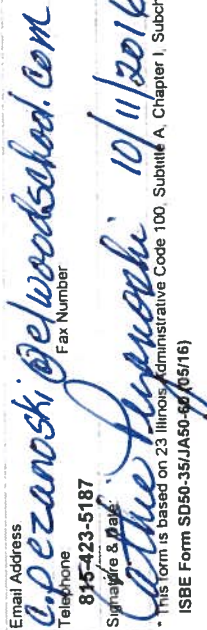


ILLINOIS STATE BOARD OF EDUCATION
 School Business Services Division
 100 North First Street, Springfield, Illinois 62777-0001
 217/785-8779

**Illinois School District/Joint Agreement
 Annual Financial Report ***
 June 30, 2016

Due to ROE on Friday, October 14th
 Due to ISBE on Tuesday, November 15th
 SD/JA16

School District
 Joint Agreement

<p>School District/Joint Agreement Information (See instructions on inside of this page)</p> <p>School District/Joint Agreement Number 56-099-2030-04</p> <p>County Name Willi</p> <p>Name of School District/Joint Agreement ELWOOD COMMUNITY CONSOLIDATED SCHOOL #203</p> <p>Address 409 NORTH CHICAGO STREET</p> <p>City ELWOOD</p> <p>Email Address</p> <p>Zip Code 60421</p>		<p>Accounting Basis:</p> <p><input checked="" type="checkbox"/> CASH <input type="checkbox"/> ACCRUAL</p> <p>Filing Status: Submit electronic AFR directly to ISBE</p> <p>Click on the Link to Submit: Send ISBE a File</p> <p>##</p>		<p>Certified Public Accountant Information</p> <p>Name of Auditing Firm GASSENSMITH & ASSOCIATES, LTD</p> <p>Name of Audit Manager JILL E GASSENSMITH</p> <p>Address 323 SPRINGFIELD AVE</p> <p>City JOLIET</p> <p>State IL</p> <p>Zip Code 60435</p> <p>Phone Number 815-744-6200</p> <p>Fax Number 815-744-3822</p> <p>IL License Number (9 digit) 060-001507</p> <p>Expiration Date 11/12017</p> <p>Email Address JILL.E.GASSENSMITH</p>	
<p>Annual Financial Report Type of Auditor's Report Issued</p> <p> <input checked="" type="checkbox"/> Qualified <input type="checkbox"/> Unqualified <input type="checkbox"/> Adverse <input type="checkbox"/> Disclaimer </p> <p><input type="checkbox"/> Reviewed by District Superintendent/Administrator</p>		<p>Single Audit Status:</p> <p> <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Are Federal expenditures greater than \$750,000? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Is all Single Audit Information completed and attached? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Were any financial statement or federal awards findings issued? </p> <p><input type="checkbox"/> Reviewed by Township Treasurer (Cook County only)</p>		<p>ISBE Use Only</p> <p><input type="checkbox"/> Reviewed by Regional Superintendent/Cook ISC</p>	
<p>District Superintendent/Administrator Name (Type or Print) CATHIE PEZANOSKI</p> <p>Email Address c.pezanoski@elwoodschool.com</p> <p>Telephone 815-423-5187</p> <p>Signature & Date  10/11/2016 </p>		<p>Township Treasurer Name (type or print)</p> <p>Email Address</p> <p>Telephone</p> <p>Signature & Date</p>		<p>Regional Superintendent/Cook (ISC Name (Type or Print))</p> <p>Email Address</p> <p>Telephone</p> <p>Signature & Date</p>	

This form is based on 23 Illinois Administrative Code, Subtitle A, Chapter I, Subchapter C, Part 100
 In some instances, use of open account codes (cells) may not be authorized by statute or administrative rule
 Each school district or joint agreement is responsible for obtaining the concurring legal opinion and/or other supporting authorization/documentation, as necessary, to use the applicable account code (cell)

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INSTRUCTIONS/REQUIREMENTS: For School Districts/Joint Agreements

All School Districts/Joint Agreements must complete this form (Note: joint agreement supplementary/statistical schedules may not be applicable)

Round all amounts to the nearest dollar. Do not enter cents. (Exception: 9 Month ADA on page 28, line 78)

This form complies with **Part 100 (Requirements for Accounting, Budgeting, Financial Reporting, and Auditing)**

23. Illinois Administrative Code 100, Subtitle A, Chapter I, Subchapter C (Part 100)

Any errors left unresolved by the **Audit Checklist/Balancing Schedule** must be explained in the itemization page

Submit AFR Electronically

- The Annual Financial Reports (AFR) must be submitted directly through the Attachment Manager to the AFR Group by the Auditor or School District designated personnel (Please see Instructions for complete submission procedures)

[Attachment Manager Link](#)

Note: CD/Disk no longer accepted.

- AFR supporting documentation must be embedded as Microsoft Word (.doc), Word Perfect (*.wpd) or Adobe (*.pdf) and inserted within tab "Opinions & Notes". These documents include: The Audit, Management letter, Opinion letters, Compliance letters, Financial notes etc.... For embedding instructions see "Opinions & Notes" tab of this form.

Note: Adobe Acrobat (*.pdf) files cannot be embedded if you do not have the software. Simply attach files as separate docs in the Attachment Manager and they will be embedded for you.

Submit Paper Copy of AFR with Signatures

- The auditor must send three paper copies of the AFR form (cover through page 8 at minimum) to the School District with the auditor signature.
Note: School Districts and Regional Superintendents may prefer a complete paper copy in lieu of an electronic file. Please comply with their requests as necessary.
- Upon receipt, the School District retains one copy for their records, signs, and forwards the remaining two copies to the Regional Superintendent's office no later than October 15, annually.
- Upon receipt, the Regional Superintendent's office retains one copy for their records, signs, and forwards the remaining paper copy to ISBE no later than November 15, annually.

- Yellow Book, CPE, and Peer Review requirements must be met if the Auditor issues an opinion stating "Governmental Auditing Standards" were utilized
[Single Audit Act](#)

Qualifications of Auditing Firm

- School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program, for the current peer review period.
- A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

AUDITOR'S QUESTIONNAIRE

INSTRUCTIONS: If your review and testing of State, Local, and Federal Programs revealed any of the following statements to be true, then check the box on the left, and attach the appropriate findings/comments.

PART A - FINDINGS

- 1. One or more school board members, administrators, certified school business officials, or other qualifying district employees failed to file economic interest statements pursuant to the *Illinois Government Ethics Act*. [5 ILCS 420/4A-101]
- 2. One or more custodians of funds failed to comply with the bonding requirements pursuant to *Sections 8-2, 10-20.19 or 19-6 of the School Code*. [105 ILCS 5/8-2; 10-20.19; 19-6]
- 3. One or more contracts were executed or purchases made contrary to the provisions of *Section 10-20.21 of the School Code*. [105 ILCS 5/10-20.21]
- 4. One or more violations of the Public Funds Deposit Act or the Public Funds Investment Act were noted. [30 ILCS 225/1 et. seq and 30 ILCS 235/1 et. seq.]
- 5. Restricted funds were commingled in the accounting records or used for other than the purpose for which they were restricted.
- 6. One or more short-term loans or short-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
- 7. One or more long-term loans or long-term debt instruments were executed in non-conformity with the applicable authorizing statute or without statutory Authority.
- 8. Corporate Personal Property Replacement Tax monies were deposited and/or used without first satisfying the lien imposed pursuant to the *State Revenue Sharing Act* [30 ILCS 115/12]
- 9. One or more interfund loans were made in non-conformity with the applicable authorizing statute or without statutory authorization.
- 10. One or more interfund loans were outstanding beyond the term provided by statute.
- 11. One or more permanent transfers were made in non-conformity with the applicable authorizing statute/regulation or without statutory/regulatory authorization.
- 12. Substantial or systematic misclassification of budgetary items such as, but not limited to, revenues, receipts, expenditures, disbursements or expenses were observed.
- 13. The Chart of Accounts used to define and control budget and accounting records does not conform to the minimum requirements imposed by ISBE rules pursuant to Sections 2-3.27 and 2-3.28 of the School Code. [105 ILCS 5/2-3.27, 2-3.28]
- 14. At least one of the following forms was filed with ISBE late: The FY15 AFR (ISBE FORM 50-35), FY15 Annual Statement of Affairs (ISBE Form 50-37) and FY16 Budget (ISBE FORM 50-36). Explain in the comments box below.
ISBE rules pursuant to Sections 3-15.1, 10-17, and 17-1 of the School Code [105 ILCS 5/3-15.1, 5/10-17, 5/17-1]

PART B - FINANCIAL DIFFICULTIES/CERTIFICATION Criteria pursuant to Section 1A-8 of the School Code [105 ILCS 5/1A-8]

- 15. The district has issued tax anticipation warrants or tax anticipation notes in anticipation of a second year's taxes when warrants or notes in anticipation of current year taxes are still outstanding, as authorized by Sections 17-16 or 34-23 thru 34-27 of the School Code. [105 ILCS 5/17-16 or 34-23 thru 34-27]
- 16. The district has issued short-term debt against two future revenue sources, such as, but not limited to, tax anticipation warrants and General State Aid certificates or tax anticipation warrants and revenue anticipation notes.
- 17. The district has issued school or teacher orders for wages as permitted in Sections 8-16, 32-7.2 and 34-76 of the School Code or issued funding bonds for this purpose pursuant to Section 19-8 of the School Code. [105 ILCS 5/8-6, 32-7.2, 34-76, and 19-8]
- 18. The district has for two consecutive years shown an excess of expenditures/other uses over revenues/other sources and beginning fund balances on its annual financial report for the aggregate totals of the Educational, Operations & Maintenance, Transportation, and Working Cash Funds.

PART C - OTHER ISSUES

- 19. Student Activity Funds, Imprest Funds, or other funds maintained by the district were excluded from the audit.
- 20. Findings, other than those listed in Part A (above), were reported (e.g. student activity fund findings).
- 21. Federal Stimulus Funds were not maintained and expended in accordance with the American Recovery and Reinvestment Act (ARRA) of 2009. If checked, an explanation must be provided.
- 22. Check this box if the district is subject to the Property Tax Extension Limitation Law. Effective Date: 1/1/1991 (Ex: 00/00/0000)
- 23. If the type of Auditor Report designated on the cover page is other than an unqualified opinion and is due to reason(s) other than solely Cash Basis Accounting, please check and explain the reason(s) in the box below.

PART D - EXPLANATION OF ACCOUNTING PRACTICES FOR LATE MANDATED CATEGORICAL PAYMENTS

(For School Districts who report on an Accrual/Modified Accrual Accounting Basis only)

School districts that report on the accrual/modified accrual basis of accounting must identify where late mandated categorical payments (Acct Codes 3100, 3105, 3110, 3500, and 3510) are recorded. Depending on the accounting procedure these amounts will be used to adjust the Direct Receipts/Revenues in calculation 1 and 2 of the Financial Profile Score. In FY2016, identify those late payments recorded as Intergovernmental Receivables, Other Receivables, or Deferred Revenue & Other Current Liabilities or Direct Receipts/Revenue Payments should only be listed once.

24. Enter the date that the district used to accrue mandated categorical payments

Date:

25. For the listed mandated categorical (Revenue Code (3110, 3500, 3510, 3100, 3105) that were vouchered prior to June 30th, but not released until after year end as reported in ISBE FRIS system, enter the amounts that were accrued in the chart below.

	3110	3500	3510	3100	3105	Total
Deferred Revenues (490)						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Direct Receipts/Revenue						
Mandated Categoricals Payments (3110, 3500, 3510, 3100, 3105)						0
Total						0

* Revenue Code (3110-Sp Ed Personnel, 3510-Sp Ed Transportation, 3500-Regular/Vocational Transportation, 3105-Sp Ed Funding for Children Requiring Services, 3100-Sp Ed Private Facilities)

PART E - QUALIFICATIONS OF AUDITING FIRM

* School District/Joint Agreement entities must verify the qualifications of the auditing firm by requesting the most current peer review report and the corresponding acceptance letter from the approved peer review program for the current peer review.

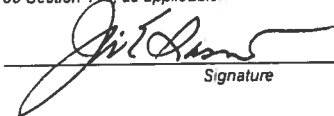
* A school district/joint agreement who engages with an auditing firm who is not licensed and qualified will be required to complete a new audit by a qualified auditing firm at the school district's/joint agreement's expense.

Comments Applicable to the Auditor's Questionnaire:

GASSESMITH & ASSOCIATES, LTD.

Name of Audit Firm (print)

The undersigned affirms that this audit was conducted by a qualified auditing firm and in accordance with the applicable standards (23 Illinois Administrative Code Part 100) and the scope of the audit conformed to the requirements of subsection (a) or (b) of 23 Illinois Administrative Code Part 100 Section 110, as applicable


Signature

8/19/2016
mm/dd/yyyy

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	FINANCIAL PROFILE INFORMATION												
2													
3	<i>Required to be completed for School Districts only.</i>												
4													
5	A. Tax Rates (Enter the tax rate - ex: 0150 for \$1.50)												
6													
7	Tax Year <u>2015</u>		Equalized Assessed Valuation (EAV):						88,304,130				
8													
9	Educational		Operations & Maintenance		Transportation		Combined Total		Working Cash				
10	Rate(s):	0.021298	+	0.003396	+	0.001428	=	0.026120	0.000291				
11													
12													
13	B. Results of Operations *												
14													
15	Receipts/Revenues		Disbursements/Expenditures		Excess/ (Deficiency)		Fund Balance						
16	3,844,178		4,391,025		(546,847)		4,473,331						
17	* The numbers shown are the sum of entries on Pages 7 & 8, lines 8, 17, 20, and 81 for the Educational, Operations & Maintenance, Transportation and Working Cash Funds.												
18													
19													
20	C. Short-Term Debt **												
21	CPPRT Notes		TAWs		TANs		TO/EMP. Orders		GSA Certificates				
22	0		0		0		0		0				
23	Other		Total										
24	0		0										
25	** The numbers shown are the sum of entries on page 25.												
26													
27													
28	D. Long-Term Debt												
29	Check the applicable box for long-term debt allowance by type of district												
30													
31	<input checked="" type="checkbox"/>	a. 6.9% for elementary and high school districts,						6,092,985					
32	<input type="checkbox"/>	b. 13.8% for unit districts.											
33													
34	Long-Term Debt Outstanding:												
35													
36	c. Long-Term Debt (Principal only)		Acct										
37	Outstanding		511		16,037								
38													
39													
40	E. Material Impact on Financial Position												
41	If applicable, check any of the following items that may have a material impact on the entity's financial position during future reporting periods.												
42	Attach sheets as needed explaining each item checked.												
43													
44	<input type="checkbox"/>	Pending Litigation											
45	<input type="checkbox"/>	Material Decrease in EAV											
46	<input type="checkbox"/>	Material Increase/Decrease in Enrollment											
47	<input type="checkbox"/>	Adverse Arbitration Ruling											
48	<input type="checkbox"/>	Passage of Referendum											
49	<input type="checkbox"/>	Taxes Filed Under Protest											
50	<input type="checkbox"/>	Decisions By Local Board of Review or Illinois Property Tax Appeal Board (PTAB)											
51	<input type="checkbox"/>	Other Ongoing Concerns (Describe & Itemize)											
52													
53	Comments:												
54													
55													
56													
57													
58													
59													
60													
61													

A	B	C	D	E	F	G	H	I	K	L	M	N	O	P	Q	R
1	ESTIMATED FINANCIAL PROFILE SUMMARY															
2	(Go to the following website for reference to the Financial Profile)															
3	www.isbe.net/sfms/p/profile.htm															
4																
5																
6																
7	District Name: ELWOOD COMMUNITYT CONSOLIDATED SCHOOL #203															
8	District Code: 56-099-2030-04															
9	County Name: Will															
10																
11	1. Fund Balance to Revenue Ratio:															
12	Total Sum of Fund Balance (P8, Cells C81, D81, F81 & I81)															
13	Total Sum of Direct Revenues (P7, Cell C8, D8, F8 & I8)															
14	Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)															
15	(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)															
16	2. Expenditures to Revenue Ratio:															
17	Total Sum of Direct Expenditures (P7, Cell C17, D17, F17, I17)															
18	Total Sum of Direct Revenues (P7, Cell C8, D8, F8, & I8)															
19	Less: Operating Debt Pledged to Other Funds (P8, Cell C54 thru D74)															
20	(Excluding C:D57, C:D61, C:D65, C:D69 and C:D73)															
21	Possible Adjustment:															
22																
23	3. Days Cash on Hand:															
24	Total Sum of Cash & Investments (P5, Cell C4, D4, F4, I4 & C5, D5, F5 & I5)															
25	Total Sum of Direct Expenditures (P7, Cell C17, D17, F17 & I17)															
26																
27	4. Percent of Short-Term Borrowing Maximum Remaining:															
28	Tax Anticipation Warrants Borrowed (P25, Cell F6-7 & F11)															
29	EAV x 85% x Combined Tax Rates (P3, Cell J7 and J10)															
30																
31	5. Percent of Long-Term Debt Margin Remaining:															
32	Long-Term Debt Outstanding (P3, Cell H37)															
33	Total Long-Term Debt Allowed (P3, Cell H31)															
34																
35																
36																
37																
38																
39																
40																
41																
42																

Estimated 2017 Financial Profile Designation: RECOGNITION

Total Profile Score: 3.65 *

* Total Profile Score may change based on data provided on the Financial Profile Information, page 3 and by the timing of mandated categorical payments. Final score will be calculated by ISBE.

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2016

A	B	C	D	E	F	G	H	I	J	K
ASSETS (Enter Whole Dollars)	Acct. #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort	(90) Fire Prevention & Safety
CURRENT ASSETS (100)										
1 Cash (Accounts 111 through 115)		2,347,770	1,280,389	80,816	46,045	73,581		54,397	185,374	
2 Investments	120	205,534	539,196							
3 Taxes Receivable	130									
4 Interfund Receivables	140									
5 Intergovernmental Accounts Receivable	150									
6 Other Receivables	160									
7 Inventory	170									
8 Prepaid Items	180									
9 Other Current Assets (Describe & Itemize)	190			80,816	46,045	73,581	0	54,397	185,374	0
10 Total Current Assets		2,553,304	1,819,585	80,816	46,045	73,581	0	54,397	185,374	0
CAPITAL ASSETS (200)										
11 Works of Art & Historical Treasures	210									
12 Land	220									
13 Building & Building Improvements	230									
14 Site Improvements & Infrastructure	240									
15 Capitalized Equipment	250									
16 Construction in Progress	260									
17 Amount Available in Debt Service Funds	340									
18 Amount to be Provided for Payment on Long-Term Debt	350									
19 Total Capital Assets										
CURRENT LIABILITIES (400)										
20 Interfund Payables	410									
21 Intergovernmental Accounts Payable	420									
22 Other Payables	430									
23 Contracts Payable	440									
24 Loans Payable	460									
25 Salaries & Benefits Payable	470									
26 Payroll Deductions & Withholdings	480									
27 Deferred Revenues & Other Current Liabilities	490									
28 Due to Activity Fund Organizations	493									
29 Total Current Liabilities		0	0	0	0	0	0	0	0	0
LONG-TERM LIABILITIES (500)										
30 Long-Term Debt Payable (General Obligation, Revenue, Other)	511									
31 Total Long-Term Liabilities										
32 Reserved Fund Balance	714									
33 Unreserved Fund Balance	730	2,553,304	1,819,585	80,816	46,045	73,581		54,397	185,374	
34 Investment in General Fixed Assets										
35 Total Liabilities and Fund Balance		2,553,304	1,819,585	80,816	46,045	73,581	0	54,397	185,374	0

BASIC FINANCIAL STATEMENTS
STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS
STATEMENT OF POSITION AS OF JUNE 30, 2016

1	A	B	L	M		N
				Account Groups	General Long-Term Debt	
2	ASSETS (Enter Whole Dollars)	Acct. #	Agency Fund	General Fixed Assets	General Long-Term Debt	
3	CURRENT ASSETS (400)		23,723			
4	Cash (Accounts 111 through 115) 1	120				
5	Investments	130				
6	Taxes Receivable	140				
7	Interfund Receivables	150				
8	Intergovernmental Accounts Receivable	160				
9	Other Receivables	170				
10	Inventory	180				
11	Prepaid Items	190				
12	Other Current Assets (Describe & Itemize)					
13	Total Current Assets		23,723			
14	CAPITAL ASSETS (200)					
15	Works of Art & Historical Treasures	210				
16	Land	220		9,425,927		
17	Building & Building Improvements	230				
18	Site Improvements & Infrastructure	240				
19	Capitalized Equipment	250		1,031,921		
20	Construction in Progress	260				
21	Construction in Progress	280				
22	Amount Available in Debt Service Funds	340			0	
23	Amount to be Provided for Payment on Long-Term Debt	350			16,037	
	Total Capital Assets			10,457,848	16,037	
24	CURRENT LIABILITIES (400)					
25	Interfund Payables	410				
26	Intergovernmental Accounts Payable	420				
27	Other Payables	430				
28	Contracts Payable	440				
29	Loans Payable	460				
30	Salaries & Benefits Payable	470				
31	Payroll Deductions & Withholdings	480				
32	Deferred Revenues & Other Current Liabilities	490				
33	Due to Activity Fund Organizations	493	23,723			
34	Total Current Liabilities		23,723			
35	LONG-TERM LIABILITIES (600)					
36	Long-Term Debt Payable (General Obligation, Revenue, Other)	511			16,037	
37	Total Long-Term Liabilities				16,037	
38	Reserved Fund Balance	714				
39	Unreserved Fund Balance	730				
40	Investment in General Fixed Assets			10,457,848		
41	Total Liabilities and Fund Balance		23,723	10,457,848	16,037	

BASIC FINANCIAL STATEMENT
STATEMENT OF REVENUES RECEIVED/REVENUES, EXPENDITURES/DISBURSED/EXPENDITURES, OTHER
SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS - FOR THE YEAR ENDING JUNE 30, 2016

	A	B	C	D	E	F	G	H	I	J	K
	Description (Enter Whole Dollars)	Acct #	(10) Educational	(20) Operations & Maintenance	(30) Debt Services	(40) Transportation	(50) Municipal Retirement/ Social Security	(60) Capital Projects	(70) Working Cash	(80) Tort	(90) Fire Prevention & Safety
1											
2											
46	PERMANENT TRANSFER TO VARIOUS OTHER FUNDS (\$100)										
47	Abolishment or Abatement of the Working Cash Fund ¹²	8110							0		
48	Transfer of Working Cash Fund Interest ¹²	8120							0		
49	Transfer Among Funds	8130									
50	Transfer of Interest	8140									
51	Transfer from Capital Project Fund to O&M Fund	8150						0			
52	Transfer of Excess Fire Prevention & Safety Tax & Interest Proceeds to O&M Fund ⁴	8160									0
53	Transfer of Excess Fire Prevention & Safety Bond and Interest Proceeds to Debt Service Fund ⁵	8170									0
54	Taxes Pledged to Pay Principal on Capital Leases	8410		5,113							
55	Grants/Reimbursements Pledged to Pay Principal on Capital Leases	8420									
56	Other Revenues Pledged to Pay Principal on Capital Leases	8430									
57	Fund Balance Transfers Pledged to Pay Principal on Capital Leases	8440									
58	Taxes Pledged to Pay Interest on Capital Leases	8510		495							
59	Grants/Reimbursements Pledged to Pay Interest on Capital Leases	8520									
60	Other Revenues Pledged to Pay Interest on Capital Leases	8530									
61	Fund Balance Transfers Pledged to Pay Interest on Capital Leases	8540									
62	Taxes Pledged to Pay Principal on Revenue Bonds	8610									
63	Grants/Reimbursements Pledged to Pay Principal on Revenue Bonds	8620									
64	Other Revenues Pledged to Pay Principal on Revenue Bonds	8630									
65	Fund Balance Transfers Pledged to Pay Principal on Revenue Bonds	8640									
66	Taxes Pledged to Pay Interest on Revenue Bonds	8710									
67	Grants/Reimbursements Pledged to Pay Interest on Revenue Bonds	8720									
68	Other Revenues Pledged to Pay Interest on Revenue Bonds	8730									
69	Fund Balance Transfers Pledged to Pay Interest on Revenue Bonds	8740									
70	Taxes Transferred to Pay for Capital Projects	8810									
71	Grants/Reimbursements Pledged to Pay for Capital Projects	8820									
72	Other Revenues Pledged to Pay for Capital Projects	8830									
73	Fund Balance Transfers Pledged to Pay for Capital Projects	8840									
74	Transfer to Debt Service Fund to Pay Principal on ISBE Loans	8910									
75	Other Uses Not Classified Elsewhere	8990									
76	Total Other Uses of Funds		0	5,608	5,608	0	0	0	0	0	0
77	Total Other Sources/Uses of Funds		0	(5,608)							
78	Excess of Receipts/Revenues and Other Sources of Funds (Over/Under) Expenditures/Disbursements and Other Uses of Funds		(402,986)	(68,915)	(182,471)	(106,694)	(26,043)	0	26,140	(71,962)	0
79	Fund Balances - July 1, 2015		2,956,290	1,888,500	263,287	152,739	99,624		28,257	257,336	
80	Other Changes in Fund Balances - Increases (Decreases)										
81	Fund Balances - June 30, 2016		2,553,304	1,819,585	80,816	46,045	73,581	0	54,387	185,374	0

A		B	C	D
REPORT ON SHARED SERVICES OR OUTSOURCING				
School Code, Section 17-1.1 (Public Act 97-100)				
Fiscal Year Ending June 30, 2016				
1	Complete the following for attempts to improve fiscal efficiency through shared services or outsourcing in the prior, current and next fiscal year:			
2	0			
3	0			
4				
5				
6				
7				
8	<input type="checkbox"/> Check if the schedule is not applicable.			
9	Indicate with an (X) if Deficit Reduction Plan is Required in the Budget	➔		
10	Service or Function (Check all that apply)			Barriers to implementation
11	Curriculum Planning			
12	Custodial Services			
13	Educational Shared Programs			
14	Employee Benefits			
15	Energy Purchasing			
16	Food Services			
17	Grant Writing			
18	Grounds Maintenance Services			
19	Insurance			
20	Investment Pools			
21	Legal Services			
22	Maintenance Services			
23	Personnel Recruitment			
24	Professional Development			
25	Shared Personnel	X		
26	Special Education Cooperatives		X	X
27	STEM (science, technology, engineering and math) Program Offerings			
28	Supply & Equipment Purchasing			
29	Technology Services			
30	Transportation			
31	Vocational Education Cooperatives			
32	All Other Joint/Cooperative Agreements			
33	Other			
34				
35	Additional space for Column (D) - Barriers to Implementation:			
36				
37				
38				
39				
40	Additional space for Column (E) - Name of LEA:			
41				
42				
43				

	E	F	G
1	SOURCING		
2	0357)		
3			
5	fiscal years.		
6			
7			
8	Name of the Local Education Agency (LEA) Participating in the Joint Agreement, Cooperative or Shared Service.		
9			
10	(Limit text to 280 characters, for additional space use line 33 and 38)		
11			
12			
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22			
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26	SOWIC (ten member districts)		
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43			

ILLINOIS STATE BOARD OF EDUCATION
 School Business Services Division (N-330)
 100 North First Street
 Springfield, IL 62777-0001

School District Name **ELWOOD COMMUNITY CONSOLIDATED**
 RCDT Number: **56-099-2030-04**

LIMITATION OF ADMINISTRATIVE COSTS WORKSHEET
 (Section 17-1.5 of the School Code)

Description	Funct. No.	Actual Expenditures, Fiscal Year 2016			Budgeted Expenditures, Fiscal Year 2017		
		(10) Educational Fund	(20) Operations & Maintenance Fund	Total	(10) Educational Fund	(20) Operations & Maintenance Fund	Total
1. Executive Administration Services	2320	201,183		201,183	210,411		210,411
2. Special Area Administration Services	2330	0		0			0
3. Other Support Services - School Administration	2490	0		0			0
4. Direction of Business Support Services	2510	0	0	0			0
5. Internal Services	2570	0		0			0
6. Direction of Central Support Services	2610	0		0			0
7. Deduct - Early Retirement or other pension obligations required by state law and included above.				0			0
8. Totals		201,183	0	201,183	210,411	0	210,411
9. Percent Increase (Decrease) for FY2017 (Budgeted) over FY2016 (Actual)							5%

CERTIFICATION

I certify that the amounts shown above as "Actual Expenditures, Fiscal Year 2016" agree with the amounts on the district's Annual Financial Report for Fiscal Year 2016. I also certify that the amounts shown above as "Budgeted Expenditures, Fiscal Year 2017" agree with the amounts on the budget adopted by the Board of Education.

Cathie Pezanaski
 Signature of Superintendent
 Contact Name

10/11/2016
 Date
815-423-5187
 Contact Telephone Number

If line 9 is greater than 5% please check one box below.

- The District is ranked by ISBE in the lowest 25th percentile of like districts in administrative expenditures per student (4th quartile) and will waive the limitation by board action, subsequent to a public hearing. Waiver resolution must be adopted no later than June 30.
- The district is unable to waive the limitation by board action and will be requesting a waiver from the General Assembly pursuant to the procedures in Chapter 105 ILCS 5/2-3.25g. Waiver applications must be postmarked by August 12, 2016 to ensure inclusion in the Fall 2016 report, postmarked by January 13, 2017 to ensure inclusion in the Spring 2017 report, or postmarked by August 11, 2017 to ensure inclusion in the Fall 2017 report. Information on the waiver process can be found at www.isbe.net/isbewaivers/default.htm
- The district will amend their budget to become in compliance with the limitation. Budget amendments must be adopted no later than June 30.



AICPA Peer Review Program
Administered in Illinois by the
Illinois CPA Society



Illinois Peer Review Program
Administered in Illinois by the
Illinois CPA Society



Iowa Peer Review Program
Administered in Illinois by the
Illinois CPA Society

October 12, 2015

Jill E Gassensmith
Gassensmith & Associates, Ltd
323 Springfield Ave Ste 1f
Joliet, IL 60435

Dear Ms. Gassensmith:

It is my pleasure to notify you that on October 9, 2015 the Illinois Peer Review Report Acceptance Committee accepted the report on the most recent system peer review of your firm. The due date for your next review is October 31, 2018. This is the date by which all review documents should be completed and submitted to the administering entity.

As you know, the report had a peer review rating of pass. The Committee asked me to convey its congratulations to the firm.

Sincerely,

Paul Pierson, CPA
Director, Professional Standards and Peer Review
piersonp@icpas.org 312 517-7610

cc: William R Moss

Firm Number: 10142486

Review Number 376052

Letter ID: 1027422A



PEER REVIEW PROGRAM

is proud to present this

Certificate of Recognition

to

Gassensmith & Associates, Ltd.

For having a system of quality control for its accounting and auditing practice in effect for the year ended April 30, 2015 which has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and which was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

A handwritten signature in cursive script, reading "Anita Ford", written over a horizontal line.

Anita Ford, Chair
AICPA Peer Review Board
2015

GASSENSMITH & ASSOCIATES, LTD.

CERTIFIED PUBLIC ACCOUNTANTS

323 SPRINGFIELD AVENUE JOLIET, ILLINOIS 60435

815-744-6200

FAX 815-744-3822

To the Board of Education
Elwood Community Consolidated
School District No. 203
Elwood, Illinois

Management Letter

In planning and performing our audit of the financial statements of the Elwood Community Consolidated School District No. 203, for the year ended June 30, 2016, we considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit we became aware of matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated August 19, 2016 on the financial statements of the Elwood Community Consolidated School District No. 203.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with personnel and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Very truly yours,



Gassensmith & Associates, Ltd
Certified Public Accountants

Joliet, Illinois
August 19, 2016

Finding: Expenditure exceed appropriations

The following funds of the District had expenditures that exceeded appropriations during the fiscal year:

	<u>Expenditures</u>	<u>Budget</u>	<u>Variance</u>
Education	3,584,499	3,537,331	(47,168)
Operations & Maintenance	468,109	462,130	(5,979)
Debt Services	354,958	349,350	(5,608)
Tort	77,269	75,936	(1,333)

Recommendation:

We recommend that the annual budget be periodically reviewed to ensure the budget properly reflects anticipated expenditures. The Budget should be amended if necessary.

Finding: Payment sales tax

During our examination of Student Activity Funds we noted the District was paying sales tax.

Recommendation:

We recommend the District work with activity fund administrators to correct the deficiencies identified. We recommend the District provide each administrator with a copy of the Joint Committee on Administrative Rules, Administrative Code, Title 23: Education and Cultural Resources, Section 100.80 Student Activity Funds, and encourage compliance with all aspects of the rules.

Finding: Stipend payments

During our examination of cash disbursements, we noted stipend payments to certified staff not included in payroll.

Recommendation:

We recommend the District work to correct the payments to include amounts paid as credible earnings related to TRS and issue IRS Form 1099 for payment made outside of payroll to certified staff.

Elwood Community Consolidated
School District No. 203

Annual Financial Report

Elwood, Illinois

June 30, 2016

ELWOOD COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 203
WILL COUNTY, ILLINOIS

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ELWOOD COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 203
WILL COUNTY, ILLINOIS

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ELWOOD COMMUNITY CONSOLIDATED
SCHOOL DISTRICT NO. 203
WILL COUNTY, ILLINOIS

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Independent Auditors' Report

To The Board of Education
Elwood Community Consolidated School District No 203
Elwood, Illinois

We have audited the accompanying basic financial statements of Elwood Community Consolidated School District No 203 (District), Joliet, Illinois, 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 financial reporting provisions of the Illinois State Board of Education. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal 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

To The Board of Education
Elwood Community Consolidated School District No. 203

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.

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

As described more fully in Note #1, the District has prepared these financial statements using accounting practices prescribed or permitted by the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America. Also, as described in Note #1, the District prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the District as of June 30, 2016, or changes in financial position for the fiscal year then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of the District as of June 30, 2016, its revenue received and expenditures disbursed during the fiscal year then ended, on the basis of accounting described in Note #1.

Other Reporting Required by Government Auditing Standards

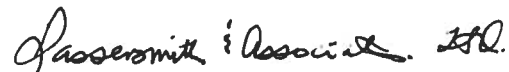
In accordance with Government Auditing Standards, we have also issued a report dated August 19, 2016, on our consideration of the District’s internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report

To The Board of Education
Elwood Community Consolidated School District No. 203

is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Matters

Our audit was made for the purpose of forming an opinion on the financial statements taken as whole. The information provided on pages 2 through 4, supplementary schedules on pages 23 through 26, statistical section on pages 27 through 29 and the itemization schedule on page 33, Schedule of Funding Progress relative to the Illinois Municipal Retirement Fund, and Schedules for Trust and Agency Funds are presented for the purposes of additional analysis and are not a required part of the financial statements of The District. Such information, except for the average daily attendance figure, included in the computation of operating expense per pupil on page 28 and per capita tuition charges on page 29, and the Other Information schedules relative to the Teachers Retirement System and the Illinois Municipal Retirement Fund, are the responsibility of management and has been derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as whole. The information on pages 28 – 29 is propagated from information in the audited financial statements, but we take no responsibility for the accuracy of those calculations. The Report on Shared Services or Outsourcing on page 31 contains unaudited information concerning prior, current, and future year expenditures which was provided by the District. The Administrative Cost Worksheet on page 32 contains unaudited information concerning the current year budget which was provided by the District. The actual expenditure information on this page is fairly stated in all material respects in relation to the financial statements taken as a whole. The average daily attendance figure, included in the computation of operating expense per pupil on page 28 and per capital tuition charges on page 29, and the Schedule of Funding Progress relative to the Illinois Municipal Retirement Fund, have not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on them. The Table of Contents references a Federal Compliance Section on Pages 37-46; this District was required to have a Single Audit and this section has been completed.



Gassensmith & Associates, Ltd.
Certified Public Accountants

August 19, 2016

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

To the Board of Education
Elwood Community Consolidated School
District No. 203
Elwood, 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 basic financial statements of Elwood Community Consolidated School District No. 203 (District) as of and for the year ended June 30, 2016, and have issued our report thereon dated August 19, 2016. Our opinion was adverse because the financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a

To the Board of Education
Elwood Community Consolidated School District No. 203

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.

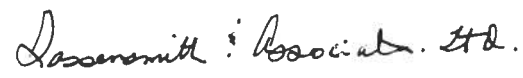
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did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

Compliance and Other Matters

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

Purpose of this Report

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


Gassensmith & Associates, Ltd.
Certified Public Accountants

August 19, 2016

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCES
 ARISING FROM CASH TRANSACTIONS - REGULATORY BASIS
 JUNE 30, 2016

	<u>Educational</u>	<u>Operations and Maintenance</u>	<u>Debt Services</u>	<u>Trans- portation</u>	<u>Municipal Retirement/ Social Security</u>
<u>Assets</u>					
Cash and Cash Equivalents	2,347,770	1,280,389	80,816	46,045	73,581
Investments	205,534	539,196	-	-	-
Buildings and Building Improvements	-	-	-	-	-
Capitalized Equipment	-	-	-	-	-
Amounts Available in Debt Service Funds	-	-	-	-	-
Amounts to be provided for Payment of Other Long Term Debt	-	-	-	-	-
Total Assets	<u>2,553,304</u>	<u>1,819,585</u>	<u>80,816</u>	<u>46,045</u>	<u>73,581</u>
<u>Liabilities and Fund Balances</u>					
<u>Liabilities</u>					
Due to Organizations	-	-	-	-	-
Other Long-term Liabilities	-	-	-	-	-
Total Liabilities	-	-	-	-	-
<u>Fund Balances:</u>					
Unreserved	2,553,304	1,819,585	80,816	46,045	73,581
Investments in General Fixed Assets	-	-	-	-	-
Total Fund Balances	<u>2,553,304</u>	<u>1,819,585</u>	<u>80,816</u>	<u>46,045</u>	<u>73,581</u>
Total Liabilities and Fund Balances	<u>2,553,304</u>	<u>1,819,585</u>	<u>80,816</u>	<u>46,045</u>	<u>73,581</u>

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

Statement 1

Working Cash	Tort	Trust and Agency Funds	General Fixed Assets	General Long Term Debt	Total (Memorandum Only)
54,397	185,374	23,723	-	-	4,092,095
-	-	-	-	-	744,730
-	-	-	9,425,927	-	9,425,927
-	-	-	1,031,921	-	1,031,921
-	-	-	-	-	-
-	-	-	-	16,037	16,037
<u>54,397</u>	<u>185,374</u>	<u>23,723</u>	<u>10,457,848</u>	<u>16,037</u>	<u>15,310,710</u>
-	-	23,723	-	-	23,723
-	-	-	-	16,037	16,037
-	-	<u>23,723</u>	-	<u>16,037</u>	<u>39,760</u>
54,397	185,374	-	-	-	4,813,102
-	-	-	10,457,848	-	10,457,848
<u>54,397</u>	<u>185,374</u>	-	<u>10,457,848</u>	-	<u>15,270,950</u>
<u>54,397</u>	<u>185,374</u>	<u>23,723</u>	<u>10,457,848</u>	<u>16,037</u>	<u>15,310,710</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

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

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Local Sources	2,047,193	404,802	166,879
State Sources	250,387	-	-
Federal Sources	883,933	-	-
Total Direct Receipts	3,181,513	404,802	166,879
Receipts for On-Behalf Payments	988,564	-	-
Total Revenue	4,170,077	404,802	166,879
Expenditures Disbursed:			
Instruction	2,181,931	-	-
Support Services	784,270	468,109	-
Payments to Other Districts & Gov. Units	618,298	-	-
Debt Service	-	-	354,958
Total Direct Expenditures	3,584,499	468,109	354,958
Disbursements for On-Behalf Payments	988,564	-	-
Total Expenditures	4,573,063	468,109	354,958
Excess (Deficiency) of Revenue Over Expenditures	(402,986)	(63,307)	(188,079)
Other Financing Sources:			
Transfer Among Funds		-	5,608
Other Financing (Uses):			
Transfer Among Funds	-	(5,608)	-
Total Other Financing Sources and (Uses)	-	(5,608)	5,608
Excess (Deficiency) of Revenue Over Expenditures and Other Financing Sources (Uses)	(402,986)	(68,915)	(182,471)
Beginning Fund Balance - July 1, 2015	2,956,290	1,888,500	263,287
Ending Fund Balance - June 30, 2016	2,553,304	1,819,585	80,816

Statement 2

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Total (Memorandum Only)</u>
116,458	69,739	26,140	5,307	2,836,518
115,265	-	-	-	365,652
-	-	-	-	883,933
<u>231,723</u>	<u>69,739</u>	<u>26,140</u>	<u>5,307</u>	<u>4,086,103</u>
-	-	-	-	988,564
<u>231,723</u>	<u>69,739</u>	<u>26,140</u>	<u>5,307</u>	<u>5,074,667</u>
-	36,225	-	-	2,218,156
338,417	59,557	-	77,269	1,727,622
-	-	-	-	618,298
-	-	-	-	354,958
<u>338,417</u>	<u>95,782</u>	<u>-</u>	<u>77,269</u>	<u>4,919,034</u>
-	-	-	-	988,564
<u>338,417</u>	<u>95,782</u>	<u>-</u>	<u>77,269</u>	<u>5,907,598</u>
(106,694)	(26,043)	26,140	(71,962)	(832,931)
-	-	-	-	5,608
-	-	-	-	(5,608)
-	-	-	-	-
(106,694)	(26,043)	26,140	(71,962)	(832,931)
<u>152,739</u>	<u>99,624</u>	<u>28,257</u>	<u>257,336</u>	<u>5,646,033</u>
<u>46,045</u>	<u>73,581</u>	<u>54,397</u>	<u>185,374</u>	<u>4,813,102</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Debt Services
Revenue Received:			
Receipts from Local Sources:			
Ad Valerom Taxes Levied			
General Levy	1,866,855	305,211	166,879
Tort Immunity Levy	-	-	-
Leasing Levy	-	-	-
Special Education Levy	35,086	-	-
Social Security/Medicare Only Levy	-	-	-
Payments In Lieu Of Taxes			
Corporate Personal Property Replacement Taxes	-	89,481	-
Tuition			
Regular Tuition From Pupils Or Parents (In State)	39,723	-	-
Summer School - Tuition From Pupils Or Parents (In State)	3,540	-	-
Earnings On Investments			
Interest On Investments	10,076	275	-
Gain Or Loss On Sale Of Investments	-	3,704	-
Food Service			
Sales To Pupils - Lunch	38,729	-	-
Sales To Pupils - A La Carte	5,063	-	-
Sales To Adults	444	-	-
District/School Activity Income			
Admissions - Athletic	15,730	-	-
Fees	1,948	-	-
Textbook Income			
Rentals - Regular Textbook	22,776	-	-
Other Revenue From Local Sources			
Rentals	-	785	-
Contributions And Donations From Private Sources	5,072	-	-
Refund Prior Years' Expenditures	2,151	-	-
Other Local Revenues	-	5,346	-
Total Revenue From Local Sources	<u>2,047,193</u>	<u>404,802</u>	<u>166,879</u>

The accompanying notes are an integral part of these financial statements

Statement 3

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Total (Memorandum Only)</u>
116,458	25,924	26,140	-	2,507,467
-	-	-	5,307	5,307
-	-	-	-	-
-	-	-	-	35,086
-	43,815	-	-	43,815
-	-	-	-	89,481
-	-	-	-	39,723
-	-	-	-	3,540
-	-	-	-	10,351
-	-	-	-	3,704
-	-	-	-	38,729
-	-	-	-	5,063
-	-	-	-	444
-	-	-	-	15,730
-	-	-	-	1,948
-	-	-	-	22,776
-	-	-	-	785
-	-	-	-	5,072
-	-	-	-	2,151
-	-	-	-	5,346
<u>116,458</u>	<u>69,739</u>	<u>26,140</u>	<u>5,307</u>	<u>2,836,518</u>

(Continued)

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF REVENUE RECEIVED - ALL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Educational	Operations and Maintenance	Debt Services
Revenue From State Sources			
Unrestricted Grants-In-Aid			
General State Aid - Sec. 18-8.05	196,333	-	-
Restricted Grants-In-Aid			
Special Education - Private Facility Tuition	515	-	-
Special Education - Funding for Children	48,358	-	-
Special Education - Personnel	4,051	-	-
Special Education - Summer School	53	-	-
State Free Lunch And Breakfast	327	-	-
Transportation - Regular/Vocational	-	-	-
Transportation - Special Education	-	-	-
Other Restricted Revenue From State Sources	750	-	-
Total Receipts From State Sources	<u>250,387</u>	<u>-</u>	<u>-</u>
Revenue From Federal Sources			
Unrestricted Grants-In-Aid Received Directly From Federal Government			
Federal Impact Aid	703,308	-	-
Restricted Grants-In-Aid Received From Federal Government Thru The State			
National School Lunch Program	46,078	-	-
Title I - Low Income	88,395	-	-
Federal - Special Education - Preschool Flow - Through	326	-	-
Federal - Special Education - IDEA - Flow Through / Low Incidence	1,754	-	-
Title II - Teacher Quality	10,332	-	-
Other Restricted Revenue From Federal Sources	33,740	-	-
Total Receipts From Federal Sources	<u>883,933</u>	<u>-</u>	<u>-</u>
Total Direct Receipts	<u>3,181,513</u>	<u>404,802</u>	<u>166,879</u>

The accompanying notes are an integral part of these financial statements

Statement 3

<u>Transportation</u>	<u>Municipal Retirement/ Social Security</u>	<u>Working Cash</u>	<u>Tort</u>	<u>Total (Memorandum Only)</u>
-	-	-	-	196,333
-	-	-	-	515
-	-	-	-	48,358
-	-	-	-	4,051
-	-	-	-	53
-	-	-	-	327
29,096	-	-	-	29,096
86,169	-	-	-	86,169
-	-	-	-	750
<u>115,265</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,652</u>
-	-	-	-	703,308
-	-	-	-	46,078
-	-	-	-	88,395
-	-	-	-	326
-	-	-	-	1,754
-	-	-	-	10,332
-	-	-	-	33,740
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>883,933</u>
<u>231,723</u>	<u>69,739</u>	<u>26,140</u>	<u>5,307</u>	<u>4,086,103</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Statement 4

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Instruction			
Regular Programs			
Salaries	1,597,495	1,572,889	(24,606)
Employee Benefits	290,672	286,500	(4,172)
Purchased Services	77,486	74,444	(3,042)
Supplies And Materials	103,713	119,500	15,787
Capital Outlay	33,657	35,000	1,343
Other Objects	1,592	2,300	708
Non-Capitalized Equipment	3,524	5,000	1,476
Total Regular Programs	<u>2,108,139</u>	<u>2,095,633</u>	<u>(12,506)</u>
Remedial and Suppl. Programs K-12			
Purchased Services	-	-	-
Total Remedial and Suppl. Programs K-12	<u>-</u>	<u>-</u>	<u>-</u>
Interscholastic Programs			
Salaries	24,660	24,720	60
Employee Benefits	-	-	-
Purchased Services	40,542	38,000	(2,542)
Supplies And Materials	4,965	8,000	3,035
Non-Capitalized Equipment	-	6,500	6,500
Total Interscholastic Programs	<u>70,167</u>	<u>77,220</u>	<u>7,053</u>
Summer School Programs			
Salaries	-	-	-
Employee Benefits	-	-	-
Purchased Services	3,625	400	(3,225)
Supplies And Materials	-	-	-
Capital Outlay	-	-	-
Total Summer School Programs	<u>3,625</u>	<u>400</u>	<u>(3,225)</u>
Total Instruction	<u>2,181,931</u>	<u>2,173,253</u>	<u>(8,678)</u>
Support Services - Pupils			
Health Services			
Salaries	43,595	42,199	(1,396)
Supplies And Materials	2,337	4,000	1,663
Total Health Services	<u>45,932</u>	<u>46,199</u>	<u>267</u>
Total Support Services - Pupils	<u>45,932</u>	<u>46,199</u>	<u>267</u>

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Support Services - Instructional Staff			
Improvement Of Instruction Services			
Salaries	52,792	52,596	(196)
Employee Benefits	4,650	14,073	9,423
Purchased Services	40,866	33,426	(7,440)
Supplies And Materials	12,763	13,348	585
Total Improvement Of Instruction Services	<u>111,071</u>	<u>113,443</u>	<u>2,372</u>
Educational Media Services			
Salaries	57,325	63,023	5,698
Employee Benefits	9,265	9,313	48
Supplies And Materials	6,634	7,000	366
Total Educational Media Services	<u>73,224</u>	<u>79,336</u>	<u>6,112</u>
Total Support Services - Instructional Staff	<u>184,295</u>	<u>192,779</u>	<u>8,484</u>
Support Services - General Administration			
Board Of Education Services			
Salaries	-	-	-
Purchased Services	29,467	30,339	872
Supplies And Materials	7,170	5,900	(1,270)
Other Objects	10,421	12,000	1,579
Total Board Of Education Services	<u>47,058</u>	<u>48,239</u>	<u>1,181</u>
Executive Administration Services			
Salaries	152,883	152,883	-
Employee Benefits	29,473	28,258	(1,215)
Purchased Services	8,545	8,000	(545)
Supplies And Materials	4,648	4,500	(148)
Other Objects	5,634	6,750	1,116
Total Executive Administration Services	<u>201,183</u>	<u>200,391</u>	<u>(792)</u>
Total Support Services - Gen Admin.	<u>248,241</u>	<u>248,630</u>	<u>389</u>

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
EDUCATIONAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Statement 4
(continued)

	Actual	Budget	Unexpended Budget
Expenditures Disbursed:			
Support Services - School Admin & Business			
Office Of The Principal Services			
Salaries	122,885	122,249	(636)
Employee Benefits	30,858	30,685	(173)
Purchased Services	59	500	441
Supplies And Materials	3,013	3,000	(13)
Other Objects	1,216	2,500	1,284
Total Office Of The Principal Services	<u>158,031</u>	<u>158,934</u>	<u>903</u>
Fiscal Services			
Salaries	52,866	54,885	2,019
Employee Benefits	11,793	18,151	6,358
Purchased Services	-	-	-
Supplies And Materials	-	-	-
Total Fiscal Services	<u>64,659</u>	<u>73,036</u>	<u>8,377</u>
Food Services			
Purchased Services	83,112	94,500	11,388
Total Food Services	<u>83,112</u>	<u>94,500</u>	<u>11,388</u>
Total Support Services - School Admin & Business	<u>147,771</u>	<u>167,536</u>	<u>19,765</u>
Total Support Services	<u>784,270</u>	<u>814,078</u>	<u>29,808</u>
Payments To Other Governments			
Payments For Special Education Programs			
Purchased Services	618,298	550,000	(68,298)
Total Payments To Other Governments	<u>618,298</u>	<u>550,000</u>	<u>(68,298)</u>
Total Disbursements	<u>3,584,499</u>	<u>3,537,331</u>	<u>(47,168)</u>

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Statement 5

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 OPERATIONS AND MAINTENANCE FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Operation and Maintenance of			
Plant Services:			
Salaries	138,317	127,329	(10,988)
Employee Benefits	9,265	9,301	36
Purchased Services	163,924	166,500	2,576
Supplies and Materials	121,591	114,000	(7,591)
Capital Outlay	29,931	40,000	10,069
Non-Capitalized Equipment	-	-	-
Other Objects	<u>5,081</u>	<u>5,000</u>	<u>(81)</u>
Total Operation and Maintenance of Plant Services:	<u>468,109</u>	<u>462,130</u>	<u>(5,979)</u>
Total Support Services - Business	<u>468,109</u>	<u>462,130</u>	<u>(5,979)</u>
Total Expenditures	<u><u>468,109</u></u>	<u><u>462,130</u></u>	<u><u>(5,979)</u></u>

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Statement 6

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 DEBT SERVICES FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Debt Services:			
Debt Service - Bond Interest	9,845	4,675	(5,170)
Debt Service - Bond Principal	<u>345,113</u>	<u>344,675</u>	<u>(438)</u>
Total Debt Services	<u>354,958</u>	<u>349,350</u>	<u>(5,608)</u>
Total Expenditures	<u><u>354,958</u></u>	<u><u>349,350</u></u>	<u><u>(5,608)</u></u>

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

EL WOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Statement 7

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 TRANSPORTATION FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Supporting Services:			
Support Services - Business			
Pupil Transportation Services:			
Salaries	-	-	-
Purchased Services	338,417	319,176	(19,241)
Supplies and Materials	-	-	-
Total Supporting Services	<u>338,417</u>	<u>319,176</u>	<u>(19,241)</u>
Total Expenditures	<u><u>338,417</u></u>	<u><u>319,176</u></u>	<u><u>(19,241)</u></u>

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

STATEMENT OF EXPENDITURES DISBURSED
(AND COMPARISON WITH BUDGET)
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Expenditures Disbursed:	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Instruction:			
Regular Programs:			
Employee Benefits	35,867	36,200	333
Interscholastic Programs:			
Employee Benefits	358	500	142
Total Instruction	<u>36,225</u>	<u>36,700</u>	<u>475</u>
Supporting Services:			
Support Services - Pupils			
Health Services:			
Employee Benefits	8,031	8,150	119
Total Support Services - Pupils	<u>8,031</u>	<u>8,150</u>	<u>119</u>
Support Services - Instructional Staff:			
Educational Media Services:			
Employee Benefits	11,075	12,200	1,125
Total Support Services - Instructional Staff	<u>11,075</u>	<u>12,200</u>	<u>1,125</u>
Support Services - General Administration:			
Executive Admin Services:			
Employee Benefits	1,938	1,900	(38)
Total Support Services - General Admin	<u>1,938</u>	<u>1,900</u>	<u>(38)</u>
Support Services - School Administration:			
Office of the Principal Services:			
Employee Benefits	7,070	6,900	(170)
Total Support Services - School Admin.	<u>7,070</u>	<u>6,900</u>	<u>(170)</u>
Support Services - Business			
Fiscal Services			
Employee Benefits	8,450	9,000	550
Operation and Maintenance of Plant Services:			
Employee Benefits	22,993	21,300	(1,693)
Total Support Services - Business	<u>31,443</u>	<u>30,300</u>	<u>(1,143)</u>
Total Supporting Services	<u>59,557</u>	<u>59,450</u>	<u>(107)</u>
Total Expenditures	<u>95,782</u>	<u>96,150</u>	<u>368</u>

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

STATEMENT OF EXPENDITURES DISBURSED
 (AND COMPARISON WITH BUDGET)
 TORT FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Unexpended Budget</u>
Expenditures Disbursed:			
Support Services:			
Workers' Compensation			
Purchased Services	62,925	62,936	11
Unemployment Insurance Payments			
Purchased Services	-	-	-
Insurance Payments (Regular or			
Self-Insured)			
Purchased Services	-	-	-
Risk Management or Claims			
Purchased Services	-	-	-
Legal Services			
Purchased Services	<u>14,344</u>	<u>13,000</u>	<u>(1,344)</u>
Total Support Services	<u>77,269</u>	<u>75,936</u>	<u>(1,333)</u>
Total Expenditures	<u><u>77,269</u></u>	<u><u>75,936</u></u>	<u><u>(1,333)</u></u>

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies:

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

A. Principles Used to Determine Scope of 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.

Component Units

The District has developed criteria to determine whether outside agencies with activities that benefit the citizens of the District, including joint agreements which serve pupils from numerous districts, should be included within its financial reporting entity. The criteria includes, 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.

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

B. Basis of Presentation - Fund Accounting:

The Annual Financial Report is a regulatory report prepared in accordance with the requirements of the Illinois State Board of Education and does not include the government-wide financial statements including the statement of net assets and the statement of activities required by accounting principles generally accepted in the United States of America.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation - Fund Accounting: (continued)

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received and expenditures disbursed. The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements.

These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following funds and account groups are used by the District:

Governmental Funds -

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund and the Operations and Maintenance Fund are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. The Special Education tax levy is included in these funds.

The Debt Services Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

The Transportation Fund and the Illinois Municipal Retirement/Social Security Fund, are used to account for cash received from specific sources (other than those accounted for in the Debt Service Fund, Capital Projects Funds or Fiduciary Funds) that are legally restricted to cash disbursements for specified purposes.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation - Fund Accounting: (continued)

Governmental Funds - (continued)

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Tort Fund accounts for financial resources to be used for the payment of insurance and tort related expenses.

The Fire Prevention and Safety Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Trust Funds).

Fiduciary Funds:

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

The Agency Funds include Student Activity Funds. They account for assets held by the District as an agent for the students, teachers and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

Governmental Funds - Measurement Focus:

The financial statements of all funds focus on the measurement of spending or “financial flow” and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included in their columns on the Statement of Assets and Other Debits, Liabilities and Fund Equity and Other Credits – Arising from Cash Transactions – All Funds and Account Groups. Their reported fund balance (net current assets) is considered a measure of “available spendable resources”. Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

B. Basis of Presentation - Fund Accounting: (continued)

General Fixed Assets and General Long-term Debt Account Group:

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. The District records purchases of property and equipment as expenditures of various funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes.

No depreciation has been provided on fixed assets in these financial statements. Current depreciation of \$254,834 has been utilized for the calculation of the per capita tuition charge and accumulated depreciation totaling \$3,014,991 has been reported on the Illinois Local Education Agency annual financial report (ISBE Form 50-35). Depreciation has been computed over the estimated useful lives of the assets using the straight-line method.

The estimated useful lives are as follows:

Buildings	50 years
Improvements	20 years
Transportation Equipment	5 years
Other Equipment	3 - 10 years

Long-term liabilities expected to be financed from Debt Service Funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

C. Basis of Accounting:

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

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

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

D. Budgets and Budgetary Accounting:

The budget for all Governmental Funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17.1 of the Illinois Compiled Statutes. The budget was passed on September 15, 2015, and amended on June 14, 2016.

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

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures disbursed and the means of financing them.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

D. Budgets and Budgetary Accounting: (continued)

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

E. Cash and Cash Equivalents:

Cash includes amounts in demand deposits and interest-bearing demand deposits and time deposit (savings) accounts. Cash equivalents include amounts in time deposits and other investments with original maturities of less than 90 days.

F. Investments:

Investments are stated at cost or amortized costs, which approximates market. The District, under 30 ILCS 235/2, may legally invest in all securities guaranteed by the full faith and credit of the United States, as well as interest-bearing savings accounts, certificates of deposit or time deposits constituting direct obligations of banks insured by FDIC. The District may also invest in short-term obligations of the Federal National Mortgage Association, the Public Treasurer's Investment Pool as well as all interest-bearing obligations of the State of Illinois.

G. Inventories:

Inventory consists of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #1 Summary of Significant Accounting Policies: (continued)

H. Total Memorandum Only:

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

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

Note #2 Property Taxes:

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2015 levy was passed by the Board on December 15, 2015. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The District receives significant distributions of tax receipts approximately one month after these due dates. The District received \$1,262,016 from the 2015 tax levy prior to June 30, 2016. The balance of taxes shown in these financial statements are from the 2015 and prior tax levies.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum Rate	Actual 2015 Rate	Actual 2014 Rate
Educational	3.5000	2.1298	2.1439
Operations & Maintenance	0.5500	0.3396	0.3598
Transportation	None	0.1428	0.1230
Bond and Interest	None	-	0.3974
Municipal Retirement	None	0.0289	0.0305
Social Security	None	0.0488	0.0516
Tort Immunity	None	0.0017	0.0108
Special Education	0.4000	0.0601	0.0186
Working Cash	0.0500	0.0291	0.0308
Total		<u>2.7808</u>	<u>3.1664</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 Fund Balance Reporting:

In a prior year, the District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints:

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

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 laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories –

1. Special Education

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

2. State Grants

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 Fund Balance Reporting: (continued)

B. Restricted Fund Balance: (continued)

3. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. At June 30, 2016, expenditures disbursed from federal grants exceeded revenues received for those specific purposes in the Educational Fund, resulting in no restricted fund balance.

4. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund.

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 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

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 \$234,506. This amount is shown as Unreserved in the Educational Fund.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 Fund Balance Reporting: (continued)

D. Assigned Fund Balance:

The assigned fund balance classification refers to amounts that are constrained by the governments' intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the financial committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes.

At June 30, 2016, there were no assigned fund balances.

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 Funds. Unassigned Fund Balance amounts are shown in the financial statements as Unreserved Fund Balances in the Educational, Operations and Maintenance, Transportation and Working Cash Funds.

F. Regulatory - Fund Balance Definitions:

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

G. 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.

H. Reconciliation of Fund Balance Reporting:

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #3 Fund Balance Reporting: (continued)

H. Reconciliation of Fund Balance Reporting (continued):

Fund	Generally Accepted Accounting Principles					Regulatory Basis	
	<u>Nonspend- able</u>	<u>Restricted</u>	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Financial Statements - Reserved</u>	<u>Financial Statements - Unreserved</u>
Educational	-	-	234,506	-	2,318,798	-	2,553,304
Operations & Maintenance	-	-	-	-	1,819,585	-	1,819,585
Debt Service	-	80,816	-	-	-	-	80,816
Transportation	-	-	-	-	46,045	-	46,045
Municipal	-	-	-	-	-	-	-
Retirement	-	73,581	-	-	-	-	73,581
Working Cash	-	-	-	-	54,397	-	54,397
Tort Liability	-	185,374	-	-	-	-	185,374

Note #4 Deposits and Investments:

Common Bank Account

Separate bank accounts are not maintained for all District funds; instead, the individual funds maintain their cash balances in a common checking account, with accounting records being maintained to show the portion of the common account balance attributable to each participating fund. Occasionally certain funds participating in the common bank accounts will incur overdrafts (deficits) in the account. The overdrafts result from expenditures that have been approved by the Board of Education.

Deposits

At June 30, 2016, the carrying amount of the District's deposits with financial institutions, consisted of checking, certificates of deposit, and money market accounts which were carried at cost, was \$4,836,695 (includes activity funds of \$23,723) and the bank balance was \$4,775,445. (includes activity funds of \$23,771). Additionally, the District had cash on hand of \$100. As of June 30, 2016, all of the District's bank balance was fully insured or collateralized.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #4 Deposits and Investments: (continued)

Investments

Credit Risk-The District is allowed to invest in securities as authorized by Section 2 and 6 of the Public Funds Investment Act (30 ILCS 235); and 105 ILCS 5/8-7 of the School Code. The District maintains investments in the Illinois School District Liquid Asset Fund Plus (ISDLAF Plus). Shares in the ISDLAF Plus represent investments in an external investment pool that is regulated by the State of Illinois; the fair value of the position in the pool is the same as the value of the pool shares.

Custodial Credit Risk-For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016, all of the bank balances are insured or collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.

Interest Rate Risk-The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The following schedule reports the fair value and maturities (using the segmented time distribution method) for the District's investments at June 30, 2016, the percent of each investment type to the total, and credit ratings for the District's investment in debt securities as described by Standard & Poor's rating agency.

<u>Investment Description</u>	<u>Carrying Value 6/30/2016</u>	<u>Investment Maturities Less Than One Year</u>	<u>Percent Of Total Investments</u>	<u>Credit Ratings</u>
ISDLAF+	\$ 30	30	100%	AAAm
Total	\$ 30	30	100%	

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #4 Deposits and Investments: (continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2016:

- ISDLAF+ of \$30 are valued using quoted market prices (Level 1 inputs)

A reconciliation of the District's cash and investments balances as reported on the Statement of Assets, Liabilities, and Fund Balances- Arising from Cash Transactions and the deposits and investments presented in this note is as follows:

Carrying Amount of Cash Per Note Above	\$ 4,836,695
Cash on Hand Per Note Above	100
Investments Per Note Above	<u>30</u>
Total	<u>\$ 4,836,825</u>
Cash and Cash Equivalents Per Financial Statements	\$ 4,092,095
Investments Per Financial Statements	<u>744,730</u>
Total	<u>\$ 4,836,825</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #5 Changes in General Fixed Assets:

A summary of changes in general fixed assets follows:

	Balance <u>7/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2016</u>
Non-depreciable fixed assets:				
Land	-	-	-	-
Depreciable fixed assets:				
Buildings	9,141,877	-	-	9,141,877
Improvements	248,511	35,539	-	284,050
Equipment	<u>1,025,720</u>	<u>6,201</u>	-	<u>1,031,921</u>
Total Fixed Assets	10,416,108	41,740	-	10,457,848
Accumulated Depreciation:				
Buildings	2,032,047	183,137	-	2,215,184
Improvements	81,194	10,553	-	91,747
Equipment	<u>647,777</u>	<u>60,283</u>	-	<u>708,060</u>
Total Accumulated Depreciation	<u>2,233,608</u>	<u>253,973</u>	-	<u>3,014,991</u>
Fixed Assets, Net	<u>8,182,500</u>	<u>(212,233)</u>	-	<u>7,442,857</u>

Note #6 Lease:

The District has entered into various operating lease agreements for copier equipment. The District paid \$21,139 in operating lease payments during fiscal year 2016. At June 30, 2016 the annual cash flow requirements of these lease obligations are as follows:

Fiscal Year <u>Ended</u>	<u>Amount</u>
6/30/17	\$15,223
6/30/18	7659
6/30/19	7,659
6/30/20	<u>4,973</u>
Total	<u>\$54,227</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #7 Retirement Fund Commitments:

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

General Information about the Pension Plan

Plan description

The school 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 nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

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

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.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Benefits provided (continued)

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

Essentially all Tier I retirees receive an annual 3 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.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (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 employer were based on the state's proportionate share of the collective NPL associated with the employer, and the employer recognized revenue and expenditures of \$968,856 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 \$11,666, 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 \$4,876 were paid from federal and special trust funds that required employer contributions of \$1,758. These contributions are deferred because they were paid after the June 30, 2015 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO under the current program contribution is 146.5 percent and applies when the member is age 55 at retirement. For the year ending June 30, 2016, the district paid \$0 to TRS for employer ERO contributions

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Employer retirement cost contributions (continued)

The employer 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 \$3,667 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.

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

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

Employer's proportionate share of the net pension liability	330,688
State's proportionate share of the net pension liability associated with the employer	<u>11,825,643</u>
Total	<u><u>12,156,331</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 employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2015, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2015, the employer's proportion was .000504 percent, which was an increase (decrease) of .00002 from its proportion measured as of June 30, 2014.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

For the year ended June 30, 2016, the employer recognized pension expense of \$27,778 and revenue of \$0 for support provided by the state. At June 30, 2016, the employer reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	123	362
Net difference between projected and actual earnings on pension plan investments	6,549	11,580
Changes of assumptions	4,573	-
Changes in proportion and differences between employer contributions and proportionate share of	11,283	16,688
Employer contributions subsequent to the	<u>13,424</u>	<u>-</u>
Total	<u>35,952</u>	<u>28,630</u>

\$13,424 reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2017	(3,590)
2018	(3,590)
2019	(3,590)
2020	4,667

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

Actuarial assumptions

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

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

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

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

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (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 was a change from the June 30, 2014 rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

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

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

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

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

	1% Decrease (6.47%)	Current Discount Rate (7.47%)	1% Increase (8.47%)
Employer's proportionate share of the net pension liability	\$408,649	\$ 330,688	\$266,758

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. THIS 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.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

B. THIS Fund: (continued)

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

The percentage of employer required contributions in the future will not exceed 105 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 \$19,708, 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 THIS Fund. The employer THIS Fund contribution was 0.8 percent during the year ended June 30, 2016. For the year ended June 30, 2016, the district paid \$14,735 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."

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund:

IMRF Plan Description

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

Benefits Provided

IMRF has three benefit plans. The vast majority of IMRF members participate in the Regular Plan (RP). The Sheriff's Law Enforcement Personnel (SLEP) plan is for sheriffs, deputy sheriffs, and selected police chiefs. Counties could adopt the Elected County Official (ECO) plan for officials elected prior to August 8, 2011 (the ECO plan was closed to new participants after that date).

All three IMRF benefit plans have two tiers. Employees hired before January 1, 2011, are eligible for Tier 1 benefits. Tier 1 employees are vested for pension benefits when they have at least eight years of qualifying service credit. Tier 1 employees who retire at age 55 (at reduced benefits) or after age 60 (at full benefits) with eight years of service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to 1-2/3% of the final rate of earnings for the first 15 years of service credit, plus 2% for each year of service credit after 15 years to a maximum of 75% of their final rate of earnings. Final rate of earnings 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.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

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 June 30, 2016, the following employees were covered by the benefit terms:

Number of	
Retirees and Beneficiaries	11
Inactive, Non-Retired Members	31
Active Members	13
Total	<u>55</u>
Covered Valuation Payroll	\$ 339,107

Contributions

As set by statute, the District's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar year 2015 was

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

11.88%. For the fiscal year ended 2015, the District contributed \$40,285 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The District's net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2015:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.75%.
- **Salary Increases** were expected to be 3.75% to 14.50%, including inflation.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Actuarial Assumptions (continued)

- The IMRF-specific rates for **Mortality** (for non-disabled retirees) were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.
- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.
- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.
- The **long-term expected rate of return** on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Portfolio Target Percentage</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	38%	7.60%
International Equity	17%	7.80%
Fixed Income	27%	3.00%
Real Estate	8%	6.15%
Alternative Investments	9%	5.25-8.50%
Cash Equivalents	<u>1%</u>	2.25%
Total	100%	

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

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 3.56%, and the resulting single discount rate is 7.49%.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Balances at December 31, 2014	985,870	806,078	179,792
Changes for the year:			-
Service Cost	35,446	-	35,446
Interest on the Total Pension Liability	73,597	-	73,597
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual			
Experience of the Total Pension Liability	4,126	-	4,126
Changes of Assumptions	1,441	-	1,441
Contributions - Employer	-	40,285	(40,285)
Contributions - Employees	-	15,260	(15,260)
Net Investment Income	-	4,071	(4,071)
Benefit Payments, including Refunds of Employee Contributions	(39,346)	(39,346)	-
Other (Net Transfer)	-	8,835	(8,835)
Net Changes	<u>75,264</u>	<u>29,105</u>	<u>46,159</u>
Balances at December 31, 2015	<u>1,061,134</u>	<u>835,183</u>	<u>225,951</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.5%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net Pension Liability/(Asset)	383,056	225,951	97,652

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

For the year ended June 30, 2016, the District incurred pension expense of \$192,261. At June 30, 2016, the District reported deferred outflows or 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	13,352	-
Changes of assumptions	12,189	-
Net difference between projected and actual earnings on pension plan investments	<u>52,271</u>	<u>-</u>
Total	<u><u>77,812</u></u>	<u><u>-</u></u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #7 Retirement Fund Commitments: (continued)

C. Illinois Municipal Retirement Fund (continued)

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

Year ended December 31:

2016	\$ 37,608
2017	15,137
2018	13,603
2019	11,464
2020	-

Note #8 Long-Term Debt:

As of June 30, 2016, the District has paid in full all long-term debt. The long-term debt consists of the following:

Bonded indebtedness –

Bonded indebtedness is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are payable solely from future revenues of the Bond and Interest Fund which consists principally of property taxes collected by the District and interest earnings.

The following is a schedule of changes in general obligation bonds payable for the year ended June 30, 2016:

	Balance July 1, <u>2015</u>	<u>Proceeds</u>	<u>Decreases</u>	Balance June 30, <u>2016</u>
General Obligation Bonds:				
Series 2010 Refund 2000	<u>340,000</u>	<u>-</u>	<u>340,000</u>	<u>-</u>
Total	<u>340,000</u>	<u>-</u>	<u>340,000</u>	<u>-</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #8 Long-Term Debt: (continued)

In addition, the District has entered into a \$21,150 capital lease agreement for computer equipment with John Deere Financial. Payments are expected to be made from the Debt Service Fund through transfers from the Educational Fund. The capital lease matures in fiscal 2019.

At June 30, 2016, the annual cash flow requirements of this lease obligation are as follows:

Year Ending	Principal	Interest	Total
<u>June 30</u>			
2017	5,176	432	5,608
2018	5,353	255	5,608
2019	<u>5,508</u>	<u>101</u>	<u>5,609</u>
	<u>16,037</u>	<u>788</u>	<u>16,825</u>

Under Section 5/19-1 of the Illinois School Code, the District is allowed to incur qualifying debt up to 6.9% of its latest equalized assessed value. As of June 30, 2016, the District's legal debt limit was \$6,092,985. Qualifying outstanding debt as of June 30, 2016 totaled \$16,037, leaving a debt margin of \$6,076,948.

Note #9 Tax Anticipation Warrants

There were no tax anticipation warrants issued, retired or outstanding during the fiscal year ended June 30, 2016.

Note #10 Interfund Loans and Transfers:

The Operations and Maintenance Fund transferred \$5,608 to the Debt Service Fund to make payments of principal and interest on the capital leases.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #11 Disbursements in Excess of Budget:

As of June 30, 2016, individual fund expenditures exceeded appropriations in the following funds:

	<u>Expenditures</u>	<u>Budget</u>	<u>Variance</u>
Educational	3,584,499	3,537,331	(47,168)
Operations and Management	468,109	462,130	(5,979)
Debt Service	354,958	349,350	(5,608)
Tort	77,269	75,936	(1,333)

Note #12 Self-Insurance Plan:

All employees of the District are covered under the State of Illinois Unemployment Insurance Act. The District elected to be self-insured and therefore is liable to the State for any payments made to an unemployed worker claiming benefits. During the current year the District incurred no payments for unemployment claims.

Note #13 Commitments and Contingencies:

Litigation

From time to time, the District is involved in legal and administrative proceedings with respect to employment, civil rights, property tax protests and other matters. Although the District is unable to predict the outcome of these matters, the District believes that the final outcome of any actions will not have a material adverse effect on the results of operations or the financial position of the District.

Grant Programs

The District has received funding from state and federal grants in the current and prior years which are subject to audits by the granting agencies. The School Board believes any adjustments that may arise from these audits will be insignificant to District operations.

Note #14 Compensated Absences - Vacation and Sick Leave:

Non-certified employees of the District are entitled to paid vacation, paid sick days and personal days off, depending on job classification, length of service and other factors. The District's policy is to recognize the costs of compensated absences when actually paid to employees in accordance with the cash basis.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

Note #15 Risk Management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. During the year ended June 30, 2016, there were no significant reductions in coverage. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note #16 Joint Venture - Southern Will County Cooperative for Special Education (SOWIC):

The Southern Will County Cooperative for Special Education is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the ten member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. Financial information can be obtained by writing to Southern Will County Cooperative for Special Education, 1205 North Larkin Ave, Joliet, IL 60435.

Note #17 Other Postemployment Benefits

The District is legally required to provide postemployment healthcare benefits to former employees and retirees. Former employees, who are not retirees, are provided healthcare benefits mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). Former employees, who are qualified under COBRA, may apply for coverage by the District's health plan. The cost is 100% funded on a monthly pay-as-you-go basis by the former employee based upon the actual cost of the health plan for the chosen level of coverage.

Illinois Statutes mandate that a municipal government must offer its retirees a health insurance plan equivalent to that offered to active employees. Illinois statutes enable a government to make the health plan benefits supplemental to Medicare and to offer these supplemental benefits at a different retiree contribution rate than regular benefits provided by the group plan. State statutes do not presently require the government to pay any portion of the cost of the plan for retired employees. Retired employees covered under the District's plan are required to pay 100% of the cost of their insurance based on the rates paid by the District. Retired employees must be covered

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2016

Note #17 Other Postemployment Benefits (continued)

under the District's health insurance plan at the time of retirement to receive this benefit and must continue coverage with the District's plan to maintain this benefit. Although the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, based on historical turnover rates, number of active employees, age of active employees and participation rate, management of the District does not consider the effects of implementing Governmental Accounting Standards board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and calculating the actuarial determined liability to be material to the June 30, 2016 financial statements.

Other Information

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

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

Teachers' Retirement System of the State of Illinois

JUNE 30, 2016

Employer's proportion of the net pension liability	0.05050%
Employer's proportionate share of the net pension liability	\$ 330,688
State's proportionate share of the net pension liability associated with the employer	<u>11,825,643</u>
Total	<u>\$ 12,156,331</u>
Employer's covered-employee payroll	\$ 1,841,848
Employer's proportionate share of the net pension liability as a percentage of its covered-employee payroll	18.0%
Plan fiduciary net position as a percentage of the total pension liability	41.5%

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS

Teachers' Retirement System of the State of Illinois

Fiscal Year 2015

Contractually-required contribution	11,666
Contributions in relation to the contractually-required contributions	<u>(11,666)</u>
Contribution deficiency (excess)	<u>-</u>
Employer's covered-employee payroll	1,841,848
Contributions as a percentage of covered-employee payroll	0.63%

Notes to Other Information

Changes of assumptions

Amounts reported in 2014 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 a salary increase assumption of 5.75 percent. In 2013, assumptions used were an investment rate of return of 8.0 percent, an inflation rate of 3.25 percent and real return of 4.75 percent, and salary increases of 6.00 percent. However, the total pension liability at the beginning and end of the year was calculated using the same assumptions, so the difference due to actuarial assumptions was not calculated or allocated.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203
WILL COUNTY, ILLINOIS
SCHEDULES OF OTHER INFORMATION
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS - IMRF

Calendar year ending December 31,	Last 10 Calendar Years									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
(schedule to be built prospectively from 2014)										
Total Pension Liability										
Service Cost	35446	29,750								
Interest on the Total Pension Liability	73597	63,383								
Benefit Changes	0									
Difference between Expected and Actual Experience	4126	38,978								
Assumption Changes	1441	40,972								
Benefit Payments and Refunds	<u>(39,346)</u>	<u>(37,149)</u>								
Net Change in Total Pension Liability	75,264	135,934								
Total Pension Liability - Beginning	985,870	849,936								
Total Pension Liability - Ending (a)	<u>1,061,134</u>	<u>985,870</u>								
Plan Fiduciary Net Position										
Employer Contributions	40,285	36,748								
Employee Contributions	15,260	14,026								
Pension Plan Net Investment Income	4,071	45,621								
Benefit payments and Refunds	<u>(39,346)</u>	<u>(37,149)</u>								
Other	8,835	5,757								
Net Change in Plan Fiduciary Net Position	29,105	65,003								
Plan Fiduciary Net Position - Beginning	806,078	741,075								
Plan Fiduciary Net Position - Ending (b)	<u>835,183</u>	<u>806,078</u>								
Net Pension Liability (Asset) - Ending (a) - (b)	225,951	179,792								
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.71%	81.76%								
Current Valuation Payroll	339,107	312,501								
Net Pension Liability as a Percentage of Covered Valuation Payroll	66.63%	57.53%								

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

MULTIYEAR SCHEDULE OF CONTRIBUTIONS - IMRF

LAST 10 CALENDAR YEARS

<u>Calendar Year Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution as a % of Covered Valuation Payroll</u>
2014	38,656	36,748	1,908	312,501	11.76%
2015	40,286	40,285	1	312,501	12.89%

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

NOTES TO SCHEDULE OF CONTRIBUTIONS - IMRF

SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE 2014 CONTRIBUTION RATE*

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 2014 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): 29-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 24 years for most employers (two employers were financed over 33 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	
Mortality	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. RP-2000 Combined Healthy Mortality Table, adjusted for mortality improvements to 2020 using projection scale AA. For men 120% of the table rates were used. For women 92% of the table rates were used. For disabled lives, the mortality rates are the rates applicable to non-disabled lives set forward 10 years.

Other Information

Notes There were no benefit changes during the year.

*Based on Valuation Assumptions used in the December 31, 2012 actuarial valuation.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

SCHEDULE OF TAXES EXTENDED AND COLLECTED
 JUNE 30, 2016

	<u>Educational Levy</u>	<u>Special Education Levy</u>	<u>Tort Immunity Levy</u>	<u>Operations & Maintenance Levy</u>
<u>2014 Levy</u>				
Assessed Valuation	87,923,197			
Tax Rate per \$100	<u>2.0916</u>	<u>0.0188</u>	<u>0.0108</u>	<u>0.3577</u>
Taxes Extended	1,884,985	16,354	9,496	316,348
Taxes Collected	<u>1,882,499</u>	<u>16,333</u>	<u>9,483</u>	<u>315,930</u>
 <u>2015 Levy</u>				
Assessed Valuation	88,304,130			
Tax Rate per \$100	<u>2.1298</u>	<u>0.0601</u>	<u>0.0017</u>	<u>0.3396</u>
Taxes Extended	1,880,701	53,071	1,501	299,881
Advance Taxes Received Prior to June 30, 2016	<u>966,571</u>	<u>27,275</u>	<u>772</u>	<u>154,121</u>
Taxes Receivable	<u>914,130</u>	<u>25,796</u>	<u>729</u>	<u>145,760</u>

<u>Bond and Interest Levy</u>	<u>Trans- portation Levy</u>	<u>Municipal Retirement Levy</u>	<u>Social Security Levy</u>	<u>Working Cash Levy</u>	<u>Total All Levies</u>
<u>0.3606</u>	<u>0.1245</u>	<u>0.0309</u>	<u>0.0523</u>	<u>0.0312</u>	<u>3.0784</u>
349,407	108,145	26,817	45,368	27,080	2,784,000
<u>348,945</u>	<u>108,003</u>	<u>26,781</u>	<u>45,308</u>	<u>27,044</u>	<u>2,780,326</u>
<u>-</u>	<u>0.1428</u>	<u>0.0289</u>	<u>0.0488</u>	<u>0.0291</u>	<u>2.7808</u>
-	126,098	25,520	43,092	25,697	2,455,561
<u>-</u>	<u>64,807</u>	<u>13,116</u>	<u>22,147</u>	<u>13,207</u>	<u>1,262,016</u>
<u>-</u>	<u>61,291</u>	<u>12,404</u>	<u>20,945</u>	<u>12,490</u>	<u>1,193,545</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2016

Assessed Valuation as of January 1, 2015	88,304,130
Debt Limitation Percentage	6.9%
Debt Limitation	<u>6,092,985</u>
Total Bonded Indebtedness Subject to Debt Limitation Provisions	-
Other Indebtedness Subject to Debt Limitation Provisions Leases	<u>16,037</u>
Total Indebtedness Subject to Debt Limitation Provisions	<u>16,037</u>
Legal Debt Margin	<u><u>6,076,948</u></u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF ASSETS, LIABILITIES
AND FUND BALANCE -
TRUST AND AGENCY FUND
JUNE 30, 2016

	<u>TRUST AND AGENCY</u>
<u>ASSETS</u>	
Cash	<u>23,723</u>
<u>LIABILITIES</u>	
Due to Organizations	23,723
Fund Balance - Unreserved	<u>-</u>
Total Liabilities and Fund Equity	<u>23,723</u>

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

STATEMENT OF REVENUES RECEIVED, EXPENDITURES
DISBURSED - TRUST AND AGENCY FUND
JUNE 30, 2016

STUDENT ACTIVITY ACCOUNTS

<u>ACCOUNT</u>	<u>CASH BALANCE JULY 1, 2015</u>	<u>REVENUES</u>	<u>EXPEND- ITURES</u>	<u>CASH BALANCE JUNE 30, 2016</u>
Student Council	3,100	4,386	1,470	6,016
Athletic Boosters	2,544	2,462	1,852	3,154
J. Monti 4th Grade	549	38	-	587
Principal Account	338	548	617	269
Outdoor Ed	1,577	1,822	1,297	2,102
Springfield	849	36,299	37,025	123
Yearbook	5,800	1,062	1,169	5,693
Cap Gown	-	1,003	965	38
Market Days	158	11,881	12,039	-
Krop Camps	3,348	2,334	3,223	2,459
Clothes Fund	-	575	62	513
In-Out	-	12,218	12,387	(169)
Class Night	1,349	3,226	2,916	1,659
Girls Volleyball Camp	368	-	-	368
Class Trip	556	8,210	8,095	671
Field Trip	-	1,505	1,265	240
	<u>20,536</u>	<u>87,569</u>	<u>84,382</u>	<u>23,723</u>

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
Elwood Community Consolidated School District No. 203
Plainfield, Illinois

Report on Compliance for Each Major Federal Program

We have audited Elwood Community Consolidated School District No. 203's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those

To the Board of Education
Elwood Community Consolidated School District No. 203

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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District 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

Management of the District 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 the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 the District'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 combinations 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 material weaknesses or significant deficiencies. We did not identify


To the Board of Education
Elwood Community Consolidated School District No. 203

any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report of Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated August 19, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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.



Gassensmith & Associates, Ltd.
Certified Public Accountants

Joliet, Illinois
August 19, 2016

ELWOOD COMMUNITY CONSOLIDATED SCHOOL #203

56-099-2030-04

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)			
U.S. Department of Agriculture									
<i>Flowthrough from ISBE</i>									
National school lunch program	10 555	16-4210-00	-	38,316	-	38,316	-	38,316	n/a
National school lunch program	10 555	15-4210-00	42,057	7,762	42,057	7,762	-	49,819	n/a
Non-cash commodities	10 555		4,935	7,978	-	-	-	-	n/a
passed through regional office of education									
USDA Forest Service-School & Roads Grant	10 665	2016	-	2,348	-	2,348	-	2,348	n/a
USDA Forest Service-School & Roads Grant	10 665	2015	29,817	-	29,817	-	29,817	29,817	n/a
Total U.S. Department of Agriculture			76,809	56,404	71,874	48,426	-	120,300	n/a
U.S. Department of Education:									
<i>passed through regional office of education</i>									
Impact Aid-Section 8002 (M)	84 041	2016-4001	-	703,308	-	703,308	-	703,308	n/a
Impact Aid-Section 8002	84 041	2015-4001	703,995	-	703,995	-	703,995	703,995	n/a
Small, Rural School Achievement Program	84 358A	2016-4101	-	31,392	-	31,392	-	31,392	n/a
Small, Rural School Achievement Program	84 358A	2015-4101	30,677	-	30,677	-	30,677	30,677	n/a
Special Education - IDEA - Flowthrough/Low Incidence	84 027A	2016-4620	-	1,754	-	1,754	-	1,754	n/a
IDEA Preschool Flowthrough	84 173A	2016-4600	-	326	-	326	-	326	n/a
<i>Flowthrough from ISBE</i>									
Title I - Low Income	84 010A	2016-4300	-	88,395	-	88,980	-	88,980	88,980
Title I - Low Income	84 010A	2015-4300	88,825	-	88,825	-	88,825	88,825	88,825
Title II - Teacher quality	84 367A	2016-4932	-	8,837	-	8,837	-	8,837	8,837
Title II - Teacher quality	84 367A	2015-4932	7,387	1,495	7,387	1,495	-	8,882	1,495
Total U.S. Department of Education:			830,884	835,507	830,884	836,092	-	1,664,896	n/a
Totals			907,693	891,911	902,758	884,518	-	1,785,196	n/a

* (M) Program was audited as a major program as defined by S200 518

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Notes to Schedule of Expenditures of Federal Awards
June 30, 2016

Note 1 Accounting Basis

The schedule of expenditures of federal awards includes the federal grant activity of the Elwood Community Consolidated School District (District), and is presented on the modified cash basis of accounting. The information in this Schedule is presented in accordance with the 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), therefore some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements. The District has elected not to use the 10 percent de minimus indirect cost rate as allowed under the uniform guidance.

Reconciliation Of Schedule of Expenditures Of Federal Awards To Basic Financial Statements

Revenues Per Schedule of Expenditures Of Federal Awards	\$891,911
Minus Non-Cash Commodities	<u>(7,978)</u>
Total Federal Revenues Per Basic Financial Statements	<u><u>\$883,933</u></u>

Note 2 Subrecipients, Insurance, and Loans

Of the federal expenditures in the schedule, the District did not provide any federal awards to subrecipients. The District did not have any federal insurance in effect during the year, and did not have any federal loans or loan guarantees outstanding at the year end. The District has elected to use the 10 percent de minimus indirect cost rate as allowed under the uniform guidance.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Summary of Findings and Questionable Costs
June 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the modified cash basis financial statements of the District for the year ended June 30, 2016.

INTERNAL CONTROL OVER FINANCIAL REPORTING

2. No material weaknesses were disclosed during the audit of the financial statements. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the combined financial statements of the District were disclosed during the audit.

INTERNAL CONTROL OVER MAJOR PROGRAMS

4. No material weaknesses were disclosed during the audit of compliance over major federal award programs. No significant deficiencies that are considered to be material weaknesses were disclosed during the audit of compliance over major federal award programs.
5. The Auditor's Report on Compliance for the major federal award programs for the District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for the District.

IDENTIFICATION OF MAJOR PROGRAMS

7. The program tested as a major program was Impact Aid-Section 8002 (CFDA 84.041).
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. The District was not determined to be a low-risk auditee.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Summary of Findings and Questionable Costs
June 30, 2016

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

There were no financial statement findings reported for the fiscal year ended June 30, 2016.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

There were no federal award findings reported for the fiscal year ended June 30, 2016.

ELWOOD COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 203

Summary Schedule of Prior Audit Findings
June 30, 2016

There are no prior audit findings that affected federally funded programs.