE 18. THE SCHOOL DISTRICT FINANCIAL PROFILE

The Illinois State Board of Education is utilizing a system to evaluate a school district's financial status. The financial assessment system is made up of five components which are individually scored and weighted in order to arrive at a composite score. The components consist of the following: Fund Balance to Revenue Ratio, Expenditures to Revenue Ratio, Days Cash on Hand, Percent of Short-Term Borrowing Ability Remaining, and Percent of Long-Term Debt Margin Remaining. Based on the composite score, the school district is assigned to a category of financial strength. The category assignments are based on the following composite score ranges.

<u>Composite Score</u>	<u>Category</u>
3.54-4.00	Financial Recognition
3.08-3.53	Financial Review
2.62-3.07	Financial Early Warning
1.00-2.61	Financial Watch

The District's preliminary composite score is 2.45 as of June 30, 2016 and would be assigned to the category of Financial Watch.

NOTE 19. OTHER REQUIRED INDIVIDUAL FUND DISCLOSURES

Generally accepted accounting principles require disclosure of certain information concerning individual funds. The following funds had deficit fund balances for the year ended June 30, 2016:

Transportation Fund	\$ 2,899,737
IMRF/Social Security Fund	257,186

NOTE 20. INTERFUND TRANSFERS

Transfers are used to move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due. Transfers are also used to transfer interest income to the general fund for operational expenses as allowed by Illinois statute.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued. From this evaluation, the following subsequent event was determined to meet the criteria for disclosure:

For the 2017 school year, the District has implemented restructured elementary schools using a paired school attendance center approach. This is estimated to save the District approximately \$500,000 annually.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	GENERAL FUND			
	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Local Sources	\$ 28,557,287	\$ 27,125,546	\$ 26,579,528	\$ (546,018)
State Sources	20,255,524	20,475,524	20,328,056	(147,468)
Federal Sources	8,326,400	8,806,400	8,780,197	(26,203)
Earnings on Invested Cash	66,800	66,800	18,226	(48,574)
Total Revenues Received	<u>\$ 57,206,011</u>	<u>\$ 56,474,270</u>	<u>\$ 55,706,007</u>	<u>\$ (768,263)</u>
EXPENDITURES DISBURSED:				
Instruction	\$ 36,149,925	\$ 37,094,425	\$ 38,123,002	\$ (1,028,577)
Supporting Services	21,235,270	21,195,270	19,337,500	1,857,770
Community Services	610,250	310,250	501,653	(191,403)
Nonprogrammed Charges	214,000	164,000	419,510	(255,510)
Debt Services	210,000	210,000	15,366	194,634
Provision for Contingencies	3,750	3,750		3,750
Total Expenditures Disbursed	<u>\$ 58,423,195</u>	<u>\$ 58,977,695</u>	<u>\$ 58,397,031</u>	<u>\$ 580,664</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED (UNDER) EXPENDITURES DISBURSED	<u>\$ (1,217,184)</u>	<u>\$ (2,503,425)</u>	<u>\$ (2,691,024)</u>	<u>\$ (187,599)</u>
OTHER FINANCING SOURCES (USES):				
Permanent Transfers, Net		\$ (4,200,000)	\$ (4,801,320)	\$ (601,320)
Lease Purchase Agreement Proceeds			225,000	225,000
Bond Proceeds		8,550,000	8,700,000	150,000
Receipts for State "On-Behalf" Payments			16,811,585	16,811,585
Disbursements for State "On-Behalf"			(16,811,585)	(16,811,585)
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 4,350,000</u>	<u>\$ 4,123,680</u>	<u>\$ (226,320)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,217,184)</u>	<u>\$ 1,846,575</u>	<u>\$ 1,432,656</u>	<u>\$ (413,919)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>4,723,231</u>	
FUND BALANCE, END OF YEAR			<u>\$ 6,155,887</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND

	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Local Sources	\$ 1,721,130	\$ 1,663,745	\$ 1,680,911	\$ 17,166
State Sources			55,929	55,929
Federal Sources	520,000	520,000	295,230	(224,770)
Earnings on Invested Cash	6,500	6,500	467	(6,033)
Total Revenues Received	<u>\$ 2,247,630</u>	<u>\$ 2,190,245</u>	<u>\$ 2,032,537</u>	<u>\$ (157,708)</u>
EXPENDITURES DISBURSED:				
Instruction	\$ 991,863	\$ 991,863	\$ 1,059,441	\$ (67,578)
Supporting Services	1,056,703	1,056,703	957,138	99,565
Community Services	500	500	25,052	(24,552)
Total Expenditures Disbursed	<u>\$ 2,049,066</u>	<u>\$ 2,049,066</u>	<u>\$ 2,041,631</u>	<u>\$ 7,435</u>
NET CHANGE IN FUND BALANCES	<u>\$ 198,564</u>	<u>\$ 141,179</u>	\$ (9,094)	<u>\$ (150,273)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(248,092)</u>	
FUND BALANCE, END OF YEAR			<u>\$ (257,186)</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>TRANSPORTATION FUND</u>			
	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Local Sources	\$ 1,364,625	\$ 1,364,625	\$ 1,354,571	\$ (10,054)
State Sources	2,830,000	2,830,000	2,820,277	(9,723)
Charges for Services	70,000	70,000	40,694	(29,306)
Earnings on Invested Cash	1,500	1,500	893	(607)
Total Revenues Received	<u>\$ 4,266,125</u>	<u>\$ 4,266,125</u>	<u>\$ 4,216,435</u>	<u>\$ (49,690)</u>
EXPENDITURES DISBURSED:				
Supporting Services	<u>\$ 4,559,250</u>	<u>\$ 5,102,500</u>	<u>\$ 5,099,079</u>	<u>\$ 3,421</u>
Total Expenditures Disbursed	<u>\$ 4,559,250</u>	<u>\$ 5,102,500</u>	<u>\$ 5,099,079</u>	<u>\$ 3,421</u>
NET CHANGE IN FUND BALANCES	<u>\$ (293,125)</u>	<u>\$ (836,375)</u>	<u>\$ (882,644)</u>	<u>\$ (46,269)</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR			<u>(2,017,093)</u>	
FUND BALANCE (DEFICIT), END OF YEAR			<u>\$ (2,899,737)</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	CAPITAL PROJECTS FUND			
	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Earnings on Invested Cash	\$ 0	\$ 0	\$ 0	\$ 0
Total Revenues Received	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
EXPENDITURES DISBURSED:				
Supporting Services	\$ 0	\$ 0	\$ 0	\$ 0
Total Expenditures Disbursed	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
NET CHANGE IN FUND BALANCES	<u>\$ 0</u>	<u>\$ 0</u>	\$ 0	<u>\$ 0</u>
FUND BALANCE, BEGINNING OF YEAR			<u>0</u>	
FUND BALANCE, END OF YEAR			<u>\$ 0</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

FIRE PREVENTION AND SAFETY FUND

	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Local Sources	\$ 341,181	\$ 341,181	\$ 337,986	\$ (3,195)
Earnings on Invested Cash	6,500	6,500	3,496	(3,004)
Total Revenues Received	<u>\$ 347,681</u>	<u>\$ 347,681</u>	<u>\$ 341,482</u>	<u>\$ (6,199)</u>
EXPENDITURES DISBURSED:				
Supporting Services	\$ 1,650,000	\$ 1,600,000	\$ 1,594,328	\$ 5,672
Total Expenditures Disbursed	<u>\$ 1,650,000</u>	<u>\$ 1,600,000</u>	<u>\$ 1,594,328</u>	<u>\$ 5,672</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,302,319)</u>	<u>\$ (1,252,319)</u>	\$ (1,252,846)	<u>\$ (11,871)</u>
FUND BALANCE, BEGINNING OF YEAR			<u>3,021,811</u>	
FUND BALANCE, END OF YEAR			<u>\$ 1,768,965</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>FINAL</u> <u>BUDGET</u> <u>AMOUNTS</u>	<u>ACTUAL</u> <u>AMOUNTS</u>	<u>VARIANCE</u> <u>FAVORABLE</u> <u>(UNFAVORABLE)</u>
REVENUES RECEIVED:				
Local Sources	\$ 7,798,183	\$ 7,800,014	\$ 8,136,100	\$ 336,086
Federal Sources	325,000	440,000	440,104	104
Earnings on Invested Cash	5,000	5,000	3,567	(1,433)
Total Revenues Received	<u>\$ 8,128,183</u>	<u>\$ 8,245,014</u>	<u>\$ 8,579,771</u>	<u>\$ 334,757</u>
EXPENDITURES DISBURSED:				
Debt Services	\$ 5,473,107	\$ 8,860,000	\$ 17,837,337	\$ (8,977,337)
Total Expenditures Disbursed	<u>\$ 5,473,107</u>	<u>\$ 8,860,000</u>	<u>\$ 17,837,337</u>	<u>\$ (8,977,337)</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	<u>\$ 2,655,076</u>	<u>\$ (614,986)</u>	<u>\$ (9,257,566)</u>	<u>\$ (8,642,580)</u>
OTHER FINANCING SOURCES (USES):				
Permanent Transfers, Net		\$ 4,200,000	\$ 4,801,320	\$ 601,320
Bond Proceeds			7,345,000	7,345,000
Premium on Bonds Sold			772,631	772,631
Total Other Financing Sources	<u>\$ 0</u>	<u>\$ 4,200,000</u>	<u>\$ 12,918,951</u>	<u>\$ 8,718,951</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,655,076</u>	<u>\$ 3,585,014</u>	<u>\$ 3,661,385</u>	<u>\$ 76,371</u>
FUND BALANCE, BEGINNING OF YEAR			<u>(50,109)</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,611,276</u>	

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO THE BUDGETARY AND ACTUAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. BUDGETS AND BUDGETARY ACCOUNTING

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

1. Prior to May 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. This budget is prepared on the cash basis of accounting. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution.
4. The Superintendent is authorized to transfer up to 10% of the total budget between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Board of Education. The Board may amend the budget by the same procedure used in the initial adoption.
5. Budgeted amounts are as originally adopted on September 15, 2015, and as amended by the Board of Education on June 30, 2016.

NOTE 2. EXPENDITURES OVER BUDGET

The following fund had expenditures over budget for the year ended June 30, 2016:

Debt Service	\$ 8,977,337
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ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
COMBINING SCHEDULE OF ASSETS, LIABILITIES, AND FUND BALANCES
MODIFIED CASH BASIS
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>EDUCATIONAL</u> <u>FUND</u>	<u>OPERATIONS AND</u> <u>MAINTENANCE</u> <u>FUND</u>	<u>WORKING</u> <u>CASH</u> <u>FUND</u>	<u>TORT</u> <u>FUND</u>	<u>TOTALS</u>
<u>ASSETS</u>					
Cash and Invested Cash	\$ 135,670	\$ 4,270,737	\$ 163,918	\$ 389,850	\$ 4,960,175
Loans to Other Funds		900,000	12,975,000		13,875,000
TOTAL ASSETS	<u>\$ 135,670</u>	<u>\$ 5,170,737</u>	<u>\$ 13,138,918</u>	<u>\$ 389,850</u>	<u>\$ 18,835,175</u>
<u>LIABILITIES</u>					
Loans from Other Funds	<u>\$ 10,800,000</u>				<u>\$ 10,800,000</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property Taxes	<u>\$ 1,272,388</u>	<u>\$ 334,405</u>	<u>\$ 29,592</u>	<u>\$ 242,903</u>	<u>\$ 1,879,288</u>
<u>FUND BALANCES</u>					
Restricted	\$ 1,297,403			\$ 145,682	\$ 1,443,085
Committed	4,710,160				4,710,160
Assigned				1,265	1,265
Unassigned	(17,944,281)	\$ 4,836,332	\$ 13,109,326		1,377
Total Fund Balances (Deficit)	<u>\$ (11,936,718)</u>	<u>\$ 4,836,332</u>	<u>\$ 13,109,326</u>	<u>\$ 146,947</u>	<u>\$ 6,155,887</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 135,670</u>	<u>\$ 5,170,737</u>	<u>\$ 13,138,918</u>	<u>\$ 389,850</u>	<u>\$ 18,835,175</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
COMBINING SCHEDULE OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2016

	<u>EDUCATIONAL</u> <u>FUND</u>	<u>OPERATIONS AND</u> <u>MAINTENANCE</u> <u>FUND</u>	<u>WORKING</u> <u>CASH</u> <u>FUND</u>	<u>TORT</u> <u>FUND</u>	<u>TOTALS</u>
REVENUES RECEIVED:					
Local Sources	\$ 20,110,563	\$ 3,860,336	\$ 337,986	\$ 2,270,643	\$ 26,579,528
State Sources	20,328,056				20,328,056
Federal Sources	8,780,197				8,780,197
Earnings on Invested Cash	7,565	6,886	3,072	703	18,226
Total Revenues Received	<u>\$ 49,226,381</u>	<u>\$ 3,867,222</u>	<u>\$ 341,058</u>	<u>\$ 2,271,346</u>	<u>\$ 55,706,007</u>
EXPENDITURES DISBURSED:					
Instruction	\$ 38,123,002				\$ 38,123,002
Supporting Services	13,707,981	\$ 3,483,927		\$ 2,145,592	19,337,500
Community Services	501,653				501,653
Nonprogrammed Charges	419,510				419,510
Debt Service	1,393	13,973			15,366
Total Expenditures Disbursed	<u>\$ 52,753,539</u>	<u>\$ 3,497,900</u>	<u>\$ 0</u>	<u>\$ 2,145,592</u>	<u>\$ 58,397,031</u>
EXCESS (DEFICIENCY) OF REVENUES RECEIVED OVER (UNDER) EXPENDITURES DISBURSED	<u>\$ (3,527,158)</u>	<u>\$ 369,322</u>	<u>\$ 341,058</u>	<u>\$ 125,754</u>	<u>\$ (2,691,024)</u>
OTHER FINANCING SOURCES (USES):					
Permanent Transfers, Net	\$ 2,652,989	\$ (702,397)	\$ (6,751,912)		\$ (4,801,320)
Lease Purchase Agreement Proceeds	225,000				225,000
Bond Proceeds			8,700,000		8,700,000
Receipts for State "On-Behalf" Payments	16,811,585				16,811,585
Disbursements for State "On-Behalf"	(16,811,585)				(16,811,585)
Total Other Financing Sources (Uses)	<u>\$ 2,877,989</u>	<u>\$ (702,397)</u>	<u>\$ 1,948,088</u>	<u>\$ 0</u>	<u>\$ 4,123,680</u>
NET CHANGE IN FUND BALANCES	<u>\$ (649,169)</u>	<u>\$ (333,075)</u>	<u>\$ 2,289,146</u>	<u>\$ 125,754</u>	<u>\$ 1,432,656</u>
FUND BALANCE (DEFICIT), BEGINNING OF YEAR	<u>(11,287,549)</u>	<u>5,169,407</u>	<u>10,820,180</u>	<u>21,193</u>	<u>4,723,231</u>
FUND BALANCE (DEFICIT), END OF YEAR	<u>\$ (11,936,718)</u>	<u>\$ 4,836,332</u>	<u>\$ 13,109,326</u>	<u>\$ 146,947</u>	<u>\$ 6,155,887</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2016

TAX RATES													
<u>LEVY</u>	<u>ASSESSED</u>	<u>EDUCA-</u>	<u>OPERATIONS</u>	<u>BOND</u>	<u>TRANSPOR-</u>	<u>MUNICIPAL</u>	<u>WORKING</u>	<u>LIABILITY</u>	<u>SOCIAL</u>	<u>SPECIAL</u>	<u>FIRE PRE-</u>	<u>FACILITIES</u>	<u>TOTAL</u>
<u>YEAR</u>	<u>VALUATIONS</u>	<u>TIONAL</u>	<u>AND</u> <u>MAIN-</u> <u>TENANCE</u>	<u>AND</u> <u>INTEREST</u>	<u>TATION</u>	<u>RETIRE-</u> <u>MENT</u>	<u>CASH</u>	<u>INSURANCE</u>	<u>SECURITY</u>	<u>EDUCA-</u> <u>TION</u>	<u>VENTION</u> <u>AND</u> <u>SAFETY</u>	<u>LEASING</u>	
2006	665,702,126	2.1500	.5250	.5067	.2000	.1145	.0500	.3658	.0667	.0400	.0500	.0500	4.1187
2007	715,729,430	2.1500	.5250	.5873	.2000	.0646	.0500	.2705	.0760	.0400	.0500	.0500	4.0634
2008	740,022,053	2.1500	.5250	.5866	.2000	.0625	.0500	.2616	.0735	.0400	.0500	.0500	4.0492
2009	755,657,858	2.1500	.5250	.5943	.2000	.0926	.0500	.2595	.0550	.0400	.0500	.0500	4.0664
2010	742,239,079	2.1500	.5250	.6250	.2000	.1010	.0500	.2883	.0494	.0400	.0500	.0500	4.1287
2011	732,483,600	2.1500	.5250	.6606	.2000	.0568	.0500	.2921	.0956	.0400	.0500	.0500	4.1701
2012	713,376,343	2.1500	.5250	.7101	.2000	.1402	.0500	.3210	.0351	.0400	.0500	.0500	4.2714
2013	687,923,831	2.1500	.5250	.7671	.2000	.1309	.0500	.3328	.0727	.0400	.0500	.0500	4.3685
2014	681,777,386	2.1500	.5250	1.1532	.2000	.1196	.0500	.3359	.1196	.0400	.0500	.0500	4.7933
2015	679,767,716	2.1500	.5250	1.1179	.2000	.1347	.0500	.4104	.1347	.0400	.0500	.0500	4.8627
TAX EXTENSIONS													
2006		14,312,596	3,494,936	3,374,175	1,331,404	762,229	332,851	2,435,138	444,023	266,281	332,851	332,851	\$ 27,419,335
2007		15,380,395	3,755,678	4,204,460	1,430,734	462,127	357,684	1,935,068	543,679	286,147	357,684	357,684	29,071,340
2008		15,903,670	3,883,454	4,339,113	1,479,411	462,316	369,853	1,935,070	543,683	295,882	369,853	369,853	29,952,158
2009		16,239,839	3,965,543	4,488,994	1,510,682	699,446	377,671	1,960,110	415,438	302,137	377,671	377,670	30,715,201
2010		15,957,004	3,896,477	4,638,664	1,484,372	749,608	371,093	2,139,723	366,640	296,874	371,093	371,093	30,642,641
2011		15,748,397	3,845,539	4,839,051	1,464,967	416,050	366,242	2,139,585	700,254	292,993	366,242	366,242	30,545,562
2012		15,337,591	3,745,226	5,065,685	1,426,753	1,000,153	356,688	2,289,938	250,395	285,351	356,688	356,688	30,471,156
2013		14,790,362	3,611,600	5,278,547	1,375,848	900,011	343,962	2,289,411	500,052	275,170	343,962	343,962	30,052,887
2014		14,658,214	3,579,331	7,862,256	1,363,555	815,405	340,889	2,290,090	815,405	272,711	340,889	340,889	32,679,634
2015		14,614,954	3,568,768	7,599,096	1,359,530	915,644	339,883	2,789,757	915,644	271,906	339,883	339,883	33,054,948

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ASSESSED VALUATIONS, TAX RATES, EXTENSIONS AND COLLECTIONS
FOR THE YEAR ENDED JUNE 30, 2016

	<u>TAX COLLECTIONS</u>		
	<u>TOTAL</u> <u>EXTENSIONS</u>	<u>TOTAL</u> <u>COLLECTIONS*</u>	<u>PERCENT</u> <u>COLLECTED</u>
2006	\$ 27,419,335	\$ 27,257,595	99.41
2007	29,071,340	29,068,231	99.99
2008	29,952,158	29,679,707	99.09
2009	30,715,201	30,400,418	98.98
2010	30,642,641	30,343,353	99.02
2011	30,545,562	30,291,120	99.17
2012	30,471,156	30,168,229	99.01
2013	30,052,887	29,836,038	99.28
2014	32,679,634	32,386,798	99.10
2015	33,054,948	2,878,061	8.71

*Does not include Mobile Home Privilege Tax.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
STUDENT ACTIVITY FUNDS - ALL FUNDS
SUMMARY SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
Alton High School Activity Funds	\$ 283,401	\$ 673,216	\$ 658,969	\$ 297,648
Alton Middle School Activity Funds	84,385	230,996	223,415	91,966
Elementary and Special Schools				
Activity Funds	74,859	136,159	128,207	82,811
Superintendent's Pacesetter Award	66,465	611		67,076
Chapter I Activity Fund	250	20		270
Administrative Convenience Funds	469	208	397	280
J.B. Johnson Scholarship Fund	3,250	49	17	3,282
Overath Scholarship Fund	39,383	3,919	2,000	41,302
Linda Bruns Memorial Scholarship	23,995		2,995	21,000
Francie McLaughlin Scholarship	2,162	1		2,163
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 578,619</u>	<u>\$ 1,045,179</u>	<u>\$ 1,016,000</u>	<u>\$ 607,798</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ALTON HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
A-Steppers	\$ 878	\$ 2	\$ 35	\$ 845
AHS Candy	6,090	12,316	9,869	8,537
AHS Business	96			96
AHS Administrative Fund	405	541	640	306
Academy Promo	986	2	835	153
Advance Placement Test Fees	1,472	11,405	9,454	3,423
Agenda Book Fee	2,533	1,007	1,228	2,312
Alton High Pepsi Fund	1,692	8,959	9,535	1,116
Animation Club	95			95
Architectural Drafting	91			91
Art Club	270	708	337	641
Athletic Program Fund	3,817	31,703	28,515	7,005
Band Fund	1,130	960	1,305	785
Bank Handling Charge	8			8
Baseball Fund	45,844	72,921	94,132	24,633
Biology Club	3,579	3,707	4,090	3,196
Bounds Scholarship	15	7,008	1	7,022
Boys Tennis	397	3,066	2,362	1,101
Boys Tip-Off Classic	6,600	22,972	25,733	3,839
Boys Soccer	2,117	9,356	10,029	1,444
Boys Track	2,076	1,992	3,423	645
BT 816	46			46
Business Ownership	77	1		78
Cheerleaders Club	4,018	19,478	18,785	4,711
Chemistry Club	1,585	992	541	2,036
Chess Club	28	29		57
Chorus Fund	4,889	14,723	14,714	4,898
Coaches Fundraiser	162			162
Commercial Art	6,549	7,703	7,478	6,774
Conservatory of Music	3,575	14,334	14,456	3,453
Cross Country	1,301	2,216	1,382	2,135
Counseling Office Candy (COC)	5,592	2,717	3,258	5,051
Curvey Math	149	1		150
Diversity Awareness	331			331
Ecology/Science	1,014	307	331	990
English Department	6,661	35	92	6,604
YELL	337	1	132	206
Interest Fund	52	695	690	57
RB Spirit Scholarship	12,005	3,033	503	14,535
Without Divide		839	547	292
Ping Pong Club		368	344	24

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ALTON HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
Faculty Flower Fund	\$ 89	\$ 1		\$ 90
Fellowship - Christian Athletes	455	1		456
FFA	1,375	9,821	\$ 8,699	2,497
FHA/FCCLA	1,117	14,842	13,815	2,144
Football Soda	1,956	8,878	6,852	3,982
French Club	1,048	4,031	5,015	64
German Club	2,263	3,792	3,375	2,680
German Club (Special)	4,684	11	1	4,694
Girls Soccer	2,447	12,208	7,634	7,021
Girls Softball Club	4,349	2,701	3,586	3,464
Girls Tennis	144	1,520	1,657	7
Girls Tip-Off Classic	1,225	15,261	13,850	2,636
Girls Track Fund	75	7,958	7,589	444
Golf (Boy's)	1,299	4,846	2,817	3,328
Golf (Girl's)	648	6,288	5,312	1,624
Gospel Choir	26	1		27
Gym Pepsi Fund	418	1	240	179
HOSA	6	3,562	3,106	462
IEA Score	367	1		368
IL 981 ROTC	742	17,743	17,468	1,017
Industrial Arts	1,874	6,833	7,936	771
FBLA (Interact)	169	708	607	270
JB Johnson Activity Fund	370	3,039	3,378	31
L&L Grant	14			14
Library	1,074	2,261	2,286	1,049
Lifesavers	875	2		877
Linda Bruns Scholarship	303	4,744	2,000	3,047
Jan Polk Memorial Scholarship	79			79
Math Scholarship	962	1,824	1,679	1,107
Math Team	1,894	1,714	1,932	1,676
Minority Excellence	1,802	4		1,806
Musical Equipment	504	1		505
National Honor Society	17	5,452	5,417	52
NEA Foundation	4,053	1,310	3,754	1,609
Ned Nilsson Scholarship Fund	11,964	11,210	11,593	11,581
Orchestra Fund	393	17,452	17,376	469
PBIS	529	5,411	4,522	1,418
Bowling/Billiards	5,419	4,750	3,552	6,617
Pepsi Rebate	786	15,107	13,807	2,086
P.E. Candy/Soda	147	1	147	1
P.E. Uniforms	937	6,736	6,903	770

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ALTON HIGH SCHOOL ACTIVITY FUNDS
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
Photography Club	\$ 917	\$ 2,533	\$ 2,742	\$ 708
Pom-Pom Girls	124	23,115	21,702	1,537
Pottery Club/Art	273	1,263	1,426	110
Pre-Work Program	32			32
PRISM	596	1	30	567
Principal's Activity Fund	1,217	2,787	2,663	1,341
Culinary Arts	457	119		576
Redbird Bowling	4,235	3,642	7,072	805
Redbird Broadcasting	1,041	2	339	704
Redbird Mission	368	3,491	1,958	1,901
Redbird Nest	9,881	10,612	10,521	9,972
Redbird Store	14,716	37,303	34,767	17,252
Redbird Word	379	1,689	2,068	
Robotics	2,766	5,407	2,999	5,174
River Watchers Science Club	510	221	353	378
Scholar Bowl	748	985	902	831
Science Department	3,178	357	1,286	2,249
Scott's Welding	639	1	48.00	592
Social Studies Club	81			81
Spanish Club	365	1,656	1,754	267
Spanish Video Fund	163	2,087	2,169	81
Special Ed Scholarship	143	1		144
Stage Productions	1,694	7,873	7,250	2,317
Miscellaneous - 618 Boys	1,224	124	812	536
Student Council	16,604	52,370	49,975	18,999
Student Fund	2,422	17,768	14,421	5,769
Success Scholarship	8	1,491	1,498	1
Summer Scholarship	479	1		480
Tattler	13,547	18,852	19,819	12,580
Thespians	1,641	2,138	3,712	67
VCR/English	510	1		511
Vocational Welding	2,244	5	1,447	802
Volleyball	4,783	12,638	8,109	9,312
Wellness	412	1		413
Wrestling	33			33
W.Y.S.E. (Physics)	6,017	4,459	4,446	6,030
Young Adult Class	119	100		219
Petty Cash	1,375			1,375
Total	<u>\$ 283,401</u>	<u>\$ 673,216</u>	<u>\$ 658,969</u>	<u>\$ 297,648</u>

Cash Balance Consists of:

Checking Account	\$ 286,273
Certificates of Deposit	10,000
Petty Cash	1,375
Total	<u>\$ 297,648</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ALTON MIDDLE SCHOOL ACTIVITY FUNDS
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
Athletic Fund	\$ 6,549	\$ 21,275	\$ 26,106	\$ 1,718
Alton Education Foundation Grant	2			2
Band Festival	232			232
Baseball	2,161	8,557	10,718	
Black History Month	237	595	260	572
Boxtops	1,158	585	560	1,183
Cheerleader Fund	4,960	33,923	38,082	801
Chorus Fund	5,629	7,493	9,566	3,556
Chorus Tech for Play	618	300	369	549
Eagles Nest House Account	3,626	9,242	6,390	6,478
Employee Fund	202		202	
Employee Soda Fund	2,449	14,490	13,156	3,783
Fields Summit Account	3,908	16,186	13,891	6,203
GEMS Grant	183	1,301	1,285	199
Honors	2,499		215	2,284
Illinois House Account	1,105	9,659	8,504	2,260
Knights of Columbus Grant	292		292	
Library Club	4,701	5,447	7,051	3,097
Lighthouse Account	3,506	14,756	9,773	8,489
Mississippi House Account	2,518	8,621	7,099	4,040
National Junior Honor Society	3,705	3,585	1,098	6,192
Orchestra	749	1,607	1,852	504
PBIS Universal	125			125
Piasa House Account	4,866	8,048	3,674	9,240
Peer Leadership	474			474
Principals Activity	867	125	358	634
School Store	52	448	200	300
Student Council	290	642	243	689
Student of the Month	175	475	475	175
Theatre	7,317	24,476	20,999	10,794
Unified Arts	3,203	7,360	5,569	4,994
Walmart Grant	1,508	765	1,313	960
Yearbook	8,589	2,000	5,848	4,741
Home Grown	2,129			2,129
Recycle Green Team	78	1,471	1,445	104
Ceramic Tile Murals	73			73
Artist Are Inventors	1,078	626	1,658	46
The Best Books	800		800	
Track	1,772	8,770	7,707	2,835
Target Field Trip Grant		747	638	109
AEF Grant - Miller		2,138	2,136	2
AEF Grant - A. Jacks		13,747	13,747	
Girls on the Rise		958	136	822
Junior Redbird Word		78		78
Mannie Jackson Grant		500		500
Total	<u>\$ 84,385</u>	<u>\$ 230,996</u>	<u>\$ 223,415</u>	<u>\$ 91,966</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
ELEMENTARY AND SPECIAL SCHOOLS ACTIVITY FUNDS
SCHEDULE OF CASH RECEIVED AND CASH DISBURSED
FOR THE YEAR ENDED JUNE 30, 2016

	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2015</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>CASH</u> <u>BALANCE</u> <u>JUNE 30,</u> <u>2016</u>
East Elementary	\$ 4,231	\$ 25,650	\$ 23,109	\$ 6,772
Eunice Smith	3,460	19,988	16,871	6,577
Gilson Brown	10,038	6,586	7,970	8,654
Godfrey - Early Childhood Parent Group	20,299	19,802	18,974	21,127
J.B. Johnson - Early Activity	712	465	298	879
James Center	83	2,663	1,407	1,339
Lewis and Clark	7,373	8,899	10,166	6,106
Lovejoy	2,578	7,731	7,132	3,177
Motivational Achievement - MAC	1,337	1,348	1,215	1,470
North Elementary	8,320	22,253	21,942	8,631
West Elementary	16,428	20,774	19,123	18,079
Total	<u>\$ 74,859</u>	<u>\$ 136,159</u>	<u>\$ 128,207</u>	<u>\$ 82,811</u>

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11

BONDED DEBT DATA

JUNE 30, 2016

DESCRIPTION	INTEREST RATES	INTEREST DATES	AMOUNT ORIGINALLY ISSUED	AMOUNT OUTSTANDING 2015	AMOUNT ISSUED THIS FISCAL YEAR	AMOUNT PAID OR RETIRED THIS FISCAL YEAR	AMOUNT OUTSTANDING AT JUNE 30, 2016		TOTAL
							PAYABLE IN NEXT FISCAL YEAR	PAYABLE IN SUBSEQUENT FISCAL YEARS	
2002 G.O. Bonds	1.75%-5.00%	6/1 & 12/1	\$ 31,740,676	\$ 15,197,223		\$ 2,151,400	\$ 2,090,508	\$ 10,955,315	\$ 13,045,823
2005 G.O. Bonds	2.625%-5.02%	5/1 & 11/1	8,295,434	7,135,434		2,660,000	250,000	4,225,434	4,475,434
2006 G.O. Bonds	3.82%-4.37%	6/1 & 12/1	1,715,000	1,110,000		190,000	220,000	700,000	920,000
2007 G.O. Bonds	4.00%	6/1 & 12/1	9,225,000	6,600,000		5,670,000	455,000	475,000	930,000
2011 G.O. QZAB Bonds	5.50%-5.625%	6/1 & 12/1	7,685,000	7,685,000				7,685,000	7,685,000
2012A G.O. Bonds	3.00%	6/1 & 12/1	2,130,000	2,130,000				2,130,000	2,130,000
2012B G.O. QZAB Bonds	3.85%	6/1 & 12/1	2,185,000	2,185,000				2,185,000	2,185,000
2014 G.O. Bonds	3.24%	6/1 & 12/1	2,071,000	2,071,000		119,000	123,000	1,829,000	1,952,000
2014 G.O. Working Cash Bonds	0.80%-2.50%	6/1 & 12/1	11,000,000	11,000,000		2,280,000	2,190,000	6,530,000	8,720,000
2015 G.O. QZAB Bonds	2.40%	6/1 & 12/1	4,375,000	4,375,000				4,375,000	4,375,000
2016A G.O. Bonds	1.05%-2.30%	6/1 & 12/1	8,700,000		8,700,000		3,780,000	4,920,000	8,700,000
2016B G.O. Bonds	4.00%	6/1 & 12/1	7,345,000		7,345,000			7,345,000	7,345,000
Totals			<u>\$ 96,467,110</u>	<u>\$ 59,488,657</u>	<u>\$ 16,045,000</u>	<u>\$ 13,070,400</u>	<u>\$ 9,108,508</u>	<u>\$ 53,354,749</u>	<u>\$ 62,463,257</u>
LEGAL DEBT MARGIN									
Assessed Valuation						\$ 679,765,326			
Debt Limit, 13.8% of									
Assessed Value						\$ 93,807,615			
Less, Bonded Indebtedness						62,463,257			
Less, Lease Purchase Agreements						1,629,675			
Legal Debt Margin						<u>\$ 29,714,683</u>			

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS
(schedule to be built prospectively from 2014)

Calendar year ending December 31,	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Total Pension Liability										
Service Cost	\$ 712,437	\$ 762,288								
Interest on the Total Pension Liability	3,798,957	3,580,855								
Benefit Changes	0	0								
Difference between Expected and Actual Experience	813,783	(401,957)								
Assumption Changes	53,178	2,287,641								
Benefit Payments and Refunds	(3,437,229)	(3,154,523)								
Net Change in Total Pension Liability	1,941,126	3,074,304								
Total Pension Liability - Beginning	52,015,161	48,940,857								
Total Pension Liability - Ending (a)	\$ 53,956,287	\$ 52,015,161								
Plan Fiduciary Net Position										
Employer Contributions	\$ 1,087,659	\$ 1,119,045								
Employee Contributions	309,039	293,768								
Pension Plan Net Investment Income	249,595	2,976,268								
Benefit Payments and Refunds	(3,437,229)	(3,154,523)								
Other	1,084,314	42,503								
Net Change in Plan Fiduciary Net Position	(706,622)	1,277,061								
Plan Fiduciary Net Position - Beginning	50,939,193	49,662,132								
Plan Fiduciary Net Position - Ending (b)	\$ 50,232,571	\$ 50,939,193								
Net Pension Liability/(Asset) -Ending (a)-(b)	3,723,716	1,075,968								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.10%	97.93%								
Covered Valuation Payroll	\$ 6,748,274	\$ 6,396,941								
Net Pension Liability as a Percentage of Covered Valuation Payroll	55.18%	16.82%								

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
MULTIYEAR SCHEDULE OF CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS
(schedule to be built prospectively from 2014)

<u>Calendar Year</u> <u>Ending</u> <u>December 31,</u>	<u>Actuarially</u> <u>Determined</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Contribution</u> <u>Deficiency</u> <u>(Excess)</u>	<u>Covered</u> <u>Valuation</u> <u>Payroll</u>	<u>Actual Contribution</u> <u>as a % of Covered</u> <u>Valuation Payroll</u>
2014	\$ 1,096,436	\$ 1,119,045	\$ (22,609)	\$6,396,941	17.49%
2015	\$ 1,072,976	\$ 1,087,659	\$ (14,683)	\$6,748,274	16.12%

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO THE SCHEDULE OF CONTRIBUTIONS
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2015 CONTRIBUTION RATE*
ILLINOIS MUNICIPAL RETIREMENT FUND

Valuation Date:

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

Methods and Assumptions Used to Determine 2015 Contribution Rates:

Actuarial Cost Method	Aggregate Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	Non-Taxing bodies: 10-year rolling period. Taxing bodies (Regular, SLEP and ECO groups): 28-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 23 years for most employers (two employers were financed over 32 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage Growth	4.00%
Price Inflation	3.0% - approximate; No explicit price inflation assumption is used in this valuation.
Salary Increases	4.40% to 16.00% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2011 valuation pursuant to an experience study of the period 2008-2010.
Mortality	RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projected scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information:

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2013 actuarial valuation

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

	<u>FY 15*</u>	<u>FY 14*</u>
District's proportion of the net pension liability	0.02089794%	0.02340322%
District's proportionate share of the net pension liability	\$ 13,690,256	\$ 14,242,796
State's proportionate share of the net pension liability associated with the District	<u>201,253,254</u>	<u>194,193,595</u>
Total	<u><u>\$ 214,943,510</u></u>	<u><u>\$ 208,436,391</u></u>
District's covered-employee payroll	\$ 31,066,145	\$ 31,490,520
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.07%	45.23%
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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

	<u>FY 15</u>	<u>FY 14</u>
Statutorily-required contribution	\$ 843,366	\$ 732,119
Contributions in relation to the statutorily-required contribution	842,095	732,262
Contribution deficiency (excess)	<u>\$ 1,271</u>	<u>\$ (143)</u>
District's covered-employee payroll	\$ 30,207,605	\$ 31,066,145
Contributions as a percentage of covered-employee payroll	2.79%	2.36%

ALTON COMMUNITY UNIT SCHOOL DISTRICT NO. 11
NOTES TO THE SCHEDULE OF THE DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1. CHANGES OF ASSUMPTIONS

Amounts reported in 2015 reflect 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 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 increases of 5.75 percent.

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

DISTRICT/JOINT AGREEMENT NAME ALTON COMMUNITY UNIT SCHOOL	RCDT NUMBER 41-057-0110-26	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 065-025855	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable)		NAME AND ADDRESS OF AUDIT FIRM SCHEFFEL BOYLE 322 STATE ST. ALTON IL 62002	
ADDRESS OF AUDITED ENTITY <i>(Street and/or P.O. Box, City, State, Zip Code)</i> 1854 E. BROADWAY ALTON IL 62002		E-MAIL ADDRESS: steve.pembrook@scheffelboyle.com	
		NAME OF AUDIT SUPERVISOR STEVEN C. PEMBROOK	
		CPA FIRM TELEPHONE NUMBER 618-465-4288	FAX NUMBER 618-462-3818

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)



ALTON EDWARDSVILLE BELLEVILLE HIGHLAND
JERSEYVILLE COLUMBIA CARROLLTON BARTELSON

October 6, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Education
Alton Community Unit School District No. 11
Alton, Illinois

Report on Compliance for Each Major Federal Program

We have audited the Alton Community Unit School District No. 11'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 its major federal programs for the year ended June 30, 2016. Alton Community Unit School District No. 11's major federal programs are identified in the summary of the 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 Alton Community Unit School District No. 11'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 the 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 Alton Community Unit School District No. 11's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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 Alton Community Unit School District No. 11's compliance.

Opinion on Each Major Federal Program

In our opinion, Alton Community Unit School District No. 11 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.

Report on Internal Control Over Compliance

The management of Alton Community Unit School District No. 11 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 Alton Community Unit School District No. 11's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Alton Community Unit School District No. 11'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 of compliance requirement of a 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 deficiencies, significant deficiencies or material weaknesses. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Alton, Illinois

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
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 7/1/14-6/30/15 (C)	Year 7/1/15-6/30/16 (D)	Year 7/1/14-6/30/15 (E)	Year 7/1/15-6/30/16 (F)			
US DEPARTMENT OF EDUCATION - PASS THROUGH ILLINOIS STATE BOARD OF EDUCATION									
IMPACT AID	84.041	16-4001-00		4,201		4,201		4,201	N/A
TITLE 1 - LOW INCOME	84.010	15-4300-00	1,704,081	473,211	1,871,184	306,108		2,177,292	2,201,498
TITLE 1 - LOW INCOME	84.010	16-4300-00		1,783,919		2,134,179	396,423		2,842,734
TITLE 1 - LOW INCOME - NEGLECTED PRIV	84.013	15-4305-00	3,994	4,022	8,016			8,016	8,173
TITLE 1 - LOW INCOME - NEGLECTED PRIV	84.013	16-4305-00		2,418		3,724			8,228
TITLE IV - 21ST CENTURY COMMUNITY LEARNING	84.287	15-4421-12	115,415	142,590	188,780	69,225		258,005	258,005
TITLE IV - 21ST CENTURY COMMUNITY LEARNING	84.287	16-4421-12		191,538		250,356			258,005
FEDERAL SP. ED. - PRESCHOOL FLOW THROUGH (M)	84.173	15-4600-00	44,614	25,092	63,357	6,349		69,706	83,878
FEDERAL SP. ED. - PRESCHOOL FLOW THROUGH (M)	84.173	16-4600-00		40,076		59,494	3,000		97,723
FEDERAL SP. ED. - IDEA FLOW THROUGH (M)	84.027	15-4620-00	1,433,353	430,680	1,856,072	7,961		1,864,033	2,038,936
FEDERAL SP. ED. - IDEA FLOW THROUGH (M)	84.027	16-4620-00		1,284,494		1,789,560	35,000		2,075,831
TITLE II - TEACHER QUALITY	84.367	15-4932-00	330,583	131,119	381,126	80,576		461,702	487,294
TITLE II - TEACHER QUALITY	84.367	16-4932-00		378,168		417,549	61,289		478,838
SCHOOL CLIMATE TRANSFORMATION GRANT	84.184G	S184G140133	34,498	161,277	42,984	253,979			N/A

• (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.

⁴ 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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
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 7/1/14-6/30/15 (C)	Year 7/1/15-6/30/16 (D)	Year 7/1/14-6/30/15 (E)	Year 7/1/15-6/30/16 (F)			
US DEPT OF AGRICULTURE - PASS THROUGH ILLINOIS STATE BOARD OF ED									
NATIONAL SCHOOL LUNCH PROGRAM (M)	10.555	15-4210-00	1,439,946	431,089	1,439,946	431,089		1,871,035	N/A
NATIONAL SCHOOL LUNCH PROGRAM (M)	10.555	16-4210-00		2,026,694		2,026,694			N/A
SCHOOL BREAKFAST PROGRAM (M)	10.553	15-4220-00	456,499	127,023	456,499	127,023		583,522	N/A
SCHOOL BREAKFAST PROGRAM (M)	10.553	16-4220-00		598,590		598,590			N/A
SPECIAL MILK PROGRAM (M)	10.556	15-4215-00	5,939	660	5,939	660		6,599	N/A
SPECIAL MILK PROGRAM (M)	10.556	16-4215-00		4,283		4,283			N/A
SUMMER SCHOOL FOOD SERVICE(M)	10.559	15-4225-00		40,571		40,571		40,571	N/A
SUMMER SCHOOL FOOD SERVICE (M)	10.559	16-4225-00		327		327			N/A
NSLP EQUIPMENT ASSISTANCE GRANT	10.579	16-4260-15		8,190		8,190			N/A
TOTAL US DEPT OF AGRICULTURE - PASS THROUGH ILLINOIS STATE BOARD OF ED			1,902,384	3,431,234	1,902,384	3,431,234		2,695,534	
US DEPT OF ED - PASS THROUGH ISBE PASS THROUGH MADISON COUNTY CAREER & TECH									
CARL PERKINS GRANT III	84.048	16-4770-00		79,386		63,159		63,159	N/A
TOTAL US DEPT OF ED - PASS THROUGH ISBE PASS THROUGH MADISON COUNTY CAREER & TECH				79,386		63,159		63,159	
TOTALS			5,615,377	8,760,425	6,344,837	9,064,333	495,712	7,798,648	10,932,053

• (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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
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 7/1/14-6/30/15 (C)	Year 7/1/15-6/30/16 (D)	Year 7/1/14-6/30/15 (E)	Year 7/1/15-6/30/16 (F)			
US DEPARTMENT OF EDUCATION - PASS THROUGH ILLINOIS STATE BOARD OF EDUCATION									
TOTAL US DEPARTMENT OF EDUCATION - PASS THROUGH ILLINOIS STATE BOARD OF EDUCATION			3,666,538	5,052,805	4,411,519	5,383,261	495,712	4,842,955	10,839,143
US DEPARTMENT OF EDUCATION - PASS THROUGH ILLINOIS DEPARTMENT OF HUMAN RESOURCES									
STEP PROGRAM	84.126	40CM001021-15	46,455		30,934	15,521		46,455	46,455
STEP PROGRAM	84.126	40CM001021-16		46,455		20,613			46,455
TOTAL US DEPARTMENT OF EDUCATION - PASS THROUGH ILLINOIS DEPARTMENT OF HUMAN RESOURCES			46,455	46,455	30,934	36,134		46,455	92,910
US DEPARTMENT OF HEALTH AND HUMAN SERVICES-PASS THROUGH IL DEPT. OF HEALTHCARE & FAMILY SERVICES									
ADMINISTRATIVE OUTREACH	93.778	16-4991-00		150,545		150,545		150,545	N/A
TOTAL US DEPT OF HEALTH AND HUMAN SERVICES-PASS THROUGH IL DEPT. OF HEALTHCARE & FAMILY SERVICES				150,545		150,545		150,545	
US DEPT OF AGRICULTURE - PASS THROUGH ILLINOIS STATE BOARD OF ED									
SCHOOL LUNCH COMMODITIES (NON-CASH)	10.555			193,807		193,807		193,807	N/A

• (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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11

41-057-0110-26

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2016

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Alton Community Unit School District #11 and is presented on the modified basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Basic financial statements.

Note 2: Indirect Facilities & Administration costs⁶

Auditee elected to use 10% de minimis cost rate? _____ YES

_____ **X** NO

The District's restricted indirect cost rate is 1.51% and the unrestricted rate is 13.30%.

Note 3: Subrecipients⁷

Of the federal expenditures presented in the schedule, Alton Community Unit School District #11 provided federal awards to subrecipients as follows:

Program Title/Subrecipient Name	Federal CFDA Number	Amount Provided to Subrecipients
N/A - NO FEDERAL AWARDS WERE PROVIDED TO SUBRECIPIENTS FOR THE		
YEAR ENDED JUNE 30, 2016		

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Alton Community Unit School District #11 and are included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555)**:	\$193,807
OTHER NON-CASH ASSISTANCE	\$0

Note 5: Other Information

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property	\$0
Auto	\$0
General Liability	\$0
Workers Compensation	\$0

Loans/Loan Guarantees Outstanding at June 30:	\$0
---	-----

District had Federal grants requiring matching expenditures	NO
---	----

** The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: UNMODIFIED
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? X YES None Reported
- Noncompliance noted? X YES NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? YES X None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported

Type of auditor's report issued on compliance for major programs: UNMODIFIED
(Unmodified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? YES X NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰
10.555, 10.553, 10.556, 10.559	CHILD NUTRITION CLUSTER
84.173, 84.027	IDEA CLUSTER

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? YES X NO

⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program. Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the CFDA number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list the name of the cluster.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2016- 001 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2007

3. Criteria or specific requirement

The District is required to have the staff with sufficient training or expertise to complete the financial statements on the modified cash basis and all the required disclosures.

4. Condition

The District relies on the external audit firm to assist in the preparation of the financial statements and all required disclosures in accordance with the modified cash basis of accounting principles.

5. Context¹²

No questioned costs

6. Effect

Inaccurate or incomplete financial statements could be issued to the public or other third parties.

7. Cause

The District relies on the external audit firm to assist in the preparation of the financial statements and all required disclosures in accordance with the modified cash basis of accounting principles.

8. Recommendation

The District should consider the costs and benefits of hiring staff with expertise or train existing accounting staff to ensure the District's annual financial statements are prepared in accordance with the modified cash basis of accounting and all required disclosures.

9. Management's response¹³

The District believes their accounting staff maintains adequate books and records of the school's transactions and oversees all non audit functions. Additionally, the District does not believe it is cost beneficial to hire additional expertise to ensure the District's annual financial statements are prepared in accordance with the modified cash basis of accounting principles and all required disclosures. The District will continue to reevaluate on an ongoing basis.

For ISBE Review

Date: _____ Resolution/ Criteria/ Code Number: _____
Initials: _____ Disposition of Questioned Costs/ Code/ Letter: _____

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2016 would be assigned a reference number of 2016-001, 2016-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2016- 002 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2015

3. Criteria or specific requirement

The District is required to ensure that all applicable parties file economic interest statements with the County.

4. Condition

The District had a board member who failed to file an economic interest statement pursuant to the Illinois Government Ethics Act. [5 ILCS 420/4A-101].

5. Context¹²

No questioned costs. This board member was one out of 47 district employees that were required to file a statement of economic interest.

6. Effect

The District is in violation of the Illinois Government Ethics Act. [5 ILCS 420/4A-101].

7. Cause

The board member mistakenly forgot to file an economic interest statement.

8. Recommendation

The District should check with the county to see that all qualifying district employees file economic interest statements timely to ensure compliance with the Illinois Government Ethics Act. [5 ILCS 420/4A-101].

9. Management's response¹³

The District notified all staff and board members who were required to fill out an economic interest statement and provided reminders. The District will continue its efforts to make sure that all required personnel complete the statement.

For ISBE Review

Date:	Resolution Criteria Code Number
Initials:	Disposition of Questioned Costs Code Letter

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2016 would be assigned a reference number of 2016-001, 2016-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2016- 003 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2015

3. Criteria or specific requirement

The District is required to spend within its legal budgetary authority.

4. Condition

As of 6/30/16, it was noted that the District had overexpended its approved budget in the Debt Service Fund by \$8,977,337.

5. Context¹²

Out of the six funds of the District, one had expenditures over budget but this was due to a cashless bond refinance that got overlooked in the budget process.

6. Effect

The District was not in spending compliance by overexpending its budget for the year.

7. Cause

There was an off the books refunding bond that wasn't budgeted for since no cash was receipted or disbursed by the district.

8. Recommendation

The District should take care to budget for off the books debt activity as well.

9. Management's response¹³

The District restructured some bonds in Febraury 2016. As part of that restructure, some funds were handled through paper transactions and never touched a District bank account. As a result, the District did not budget revenue or expenditures for these funds. If the District undertakes a bond restructure in the future, it will account for all funds involved.

For ISBE Review

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

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2016 would be assigned a reference number of 2016-001, 2016-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER: ¹⁴	2016- <u>N/A</u>	2. THIS FINDING IS:	<input type="checkbox"/> New	<input type="checkbox"/> 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) _____ _____				
9. Condition ¹⁵ _____ _____ _____				
10. Questioned Costs ¹⁶ _____ _____ _____				
11. Context ¹⁷ _____ _____ _____				
12. Effect _____ _____ _____				
13. Cause _____ _____ _____				
14. Recommendation _____ _____ _____				
15. Management's response ¹⁸ _____ _____ _____				

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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
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 Status²⁰</u>
2015-001	The District relies on the external audit firm to assist in the preparation of the financial statements and all required disclosures in accordance with the modified cash basis of accounting principles.	The District believes their accounting staff maintains adequate books and records of the school's transactions and oversees all non audit functions. Additionally, the District does not believe it is cost beneficial to hire additional expertise to ensure the District's annual financial statements are prepared in accordance with the modified cash basis of accounting principles and all required disclosures. The District will continue to reevaluate on an ongoing basis.
2015-002	The District had a board member who failed to file an economic interest statement pursuant to the Illinois Government Ethics Act. [5 ILCS 420/4A-101].	This was still a finding in FY 2016
2015-003	After completing the audit, it was noted that the District overexpended its budgets in the Fire Prevention & Safety Fund, Transportation Fund, General Fund, Debt Service Fund, and IMRF/Social Security Fund.	In the current year, this was still a finding but only for the Debt Service Fund.
2015-004	The District did not submit accurate periodic expenditure reports.	The bookkeeper is checking these reports more carefully.
2015-005	The District reported expenditures in the wrong Function number in the general ledger for the grant.	The District changed the general ledger function code to ensure all is reported in the correct function number.
2015-006	The District reported an incorrect enrollment number for private schools participation on the grant application.	The District is checking the participation boxes more closely to ensure that the private school numbers are being reported correctly.

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.

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2016

Corrective Action Plan

Finding No.: 2016- 001

Condition:

The District relies on the external audit firm to assist in the preparation of the financial statements and all required disclosures in accordance with the modified cash basis of accounting principles.

Plan:

The District does not feel a corrective action plan is necessary because it would not be cost beneficial.

Anticipated Date of Completion: N/A

Name of Contact Person: Chris Norman, Director of Financial Services

Management Response:

The District believes their accounting staff maintains adequate books and records of the school's transactions and oversees all non audit functions. Additionally, the District does not believe it is cost beneficial to hire additional expertise to ensure the the District's annual financial statements are prepared in accordance with the modified cash basis of accounting principles and all required disclosures. The District will continue to reevaluate on an ongoing basis.

²¹ Explanation of this schedule - §200.511 (c)

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2016

Corrective Action Plan

Finding No.: **2016- 002**

Condition:

The District had a board member who failed to file an economic interest statement pursuant to the Illinois Government Ethics Act. [5 ILCS 420/4A-101].

Plan:

The District should better monitor the statement of economic interest filings to ensure that all required district employees file timely.

Anticipated Date of Completion: Going forward

Name of Contact Person: Chris Norman, Director of Financial Services

Management Response:

The District notified all staff and board members who were required to fill out an economic interest statement and provided reminders. The District will continue its efforts to make sure that all required personnel complete the statement.

²¹ Explanation of this schedule - §200.511 (c)

ALTON COMMUNITY UNIT SCHOOL DISTRICT #11
41-057-0110-26
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS²¹
Year Ending June 30, 2016

Corrective Action Plan

Finding No.: 2016- 003

Condition:

As of 6/30/16, it was noted that the District had overexpended its approved budget in the Debt Service Fund by \$8,977,337.

Plan:

The District should take care to budget for off the books debt activity as well.

Anticipated Date of Completion: going forward

Name of Contact Person: Chris Norman, Director of Financial Services

Management Response:

The District restructured some bonds in February 2016. As part of that restructure, some funds were handled through paper transactions and never touched a District bank account. As a result, the District did not budget revenue or expenditures for these funds. If the District undertakes a bond restructure in the future, it will account for all funds involved.

²¹ Explanation of this schedule - §200.511 (c)