

WASHINGTON, PITTMAN & McKEEVER, LLC

*CERTIFIED PUBLIC ACCOUNTANTS AND
MANAGEMENT CONSULTANTS*

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STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY

FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2016

**Performed as Special Assistant Auditors for
the Auditor General, State of Illinois**

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2016

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**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

AGENCY OFFICIALS

President	Dr. José M. Torres
Chief Operating Officer	Mr. Lawrence Bergie
Executive Director of Business and Financial Operations	Ms. Kimberly Corrao

BOARD OF TRUSTEES

Chairman	Ms. Sheila MB Griffin
1 st Vice Chairman	Dr. Paula Olszewski-Kubilius
2 nd Vice Chairmen	Dr. Erin W. Roche
Ex-Officio Member	Dr. James Applegate
Ex-Officio Member	Dr. Tony Smith
Ex-Officio Member	Dr. Karen Hunter Anderson
Ex-Officio Member	Dr. Jeffrey Craig
Trustee	Dr. Jerome öJayö Budzik
Trustee	Ms. Kathy He
Trustee	Dr. Steven T. Isoye
Trustee	Ms. Leslie N. Juby
Trustee	Dr. Alfred Tatum
Trustee	Ms. Carey L. Mayer
Trustee	Dr. Luis Núñez
Trustee	Dr. Marsha R. Rosner
Trustee	Mr. Eric R. Brown
Trustee	Dr. Herbert Steven Sims

The Academy is located at:
1500 Sullivan Rd.
Aurora, IL 60506-1000

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT
INDIVIDUAL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy was performed by Washington, Pittman & McKeever, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the agency's basic financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund.

EXIT CONFERENCE

The Academy waived holding an exit conference in a communication from Kimberly Corrao, Executive Director of Business and Financial Operations, dated November 21, 2016.

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INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the years ended June 30, 2016 and 2015, and the related notes to the 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of June 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or Illinois Mathematics and Science Academy as of June 30, 2016 and 2015, and the changes in its financial position, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statement of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund. The General Fund Combining Schedules of Accounts and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance are presented for purposes of additional analysis and are not a required part of the financial statements.

The General Fund Combining Schedules of Accounts and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 General Fund Combining Schedules of Accounts and Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance are fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund and its compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the State of Illinois, Illinois Mathematics and Science Academy's Board of Trustees, and the State of Illinois, Illinois Mathematics and Science Academy's management and is not intended to be and should not be used by anyone other than these specified parties.

WASHINGTON, PITTMAN & McKEEVER, LLC

SIGNED ORIGINAL ON FILE

**Chicago, Illinois
December 5, 2016**

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SHARED GENERAL GOVERNMENTAL FUND
BALANCE SHEETS
AS OF JUNE 30,**

	GENERAL FUND	
	2016	2015
ASSETS		
Unexpended appropriations	\$ 2,955,545	\$1,250,927
Other receivables, net	-	1,609
Total Assets	\$ 2,955,545	\$1,252,536
LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,469,246	\$1,127,557
Due to other governments - federal	10,015	9,132
Due to other governments - local	1,946	6,898
Due to other Academy funds	93,686	15,818
Due to other State funds	7,282	10,350
Total Liabilities	1,582,175	1,169,755
FUND BALANCE		
Unassigned	1,373,370	82,781
Total fund balances	1,373,370	82,781
Total liabilities and fund balance	\$ 2,955,545	\$1,252,536

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SHARED GENERAL GOVERNMENTAL FUND
STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEARS ENDED JUNE 30,**

	GENERAL FUND	
	2016	2015
REVENUES		
Other Operating Grant Revenue	\$ 2,585	\$ 2,559
Other General Revenue	1,312	1,460
Total Revenues and Other Sources	3,897	4,019
EXPENDITURES		
Education	16,578,007	17,654,434
Capital Outlays	89,313	122,000
Total Expenditures	16,667,320	17,776,434
OTHER SOURCES (USES) OF FINANCIAL RESOURCES		
Appropriations from State resources	18,030,600	18,030,700
Lapsed Appropriations	(72,691)	(171,485)
Receipts collected and transmitted to State Treasury	(3,897)	(4,019)
Net Other Sources of Financial Resources	17,954,012	17,855,196
Changes in fund balance	1,290,589	82,781
Fund Balance - beginning of the year	82,781	-
Fund Balance - end of the year	\$ 1,373,370	\$ 82,781

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2016**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223
ASSETS			
Cash equity with State Treasurer	\$ 1,042,781	\$ 381,228	\$ -
Cash and cash equivalents	-	-	2,874,099
Other receivables, net	-	94,100	1,595
Due from other State funds	-	-	203
Due from other Academy funds	-	-	93,686
	<u>\$ 1,042,781</u>	<u>\$ 475,328</u>	<u>\$ 2,969,583</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 374,662	\$ 117,559	\$ 92,863
Due to other governments - federal	1,172	2,563	-
Due to other governments - local	-	-	-
Due to other Academy funds	-	-	-
Due to other State funds	2,918	-	-
Unearned revenue	664,029	274,337	342,078
Total liabilities	<u>1,042,781</u>	<u>394,459</u>	<u>434,941</u>
FUND BALANCE (Deficit)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	-	80,868	2,534,642
Assigned	-	-	-
Unassigned	-	-	-
Total fund balances	<u>-</u>	<u>80,868</u>	<u>2,534,642</u>
Total liabilities and fund balances	<u><u>\$ 1,042,781</u></u>	<u><u>\$ 475,327</u></u>	<u><u>\$ 2,969,583</u></u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
BALANCE SHEET
AS OF JUNE 30, 2015**

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223
ASSETS			
Cash equity with State Treasurer	\$ 310,894	\$ 671,057	\$ -
Cash and cash equivalents	-	-	1,840,350
Other receivables, net	-	22,230	105,000
Due from other State funds	222,568	-	-
Due from other Academy funds	-	-	19,404
	<u>533,462</u>	<u>693,287</u>	<u>1,964,754</u>
Total assets	<u>\$ 533,462</u>	<u>\$ 693,287</u>	<u>\$ 1,964,754</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 220,203	\$ 452,400	\$ 316,600
Due to other Governments - federal	1,087	7,118	-
Due to other governments - local	-	20,271	-
Due to other Academy funds	608	2,978	-
Due to other State funds	86,137	-	-
Unearned revenue	187,664	275,523	421,328
	<u>495,699</u>	<u>758,290</u>	<u>737,928</u>
Total liabilities	<u>495,699</u>	<u>758,290</u>	<u>737,928</u>
FUND BALANCE (Deficit)			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	37,763	-	1,226,826
Assigned	-	-	-
Unassigned	-	(65,003)	-
	<u>37,763</u>	<u>(65,003)</u>	<u>1,226,826</u>
Total fund balances (deficit)	<u>37,763</u>	<u>(65,003)</u>	<u>1,226,826</u>
Total liabilities and fund balances (Deficit)	<u>\$ 533,462</u>	<u>\$ 693,287</u>	<u>\$ 1,964,754</u>

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

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223
REVENUES			
Federal government	\$ -	\$ -	\$ -
Other operating grants	1,020,525	64,970	-
Fees	-	1,414,956	1,657,611
Other	-	118,981	890
Interest and Investment Income	-	-	6,810
Total Revenues	<u>1,020,525</u>	<u>1,598,907</u>	<u>1,665,311</u>
EXPENDITURES			
Education	677,186	1,453,036	357,495
Capital outlays	381,102	-	-
Total expenditures/expenses	<u>1,058,288</u>	<u>1,453,036</u>	<u>357,495</u>
Net change in fund balance	<u>(37,763)</u>	<u>145,871</u>	<u>1,307,816</u>
Fund Balance - July 1, 2015	<u>37,763</u>	<u>(65,003)</u>	<u>1,226,826</u>
Fund Balance - June 30, 2016	<u>\$ -</u>	<u>\$ 80,868</u>	<u>\$ 2,534,642</u>

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

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL NONSHARED GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2015

	IMSA Special Purposes Trust Fund - 359	IMSA Income Fund - 768	IMSA Operating Fund - 1223
REVENUES			
Federal government	\$ 12,568	\$ -	\$ -
Other operating grants	1,060,493	25,745	-
Fees	-	2,022,662	405,616
Other	-	307,193	1,245
Interest and Investment Income	-	-	4,084
Total Revenues	<u>1,073,061</u>	<u>2,355,600</u>	<u>410,945</u>
EXPENDITURES			
Education	644,453	2,565,286	720,555
Capital outlays	390,845	-	794,299
Total expenditures/expenses	<u>1,035,298</u>	<u>2,565,286</u>	<u>1,514,854</u>
Net change in fund balance	<u>37,763</u>	<u>(209,686)</u>	<u>(1,103,909)</u>
Fund Balance - July 1, 2014	-	144,683	2,330,735
Fund Balance (Deficit) - June 30, 2015	<u>\$ 37,763</u>	<u>\$ (65,003)</u>	<u>\$ 1,226,826</u>

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

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(1) Organization

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Fund and the IMSA Income Fund by the General Assembly and a budget approved by the Academy's Board of Trustees (Board of Trustees) for locally generated resources within the IMSA Operating Fund and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund. In addition, the Academy acts as a fiduciary for the IMSA Student Activity Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Trustees that consists of:

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the science community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the public at large, appointed by the Governor.

In addition, the Board of Trustees has four ex officio nonvoting members: the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located (West Aurora School District 129).

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The Board of Trustees is also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies

The financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund (collectively, "individual nonshared funds") have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the General Fund's financial statements, significant accounting policies are summarized below.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the General Fund activity attributable to the transactions of the Academy and the individual nonshared governmental funds of the Academy and do not purport to, and do not, present fairly the financial position of the Academy on a government-wide basis or the State as of June 30, 2016 and 2015, nor changes in the Academy's or State's financial position for the years ended in conformity with GAAP.

The General Fund and the individual nonshared governmental funds are not legally separate from the State; therefore, the financial information of the General Fund and the individual nonshared governmental funds are included in the financial statements of the State. The State's Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at www.illinoiscomptroller.gov.

(b) Basis of Presentation

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. A balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for the General Fund activity attributable to the transactions of the Academy. In addition, a balance sheet and statement of revenues, expenditures, and changes in fund balance have been presented for each of the individual nonshared governmental funds administered by the Academy.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

Governmental Fund Type:

General Fund:

This is the State's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The General Revenue Fund and the Education Assistance Fund have been collapsed into the General Fund for financial reporting purposes. The services administered by the Academy and accounted for within the General Fund include activities of the Academy's educational residential program for Illinois high school students gifted in science, technology, engineering and mathematics (STEM) and extension program which stimulate STEM excellence in all Illinois schools. This fund is a shared fund (see Note 2d) that is appropriated and held in the State Treasury.

Special Revenue:

These funds account for resources obtained from specific revenue sources that are legally restricted to expenditures for specified purposes. Special revenue funds account for, among other things, federal grant programs, taxes levied with statutorily defined distributions, and other resources restricted as to purpose.

IMSA Special Purposes Trust Fund

This is a restricted purpose fund. Revenues are obtained from private and governmental grants and are restricted for application according to terms and conditions set by the grantors. The services administered by the Academy and accounted for in this fund include activities of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This is a non-appropriated fund held in the State Treasury.

IMSA Income Fund

This fund is subject to expenditure limitations established by the General Assembly. Resources for the fund are generated by charges paid by recipients of the services offered as part of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. The services administered by the Academy and accounted for in this fund include all activities of the Academy's educational enhancement program. This fund is appropriated and held in the State Treasury.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(2) Summary of Significant Accounting Policies (Continued)

(b) Basis of Presentation (Continued)

IMSA Operating Fund

This fund is authorized by the General Assembly to function as the Academy's local treasury. Resources are generated by charges paid by recipients of the services offered as part of the Academy's educational enhancement program and limited short-term investment income of working capital balances. The services administered by the Academy and accounted for in this fund include all activities, except the financing of personal service (employment) activities, of the Academy's residential program for Illinois high school students gifted in STEM and extension program which stimulate STEM excellence in all Illinois schools. This fund is non-appropriated and locally held by the Academy.

(c) Measurement Focus and Basis of Accounting

The General Fund and the individual nonshared governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the State considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when the liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases and installment purchases are reported as other financing sources.

Significant revenue sources which are susceptible to accrual include:

IMSA Special Purposes Trust Fund - Reimbursable State or Federal grants

IMSA Income Fund ó Student fees for attending the Academy's residential program and participant fees for participating in the Academy's educator programs

IMSA Operating Fund ó Student fees for attending the Academy's residential program

All other revenue sources including library fines, transcript fees and other miscellaneous revenues are considered measurable and available only when cash is received.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(2) Summary of Significant Accounting Policies (Continued)

(d) Shared Fund Presentations

As explained in Note 2a, this financial statement presentation for the General Fund represents only the portion of the General Fund's activity that can be directly attributed to the operations of the Academy. Financial statements for totality of the General Fund's operations are presented in the State of Illinois's Comprehensive Annual Financial Report.

In presenting these financial statements, certain unique accounts are used for the presentation of shared funds. The following accounts are used in these financial statements to present the Academy's portion of shared General Fund:

Unexpended Appropriation

This "asset" account represents lapse period warrants issued between July and August annually in accordance with the Statewide Accounting Management System (SAMS) records plus any liabilities relating to obligations re-appropriated to the subsequent fiscal year.

Appropriations from State Resources

This "other financing source" account represents the final legally adopted appropriation according to SAMS records.

Reappropriations from State Resources

This contra revenue account reduces current year appropriations by the amount of the reappropriation to reflect the State's realignment of the budgetary needs to the subsequent year and avoid double counting a portion of the appropriation in more than one fiscal year.

Lapsed Appropriations

Lapsed appropriations are the legally adopted appropriations less net warrants issued for the 14 month period from July to August of the following year and re-appropriations to subsequent years according to SAMS records.

Receipts Collected and Remitted to State Treasury

This "other financing use" account represents all cash receipts received during the fiscal year from SAMS records that were remitted to the State Treasury.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies (Continued)

(e) Cash and Cash Equivalents

Cash equity with the State Treasurer consists of deposits held in the State Treasury for the IMSA Special Purposes Trust Fund and the IMSA Income Fund. It also includes cash received and deposited in the Academy's clearing account and in process to the State Treasurer. Cash and cash equivalents include cash held locally in banks for the IMSA Operating Fund and the IMSA Student Activities Fund, a fiduciary (agency) fund.

(f) Interfund Transactions

The following types of interfund transactions between funds of the Academy and funds of other State agencies may occur:

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

Reimbursements are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction in expenditures in the reimbursed fund.

Transfers are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

The Academy also has activity with various component units of the State of Illinois for professional services received.

(g) Fund Balances

Fund balances are classified in the following categories:

Nonspendable This consists of amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. There were no nonspendable fund balances as of June 30, 2016 and 2015.

Restricted This consists of amounts that are restricted to specific purposes, which is when constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. There were no restricted fund balances as of June 30, 2016 and 2015.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies (Continued)

(g) Fund Balances (Continued)

Committed This consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Academy's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Academy removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. The Academy's highest level of decision-making authority rests with the Illinois State General Assembly and the Governor. The State passes "Public Acts" to commit its fund balances. The IMSA Income Fund and IMSA Operating Fund each had committed fund balance as of June 30, 2016 and the IMSA Special Purposes Trust Fund and IMSA Operating Fund each had committed fund balance as of June 30, 2015.

Assigned This consists of net amounts that are constrained by the Academy's intent to be used for specific purposes, but that are neither restricted nor committed. Fund balance assignments can only be removed or changed by action of the General Assembly. There were no assigned fund balances as of June 30, 2016 and 2015.

Unassigned This consists of residual fund balance (deficit) that has not been designated for specific purposes within the funds. The General Fund had an unassigned fund balance as of June 30, 2016 and 2015. The IMSA Income Fund had an unassigned fund deficit as of June 30, 2015.

The Academy has a general policy to first use restricted resources for expenditures incurred for which both restricted and unrestricted (committed, assigned, or unassigned) resources are available. When expenditures are incurred for which only unrestricted resources are available, the policy is to use committed resources first, then assigned. Unassigned amounts are only used after the other resources have been used.

(h) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(i) Newly Adopted GASB Statements

The Academy adopted GASB Statement No 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. As a result of adopting this statement for the year ending June 30, 2016 the Academy has determined no impact on either the General Fund or the individual nonshared governmental funds' financial statements.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies (Continued)

(i) Newly Adopted GASB Statements (Continued)

The Academy adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(j) Future Adoption of GASB Statements

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this statement have no material impact on either the General Fund or individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, which is to improve accounting and financial reporting by state and local governments for postemployment benefits plans other than pension plans (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2018, the Academy will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies (Continued)

(j) Future Adoption of GASB Statements (Continued)

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 77, *Tax Abatement Disclosures*, which is to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(3) Deposits

The State Treasurer is the custodian of deposits and investments for funds maintained in the State Treasury. Deposits in the custody of the State Treasurer at June 30, 2016 and 2015, including cash on hand and cash in transit, totaled \$1,042,781 and \$310,894, respectively, for the IMSA Special Purposes Trust Fund and \$381,228 and \$671,057, respectively, for the IMSA Income Fund. These deposits are pooled and invested with other State funds in accordance with the Deposit of State Moneys Act of the Illinois Compiled Statutes (15 ILCS 520/11). Funds held by the State Treasurer have not been categorized as to credit risk because the Funds do not own individual securities. Details on the nature of these deposits are available within the State's Comprehensive Annual Financial Report.

The Academy independently manages cash and cash equivalents maintained outside the State Treasury. Deposits for the IMSA Operating Fund had a carrying amount of \$2,874,099 and \$1,840,350, respectively, and a bank balance of \$2,875,167 and \$1,907,539, respectively, at June 30, 2016 and 2015. In addition, the Academy included locally-held fiduciary agency fund, the IMSA Student Activities Fund, with a carrying amount of \$163,571 and \$122,330, respectively, and a bank balance of \$169,910 and \$140,157, respectively, at June 30, 2016 and 2015. Of the total balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) as of June 30, 2016 and 2015. The remaining \$2,795,077 and \$1,797,696 for 2016 and 2015, respectively, was collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

The Academy does not hold any cash or cash equivalents primarily for the purpose of income or profit and has no other investments.

(4) Other Receivables

The balance of Other Receivables for the General Fund includes amounts owed to the Academy for vendor over payment, totaling \$ 0 and \$1,609 as of June 30, 2016 and 2015, respectively. The balance of Other Receivables for the IMSA Income Fund includes amounts owed to the Academy for statewide educator program participant fees, totaling \$94,100 and \$22,230 as of June 30, 2016 and 2015, respectively.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(4) Other Receivables (Continued)

The balance of Other Receivables for the IMSA Operating Fund includes amounts owed to the Academy for employee payroll advance and student fees, totaling \$1,595 and \$105,000 as of June 30, 2016 and 2015, respectively. The Academy considers the entirety of these balances to be collectible.

(5) Unearned Revenue

The balance of Unearned Revenue for the IMSA Income Fund includes amounts consisting of statewide educator and student registration fees received in advance of program delivery, totaling \$274,337 and \$275,523 as of June 30, 2016 and 2015, respectively. The balance of Unearned Revenue for the IMSA Special Purposes Trust Fund includes amounts consisting of grant funds received for support of future fiscal year program needs, totaling \$664,029 and \$187,664 as of June 30, 2016 and 2015, respectively. The balance of Unearned Revenue for the IMSA Operating Fund includes amounts consisting of residential program student fees collected for the upcoming 2016-17 school year, totaling \$342,078 and \$421,328 for the school year 2015-16.

(6) Interfund Balances and Activity

Balances Due from/to Other Funds

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2016:

The following balances represent amounts due from other funds.

Due To	Due From				Description/Purpose
	General Fund	IMSA Income Fund	IMSA Special Purposes Trust Fund	Other State Funds	
IMSA Operating Fund	\$ 93,686	\$ -	\$ -	\$ 203	Reimbursement of costs
Total:	<u>\$ 93,686</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203</u>	

The following balances represent amounts due to other funds.

Due From	Due To IMSA Operating Fund	Description/Purpose
General Fund	\$ 93,686	Payment for services
Other State Funds	203	
Total	<u>\$ 93,889</u>	

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(6) Interfund Balances and Activity (Continued)

Balances Due from/to Other Funds (Continued)

The following presents the General Fund and the individual nonshared governmental funds' interfund balances and activities at June 30, 2015:

The following balances represent amounts due from other funds.

Due To	Due From				Description/Purpose
	General Fund	IMSA Income Fund	IMSA Special Purposes Trust Fund	Other State Funds	
IMSA Operating Fund	\$ 15,818	\$ 2,978	\$ 608	\$222,568	Reimbursement of costs
Total:	<u>\$ 15,818</u>	<u>\$ 2,978</u>	<u>\$ 608</u>	<u>\$222,568</u>	

The following balances represent amounts due to other funds.

Due From	Due to		Description/Purpose
	IMSA Operating Fund	Other State Funds	
IMSA Income Fund	\$ 2,978	\$ -	Payment for services
General Fund	15,818	10,350	Payment for services
IMSA Special Purposes Trust Fund	608	86,137	Payment for services
Total	<u>\$ 19,404</u>	<u>\$ 96,487</u>	

(7) Pension Plan

Plan Description

The Academy contributes to the State Universities' Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the State universities, certain affiliated organizations, and certain other State educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's Comprehensive Annual Financial Report as a pension trust fund.

SURS is governed by Section 5/15, Chapter 40, of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(7) Pension Plan (Continued)

Funding Policy

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The fiscal year 2016 and 2015 rates were 12.69% and 9.1%, respectively, of annual covered payroll and employer contributions to SURS for the years ending June 30, 2016 and 2015 were \$6,227,041 and \$5,190,811, respectively. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

(8) Post-employment Benefits

The State provides health, dental, vision, and life insurance benefits for certain retirees and their dependents in a program administered by the Department of Central Management Services. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants under the State's self-insurance plan and insurance contracts currently in force. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

The total cost of the State's portion of health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the State's Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and their dependents.

A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services can be obtained by writing to the Department of Central Management Services, 715 Stratton Building, 401 South Spring Street, Springfield, IL, 62706-4100.

(9) Risk Management

The Academy is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters. The State retains the risk of loss (i.e. self-insured) for these risks except for insurance purchased by the Academy for flood insurance, employee theft/fraud, and payment of a portion of unemployment compensation claims.

The Academy's risk management activities for torts; theft of, damage to, and destruction of assets; errors and omissions; workers compensation and natural disasters are financed through appropriations to the Department of Central Management Services and are accounted for in the General Fund of the State.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(9) Risk Management (Continued)

The claims are not considered to be a liability of the Academy; and accordingly, have not been reported in the Academy's General Fund financial statements for the years ended June 30, 2016 and 2015.

The risk management activities for employee theft/fraud are financed through appropriations to the Academy and are reported in the Academy's General Fund. Risk management activities for flood insurance are financed through the IMSA Operating Fund. Workers compensation is financed by automatic withdrawals from the IMSA Income Fund. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. There were no such liabilities at the beginning and ending of the fiscal years.

(10) Commitments and Contingencies

(a) Federal Funding

The Academy receives federal and private grants that are subject to review and audit by federal grantor agencies and private grantors. Certain costs could be questioned as not being an eligible expenditure under the terms of the grants. There were no unresolved questioned costs, at June 30, 2016 and 2015. However, questioned costs could still be identified during audits and reviews to be conducted in the future. Management of the Academy believes there will be no material adjustments to the grants and, accordingly, has not recorded a provision for possible repayment.

(b) Litigation

On occasion the Academy is involved in legal proceedings and/or claims that cover a wide range of matters. In the opinion of management, there are no outstanding issues for which the outcomes of these matters are expected to result in a material adverse effect on the financial position or results of operations of the Academy.

(11) Related Party Transactions

The IMSA Fund for Advancement of Education (the IMSA Fund) was established and is maintained as a separate corporate entity for the purpose of benefiting, performing the functions of and carrying out certain charitable, educational, literary and scientific purposes of the Academy. A Board of Trustees separate from that of the Academy governs the IMSA Fund. Effective July 1, 1995, the Academy entered into an agreement with the IMSA Fund that specifies the relationship between the two organizations. This agreement states that the IMSA Fund is a separate corporate entity established for the purpose stated above and is to assist the Academy in achieving and furthering its educational, research and service goals. The IMSA Fund has agreed to provide financial support to the Academy (both directly and indirectly). In exchange, the Academy has agreed to provide office space, equipment, and personnel to enable the IMSA Fund to accomplish its purpose.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
INDIVIDUAL GOVERNMENTAL FUNDS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(11) Related Party Transactions (Continued)

Both organizations acknowledge that State resources should not be used to provide for fundraising activities that do not result in a value to the Academy that is the same or greater than the value of what the Academy receives directly or indirectly from the IMSA Fund. As long as the Academy receives direct or indirect program support from the IMSA Fund that is greater than the fundraising costs the Academy incurs on behalf of the IMSA Fund, no reimbursement shall occur. If in any fiscal year those fundraising costs are greater than the program support provided to the Academy, the IMSA Fund will reimburse the Academy for the excess of fundraising costs over program support provided. For the years ended June 30, 2016 and 2015, total program support provided to the Academy by the IMSA Fund was \$1,370,901 and \$1,272,120, respectively, which exceeds the total fundraising costs incurred by the Academy for the IMSA Fund of approximately \$202,395 and \$303,141, respectively. Accordingly, no reimbursement from the IMSA Fund to the Academy was required for fiscal years 2016 and 2015.

(12) Fund Deficit

The IMSA Income Fund had a fund deficit of \$65,003 at June 30, 2015. This fund deficit was eliminated by depositing a portion of residential student fees collected of the 2015-16 academic year. There was no deficit at June 30, 2016.

(13) Subsequent Events

The Academy is a part of the executive branch of government and operates under an approved budget in which resources from the General Fund are appropriated for the use of the Academy. The State of Illinois has not adopted a fiscal year 2017 operating budget as of the date of this report, December 5 2016, however on June 30, 2016 the State of Illinois passed a partial budget which appropriated to the Academy \$5,075,000 to meet non-salary expenses for the fiscal year ending June 30, 2017. Payments to Academy employees for work performed are being made pursuant to a July 2015 court order.

The Academy is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the financial position or results of operations during this and future fiscal years.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING SCHEDULE OF ACCOUNTS - GENERAL FUND
AS OF JUNE 30, 2016**

	Education Assistance Fund (007)	General Revenue Fund (001)	Total General Fund
ASSETS			
Unexpended appropriations	\$ 2,955,545	\$ -	\$ 2,955,545
Total Assets	\$ 2,955,545	\$ -	\$ 2,955,545
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,469,246	\$ -	\$ 1,469,246
Due to other governments - federal	10,015	-	10,015
Due to other governments - local	1,946	-	1,946
Due to other Academy funds	93,686	-	93,686
Due to other State funds	7,282	-	7,282
Total Liabilities	1,582,175	-	1,582,175
FUND BALANCE			
Unassigned	1,373,370	-	1,373,370
Total fund balances	1,373,370	-	1,373,370
Total liabilities and fund balance	\$ 2,955,545	\$ -	\$ 2,955,545

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING SCHEDULE OF ACCOUNTS - GENERAL FUND
AS OF JUNE 30, 2015

	Education Assistance Fund (007)	General Revenue Fund (001)	Total General Fund
ASSETS			
Unexpended appropriations	\$ 1,250,927	\$ -	\$ 1,250,927
Other receivables, net	1,609	-	1,609
	<u>\$ 1,252,536</u>	<u>\$ -</u>	<u>\$ 1,252,536</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 1,127,557	\$ -	\$ 1,127,557
Due to other governments - federal	9,132	-	9,132
Due to other governments - local	6,898	-	6,898
Due to other Academy funds	15,818	-	15,818
Due to other State funds	10,350	-	10,350
	<u>1,169,755</u>	<u>-</u>	<u>1,169,755</u>
FUND BALANCE			
Unassigned	82,781	-	82,781
	<u>82,781</u>	<u>-</u>	<u>82,781</u>
Total liabilities and fund balance	<u>\$ 1,252,536</u>	<u>\$ -</u>	<u>\$ 1,252,536</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Education Assistance Fund (007)	General Revenue Fund (001)	Total General Fund
REVENUES			
Other Operating Grant Revenue	\$ 2,585	\$ -	\$ 2,585
Other General Revenue	527	785	1,312
Total Revenues and Other Sources	<u>3,112</u>	<u>785</u>	<u>3,897</u>
EXPENDITURES			
Education	16,578,007	-	16,578,007
Capital Outlays	89,313	-	89,313
Total Expenditures	<u>16,667,320</u>	<u>-</u>	<u>16,667,320</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	18,030,600	-	18,030,600
Lapsed Appropriations	(72,691)	-	(72,691)
Receipts collected and transmitted to State Treasury	(3,112)	(785)	(3,897)
Net Other Sources (Uses) of Financial Resources	<u>17,954,797</u>	<u>(785)</u>	<u>17,954,012</u>
Changes in fund balance	1,290,589	-	1,290,589
Fund Balance - beginning of the year	82,781	-	82,781
Fund Balance - end of the year	<u>\$ 1,373,370</u>	<u>\$ -</u>	<u>\$ 1,373,370</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2015

	Education Assistance Fund (007)	General Revenue Fund (001)	Total General Fund
REVENUES			
Other Operating Grant Revenue	\$ 2,559	\$ -	\$ 2,559
Other General Revenue	1,257	203	1,460
Total Revenues and Other Sources	<u>3,816</u>	<u>203</u>	<u>4,019</u>
EXPENDITURES			
Education	17,654,434	-	17,654,434
Capital Outlays	122,000	-	122,000
Total Expenditures	<u>17,776,434</u>	<u>-</u>	<u>17,776,434</u>
OTHER SOURCES (USES) OF FINANCIAL RESOURCES			
Appropriations from State resources	18,030,700	-	18,030,700
Lapsed Appropriations	(171,485)	-	(171,485)
Receipts collected and transmitted to State Treasury	(3,816)	(203)	(4,019)
Net Other Sources (Uses) of Financial Resources	<u>17,855,399</u>	<u>(203)</u>	<u>17,855,196</u>
Changes in fund balance	82,781	-	82,781
Fund Balance - beginning of the year	-	-	-
Fund Balance - end of the year	<u>\$ 82,781</u>	<u>\$ -</u>	<u>\$ 82,781</u>

WASHINGTON, PITTMAN & McKEEVER, LLC

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting (internal control) of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund 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 financial statements of the General Fund, the Special Purposes Trust Fund, the IMSA Income Fund, and the IMSA Operating Fund of the State of Illinois, Illinois Mathematics and Science Academy 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 State of Illinois, Illinois Mathematics and Science Academy'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 State of Illinois, Illinois Mathematics and Science Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WASHINGTON, PITTMAN & McKEEVER, LLC

SIGNED ORIGINAL ON FILE

**Chicago, Illinois
December 5, 2016**

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
FINANCIAL AUDIT STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2016
(Unaudited)

FINANCIAL STATEMENT REPORT

SUMMARY

The audit of the accompanying financial statements of the IMSA Student Activities Fund ó a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy was performed by Washington, Pittman & McKeever, LLC.

Based on their audit, the auditors expressed an unmodified opinion on the agency's basic financial statements of the IMSA Student Activities Fund.

EXIT CONFERENCE

The Academy waived holding an exit conference in a communication from Kimberly Corrao, Executive Director of Business and Financial Operations, dated November 21, 2016.

WASHINGTON, PITTMAN & McKEEVER, LLC

CERTIFIED PUBLIC ACCOUNTANTS AND

MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

Report on the Financial Statements

As Special Assistant Auditors for the Auditor General, we have audited the accompanying financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy, as of June 30, 2016 and 2015, and the related notes to the 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the IMSA Student Activities Fund of the State of Illinois, Illinois Mathematics and Science Academy, as of June 30, 2016 and 2015 in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only IMSA Student Activities Fund and do not purport to, and do not, present fairly the financial position of the State of Illinois or Illinois Mathematics and Science Academy as of June 30, 2016 and 2015, for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Other Information

Our audits for the years ended June 30, 2016 and 2015 were conducted for the purpose of forming an opinion on the financial statements of the IMSA Student Activities Fund of the State of Illinois, Illinois Mathematics and Science Academy. The accompanying supplementary information within the Statements of Changes in Assets and Liabilities is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information for the years ended June 30, 2016 and 2015, in the Statements of Changes in Assets and Liabilities is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statements of Changes in Assets and Liabilities is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2016 on our consideration of the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting of the IMSA Student Activities Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting of the IMSA Student Activities Fund and its compliance.

Restricted Use of this Auditor's Report

This report is intended solely for the information and use of the Auditor General, the General Assembly, the Legislative Audit Commission, the Governor, the Comptroller, the State of Illinois, Illinois Mathematics and Science Academy's Board of Trustees, and the State of Illinois, Illinois Mathematics and Science Academy's management and is not intended to be and should not be used by anyone other than these specified parties.

WASHINGTON, PITTMAN & McKEEVER, LLC

SIGNED ORIGINAL ON FILE

**Chicago, Illinois
December 5, 2016**

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
STATEMENTS OF FIDUCIARY NET POSITION - AGENCY FUND
AS OF JUNE 30,**

AGENCY FUND - IMSA STUDENT ACTIVITIES FUND		
	2016	2015
ASSETS		
Cash and cash equivalents	\$ 163,571	\$ 122,330
Total assets	\$ 163,571	\$ 122,330
LIABILITIES		
Other liabilities	\$ 163,571	\$ 122,330
Total liabilities	\$ 163,571	\$ 122,330

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

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
IMSA STUDENT ACTIVITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(1) Organization

The Illinois Mathematics and Science Academy (Academy) is a part of the executive branch of government of the State of Illinois (State) and operates under the authority of and review by the Illinois Board of Higher Education and the Illinois General Assembly. The Academy operates under a budget appropriated from the State's General Fund and the IMSA Income Fund by the General Assembly and a budget approved by the Academy's Board of Trustees (Board of Trustees) for locally generated resources within the IMSA Operating Fund and restricted funds received from third party grantors which are held in the IMSA Special Purposes Trust Fund. In addition, the Academy acts as a fiduciary for the IMSA Student Activity Fund.

The Academy was established by the General Assembly to pursue the policy to provide excellence in mathematics and science education in order to nourish an informed citizenry, assure technological skills for the work force, and assist in the preparation of professionals to serve the interests of Illinois in such fields as engineering, research, teaching and computer technology and to enlist the support of the educational, industrial and scientific communities in a cooperative effort to provide excellence in science and mathematics education. This residential program serves the primary role for tenth, eleventh and twelfth grade students that in addition to mathematics and science includes strong general education elements required of creative scientists. In addition, the Academy conducts an aggressive array of programs for elementary, middle school and high school students and teachers of the State that includes, curriculum development, training and classroom and research activities.

The Academy is governed by a Board of Trustees that consists of:

- (a) Three voting representatives of Secondary Education, one of whom must be a math or science teacher, appointed by the State Superintendent of Education.
- (b) Two voting representatives of Higher Education, one of whom must be a Dean of Education, appointed by the Executive Director of the Illinois Board of Higher Education.
- (c) Three voting representatives of the science community in Illinois, appointed by the Governor.
- (d) Three voting representatives of the Illinois private industrial sector, appointed by the Governor.
- (e) Two voting representatives of the public at large, appointed by the Governor.

In addition, the Board of Trustees has four ex officio nonvoting members: the State Superintendent of Education, the Executive Director of the Illinois Community College Board, the Executive Director of the State Board of Higher Education, and the Superintendent of the Schools in the school district in which the Academy is located (West Aurora School District 129).

The Board of Trustees is empowered to establish employment regulations, budgets, and contractual relationships and conduct all aspects of the Academy's business operations. The Board of Trustees is also responsible for establishing criteria for eligibility of enrollment, curriculum and other educational and co-curriculum activities offered, and criteria for the award of certificates of completion and diplomas.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
IMSA STUDENT ACTIVITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies

The financial statements of the IMSA Student Activities Fund have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). To facilitate user understanding of the General Fund's financial statements, significant accounting policies are summarized below.

(a) Financial Reporting Entity

As defined by GAAP, the financial reporting entity consists of a primary government, as well as its component units, which are legally separate organizations for which the elected officials of the primary government are financially accountable.

The financial statements only present the activity attributable to the fiduciary (agency) fund transactions of the Academy within the IMSA Student Activities Fund and does not purport to, and does not, present fairly the financial position of the Academy or the State as of June 30, 2016 and 2015, nor changes in the Academy's or State's financial position for the years ended in conformity with GAAP.

The IMSA Student Activities Fund is not legally separate from the State; therefore, the financial information of the IMSA Student Activities Fund is included in the financial statements of the State. The State's Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's Office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871, or accessing its website at www.illinoiscomptroller.gov.

(b) Basis of Presentation

In government, the basic reporting entity is a fund. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other resources together with all related liabilities, obligations, inflows, outflows, and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. Balance sheets have been presented for the IMSA Student Activities Fund, which is used to account for assets held by the Academy in a fiduciary capacity. This non-appropriated fund is not held within the State Treasury.

Fiduciary Fund Type:

Agency:

Agency funds are used to account for assets held by the Academy in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Academy collects receipts from student activities and remits these amounts to the proper agencies or individuals.

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
IMSA STUDENT ACTIVITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016

(2) Summary of Significant Accounting Policies (Continued)

(c) Measurement Focus and Basis of Accounting

The accounts of the IMSA Student Activities Fund are maintained and reported using the accrual basis of accounting. As an agency fund, the IMSA Student Activities Fund does not have a measurement focus.

Liabilities are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash held locally in banks for the IMSA Student Activities Fund and the IMSA Operating Fund.

(e) Interfund Transactions

The following types of interfund transactions between funds of the Academy and funds of other State agencies may occur:

Services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. Interfund services provided and used are reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts are reported as interfund receivables and payables in the governmental funds balance sheet.

Reimbursements are repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them. Reimbursements are reported as expenditures in the reimbursing fund and as a reduction in expenditures in the reimbursed fund.

Transfers are flows of assets (such as cash or goods) between funds without equivalent flows of assets in return and without a requirement for repayment. In governmental funds, transfers are reported as other financing uses in the funds making transfers and as other financing sources in the funds receiving transfers.

(f) Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
IMSA STUDENT ACTIVITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(2) Summary of Significant Accounting Policies (Continued)

(g) Newly Adopted GASB Statements

The Academy adopted GASB Statement No 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. As a result of adopting this statement for the year ending June 30, 2016 the Academy has determined no impact on either the General Fund or the individual nonshared governmental funds' financial statements.

The Academy adopted GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which is to identify-in the context of the current governmental financial reporting environment-the hierarchy of generally accepted accounting principles (GAAP). The 'GAAP hierarchy' consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(h) Future Adoption of GASB Statements

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, which is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions of this statement have no material impact on either the General Fund or individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 74, *Financial Reporting for Postemployment Benefits Plans Other Than Pension Plans*, which is to improve accounting and financial reporting by state and local governments for postemployment benefits plans other than pensions plans (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions of this statement have no material impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
IMSA STUDENT ACTIVITIES FUND
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2016**

(2) Summary of Significant Accounting Policies (Continued)

(h) Future Adoption of GASB Statements (Continued)

Effective for the year ending June 30, 2017, the Academy will adopt GASB Statement No. 77, *Tax Abatement Disclosures*, which is to assist users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. The Academy has not yet determined the impact on either the General Fund or the individual nonshared governmental funds' financial statements as a result of adopting this statement.

(3) Deposits

The Academy independently manages cash and cash equivalents maintained outside the State Treasury. Deposits for the IMSA Student Activities Fund had a carrying amount of \$163,571 and \$122,330, respectively, and a bank balance of \$169,910 and \$140,157, respectively, at June 30, 2016 and 2015. In addition, the Academy included a locally-held individual nonshared governmental fund, the IMSA Operating Fund, with a carrying amount of \$2,874,099 and \$1,840,350, respectively, and a bank balance of \$2,875,167 and \$1,907,539, respectively, at June 30, 2016 and 2015. Of the total balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) as of June 30, 2016 and 2015. The remaining \$2,795,077 and \$1,797,696 for 2016 and 2015, respectively, were collateralized with pooled securities held by the financial institution's trust department. These securities are held in the name of the financial institution and not that of the State.

(4) Commitments and Contingencies

The IMSA Student Activities Fund does not have any commitments or contingencies.

(5) Subsequent Events

The Academy is not aware of any additional facts, decisions, or conditions that might be expected to have a significant effect on the IMSA Student Activities Fund during this and future fiscal years.

**STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2016**

<u>IMSA Student Activity Fund</u>	<u>Balance</u> <u>June 30, 2015</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2016</u>
Acronym Newspaper	\$ 1,992	\$ -	\$ 49	\$ 1,943
AP Exams	-	72,581	63,272	9,309
Athletics	809	4,625	3,384	2,050
Alumni Account	4,649	-	-	4,649
Habitat for Humanity	1,978	8,025	7,093	2,910
Human Resources	4,522	574	774	4,322
Student Support	8,614	21,025	22,015	7,624
Drama Club	1,309	4,399	3,378	2,330
Bowling	1	-	1	-
Mu Alpha Theta	10,435	5,978	5,597	10,816
Music	1,155	-	-	1,155
Science Investigations	7,218	-	7,195	23
Heliotrope	57	-	57	-
Model UN of University	260	-	-	260
Student Council	7,237	5,114	4,613	7,738
Tournaments	6,548	15,650	15,496	6,702
Yearbook	101	21,269	18,576	2,794
Fiscal Office	(392)	5,777	3,744	1,641
Science Lab Books	1	-	1	-
Key Club	5,362	514	1,380	4,496
Graduation	8,904	1,951	1,830	9,025
Scholastic Bowl	5,155	5,914	3,714	7,355
SIR Travel	4,022	25,040	25,299	3,763
Fine Arts Club	1,332	-	1,332	-
IN2 Launch Intersession	-	2,575	2,575	-
IRC Copier	7	-	-	7
Diwali	105	1,957	1,823	239
Dance Squad	4,470	3,775	5,987	2,258
Multicultural Games & Food	36	1,352	-	1,388
Spain Intersession	-	43,575	40,633	2,942
Boston Math Contest	-	2,400	294	2,106
Ecuador Intersession/Sch Sponsored Travel Evnt	1,493	87	355	1,225
Verno	334	147	-	481
Italy Intersession	-	90,788	90,788	-
Russia Intersession	-	600	-	600
Colorado Intersession	-	35,064	35,064	-
CPR/AED/FA Intersession	-	1,027	1,024	3
Madrigal Desserts	370	1,010	863	517
JSA-Junior State of America	572	2,675	2,660	587
Hawaii Intersession	-	23,823	23,823	-
American Red Cross Intersession	15	-	13	2
HSAC-High Schools Against Cancer	77	-	77	-
Swanson Fund	1,625	1,386	3,011	-
Swim and Dive	824	7,050	7,186	688
Future Business Leaders of America	161	8,827	8,924	64
Intersession 2013 - General	1,772	1,022	758	2,036
Class of 2015	3,328	289	877	2,740
Project Pink Ribbon	123	-	123	-
Robotics	4,928	33,429	12,746	25,611
Class of 2016	12,734	81,968	80,719	13,983
Leadership & Service	1,746	500	731	1,515
Class of 2017	4,091	12,772	6,441	10,422
Class of 2018	-	5,912	2,660	3,252
National History Bowl	2,250	-	2,250	-
Total	<u>\$ 122,330</u>	<u>\$ 562,446</u>	<u>\$ 521,205</u>	<u>\$ 163,571</u>

STATE OF ILLINOIS
ILLINOIS MATHEMATICS AND SCIENCE ACADEMY
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES - AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2015

<u>IMSA Student Activity Fund</u>	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u> <u>and Transfers</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2015</u>
Acronym Newspaper	\$ 1,992	\$ -	\$ -	\$ 1,992
Athletics	2,394	3,031	4,616	809
Alumni Account	4,649	-	-	4,649
Habitat for Humanity	1,333	8,413	7,768	1,978
Human Resources	4,248	865	591	4,522
Student Support	1,213	36,021	28,620	8,614
Drama Club	1,868	3,116	3,675	1,309
Bowling	1	-	-	1
Mu Alpha Theta	16,520	6,996	13,081	10,435
Music	1,155	-	-	1,155
Science Investigations	14,301	-	7,083	7,218
Heliotrope	57	-	-	57
Model UN of University	260	-	-	260
Student Council	6,220	5,265	4,248	7,237
Tournaments	4,187	18,109	15,748	6,548
Yearbook	98	36,215	36,212	101
Fiscal Office	(249)	1,503	1,646	(392)
Science Lab Books	1	-	-	1
Key Club	4,955	1,305	898	5,362
Graduation	8,064	4,130	3,290	8,904
Scholastic Bowl	6,223	2,650	3,718	5,155
SIR Travel	17,196	7,797	20,971	4,022
Fine Arts Club	1,332	-	-	1,332
IRC Copier	52	-	45	7
Diwali	105	-	-	105
Dance Squad	4,493	1,564	1,587	4,470
Multicultural Games & Food	36	-	-	36
Spain Intersession	-	35,558	35,558	-
Boston Math Contest	-	2,372	2,372	-
Ecuador Intersession/Sch Sponsored Travel Evnt	-	15,670	14,177	1,493
Verno	334	-	-	334
Paris Intersession	-	36,000	36,000	-
Russia Intersession	-	17,075	17,075	-
China Intersession	-	1,855	1,855	-
Peru Intersession	-	43,100	43,100	-
Madrigal Desserts	392	884	906	370
JSA-Junior State of America	367	3,605	3,400	572
Class of 2013	8,387	-	8,387	-
National Honor Society Dues	78	-	78	-
American Red Cross Intersession	15	-	-	15
HSAC-High Schools Against Cancer	77	-	-	77
Swanson Fund	1,046	1,791	1,212	1,625
Class of 2014	12,442	218	12,660	-
Swim and Dive	469	7,065	6,710	824
Future Business Leaders of America	1,801	3,198	4,838	161
Intersession 2013 - General	750	1,355	333	1,772
Class of 2015	10,119	67,559	74,350	3,328
Project Pink Ribbon	123	-	-	123
Robotics	3,211	19,780	18,063	4,928
Class of 2016	3,366	17,329	7,961	12,734
Leadership & Service	1,128	2,943	2,325	1,746
Class of 2017	-	4,876	785	4,091
China Intersession for SIR	-	11,480	11,480	-
Chicago Innovation Ecosystem	-	2,125	2,125	-
London Intersession	-	1,287	1,287	-
National History Bowl	-	2,250	-	2,250
Total	<u>\$ 146,809</u>	<u>\$ 436,355</u>	<u>\$ 460,834</u>	<u>\$ 122,330</u>

WASHINGTON, PITTMAN & McKEEVER, LLC

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

Honorable Frank J. Mautino
Auditor General
State of Illinois

and

Board of Trustees
Illinois Mathematics and Science Academy
Aurora, Illinois

As Special Assistant Auditors for the Auditor General, we have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the IMSA Student Activities Fund – a fiduciary (agency) fund of the State of Illinois, Illinois Mathematics and Science Academy, as of and for the year ended June 30, 2016, and the related notes to the financial statements, as listed in the table of contents, and have issued our report thereon dated December 5, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of Illinois, Illinois Mathematics and Science Academy's internal control over financial reporting (internal control) of the IMSA Student Activities Fund to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion(s) on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control. Accordingly, we do not express an opinion on the effectiveness of the State of Illinois, Illinois Mathematics and Science Academy's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control of the IMSA Student Activities Fund of the State of Illinois, Illinois Mathematics and Science Academy 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 financial statements of the IMSA Student Activities Fund of the State of Illinois, Illinois Mathematics and Science Academy 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 State of Illinois, Illinois Mathematics and Science Academy'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 State of Illinois, Illinois Mathematics and Science Academy's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WASHINGTON, PITTMAN & McKEEVER, LLC

SIGNED ORIGINAL ON FILE

**Chicago, Illinois
December 5, 2016**