

**COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
WHEELING, ILLINOIS**

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014



Evoy, Kamschulte, Jacobs & Co. LLP
Certified Public Accountants

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Wheeling Community Consolidated School District No. 21
Wheeling, Illinois 60090

Report on Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Wheeling Community Consolidated School District No. 21, as of and for the year ending June 30, 2014, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, as listed in the table of contents. We have also audited the individual fund financial statements presented as additional audited financial statements as of and for the year ended June 30, 2014, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Qualified Opinion

The District has not updated the disclosures required by Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions. The amount by which this updated disclosure would affect the financial statements is not reasonably determinable.

Opinion

In our opinion, except for the effects of the matter discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund, and remaining fund information of the Wheeling Community Consolidated School District No. 21, as of June 30, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and budgetary comparison information on pages 8 through 19 and 50 through 55, and the Schedule of Funding Progress relative to the Illinois Municipal Retirement Fund on page 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purposes of forming opinions on the financial statements that collectively comprise the Wheeling Community Consolidated School District No. 21's, basic financial statements. The additional supplementary information listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedules listed as the Annual Federal Financial Compliance Report in the Table of Contents, are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Wheeling Community Consolidated School District No. 21. The schedule of expenditures of federal awards 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The additional supplementary information, as listed in the Table of Contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2014, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control over financial reporting and compliance.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP
November 10, 2014
Waukegan, Illinois



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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

Board of Education
Wheeling Community Consolidated School District No. 21
Wheeling, Illinois 60090

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of the Wheeling Community Consolidated School District No. 21 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Wheeling Community Consolidated School District No. 21's basic financial statements and have issued our report thereon dated November 10, 2014, which was qualified because the District has not updated the disclosures required by Governmental Accounting Standards Board Statement 45, Accounting and Financial Reporting for Post-Employment Benefits Other than Pensions.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wheeling Community Consolidated School District No. 21's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wheeling Community Consolidated School District No. 21's internal control. Accordingly, we not express an opinion on the effectiveness of 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be a material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wheeling Community Consolidated School District No. 21's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

November 10, 2014
Waukegan, Illinois



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Education
Wheeling Community Consolidated School District No. 21
Wheeling, Illinois 60090

Report on compliance for Each Major Federal Program

We have audited Wheeling Community Consolidated School District No. 21's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Wheeling Community Consolidated School District No. 21's major federal programs for the year ended June 30, 2014. Wheeling Community Consolidated School District No. 21's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Wheeling Community Consolidated School District No. 21's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Wheeling Community Consolidated School District No. 21's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Wheeling Community Consolidated School District No. 21's compliance.

Opinion on Each Major Federal Program

In our opinion, Wheeling Community Consolidated School District No. 21, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

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Report on Internal Control Over Compliance

Management of Wheeling Community Consolidated School District No. 21 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wheeling Community Consolidated School District No. 21's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Wheeling Community Consolidated School District No. 21's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

November 10, 2014
Waukegan, Illinois

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

REQUIRED SUPPLEMENTARY INFORMATION

MANAGEMENT'S DISCUSSION
AND ANALYSIS

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

This section of Community Consolidated School District 21's (the District) annual financial report presents the discussion and analysis of the District's financial performance during the fiscal year ended June 30, 2014. Please read it in conjunction with the District's financial statements in order to enhance your understanding of the District's financial performance. Certain comparative information between the current year and the prior is required to be presented in the Management's Discussion and Analysis (the MD&A).

Financial Highlights

- In fiscal 2014 total net position decreased by \$1.2 million. This represents a decrease of 2.8 % over the prior year. The decrease is partially attributed to a decrease in net position stemming from the lower real estate tax collections in the Education Fund.
- General revenues accounted for \$90.9 million in revenue, or 75.8 % of all fiscal year 2014 revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$ 29.0 million or 24.2 % of total revenues of \$119.9 million.
- The District had \$121.1 million in expenses related to governmental activities, of which \$29.0 million were offset by program specific charges for services or operating grants and contributions. General revenues of \$90.9 million provided for the remaining costs of these programs.
- The Educational Fund had \$96.9 million in revenues and other financing sources and \$101.8 million in expenditures. This excess of expenditures over revenues of \$4.9 million decreased the fund balance from \$16.3 million to \$11.3 million in fiscal year 2014. The decrease in fund balance is related to increased program costs.
- The Illinois Municipal Retirement Fund experienced an operating deficiency of \$.17 million in the prior fiscal year and rebounded by \$813,242 resulting in a fund balance of \$644,910.
- During fiscal year 2014, the District completed various construction/renovation projects at London Middle School including Food Service kitchen expansion, various flooring, roofing and HVAC projects.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

- District enrollment levels continue to be stable and show no signs of experiencing material changes over the next five years. The District annually monitors the shift in enrollment categories within the overall enrollment of the District, especially as it relates to Kindergarten and Demographic populations. Significant trends representing either increases or decreases in student enrollment in pocket areas could necessitate programmatic changes in the future.

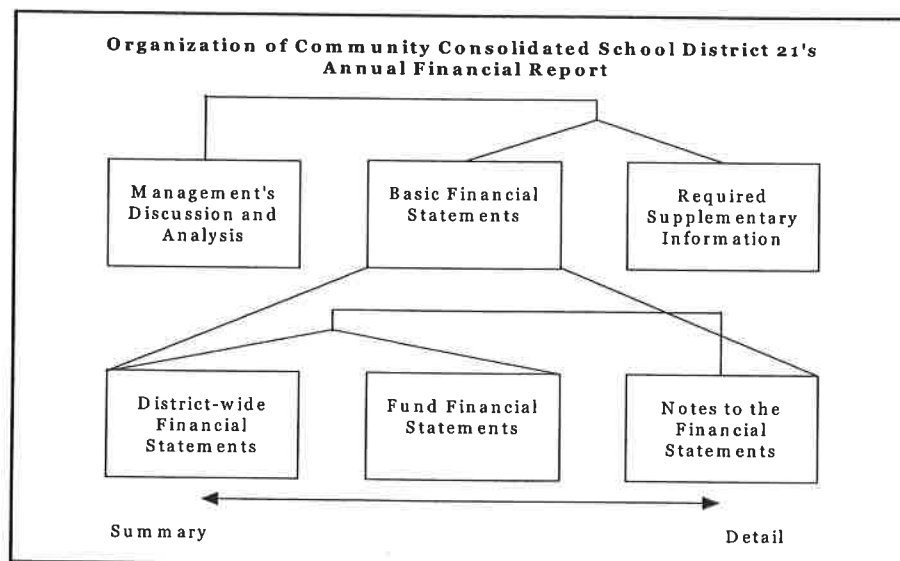
Overview of the Financial Statements

This annual report consists of three parts; management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in more detail than the district wide statements.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1



Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2

	District -wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary such as Educational and Operations & Maintenance	Instances in which the District administers resources on behalf of someone else, such as student activities monies
Required financial statements	1) Statement of net position 2) Statement of activities	1) Balance sheet 2) Statement of revenues expenditures, and changes in fund balance	1) Statement of fiduciary net assets 2) Statement of changes in fiduciary net assets
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net position* and how they have changed. The value of net position, the difference between the district's assets and liabilities, is one way to measure the District's financial health or *position*.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors including changes in the composition of the District's property tax base; the continued disparity in State and Federal source revenue to Local source revenue that is primarily composed of a capped source in property taxes; and the condition and necessary maintenance of school buildings and other facilities.

In the district-wide financial statements, the District's activities are all in one category; *governmental activities*. All of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

District 21's fund financial statements provide more detailed information about the District's funds focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- *Governmental Funds*: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- *Fiduciary Funds*: The District is the trustee, or fiduciary, for assets that belong to others, such as scholarship and student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Financial Analysis of the District as a Whole

Net Position: The District's combined net position decreased 1.2 % to \$42.0 million as a result of operations in fiscal year 2014 (see Figure A-3). This is a result of completion of various capital projects and the increased program costs.

Figure A-3

Condensed Statement of Net Position (in millions of dollars)			
	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
Current, other assets & Deferred Outflows	\$75.2	\$85.9	(12.5)
Capital assets	<u>51.8</u>	<u>51.5</u>	0.6
Total assets	127.0	137.4	(7.6)
Long-term debt outstanding	44.5	44.4	0.2
Other liabilities & Deferred Inflows	<u>40.5</u>	<u>49.7</u>	(18.5)
Total liabilities & Deferred Inflows	85.0	94.1	(9.7)
Net position			
Net investment in capital assets	33.1	32.9	0.6
Restricted	23.3	22.8	2.2
Unrestricted	<u>(14.4)</u>	<u>(12.4)</u>	16.1
Total net assets	\$42.0	\$43.3	(3.0)

Changes in net position: Total expenditures surpassed revenues resulting in net position decreasing by \$1.2 million over last year. The decrease is partially attributed to completion of capital projects where funding was received the prior year and increased program costs (see Figure A-4).

Community Consolidated School District 21
Management's Discussion and Analysis
For the Year Ended June 30, 2014

Figure A-4

Changes in Net Position from Operating Results (in millions of dollars)			
	<u>2014</u>	<u>2013</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$0.6	\$0.6	0.0
Operating Grants and Contributions	28.2	24.9	13.3
Capital Grants	0.2	0.1	0.0
General Revenue			
Taxes	83.5	87.2	(4.2)
State Formula Aid & Formula Grants	7.0	6.1	14.8
Other	<u>0.4</u>	<u>0.8</u>	(50.0)
Total Revenue	119.9	119.7	0.2
<u>Expenses</u>			
Instruction	79.4	73.2	8.5
Pupil & Instructional Services	14.4	14.0	2.9
Administration & Business	8.1	8.4	(3.6)
Maintenance & Operations	9.4	9.9	(5.1)
Transportation	3.5	3.6	(2.8)
Other	<u>6.3</u>	<u>8.4</u>	(25.0)
Total Expenses	\$121.1	\$117.5	3.1
Increase (Decrease) in net assets	(\$1.2)	\$2.2	

In fiscal 2014, the District's total revenues were \$119.9 million. Property tax revenue decreased by 4.2 % and accounted for most of the District's revenue, contributing about 70 cents of every dollar raised (see Figure A-5). Charges for services remained similar, as there was no increase in student fees for instructional materials. The remaining revenue came from state and federal aid for specific programs and miscellaneous sources.

The total cost for all programs and services was \$121.1 million. 80.4 % of the District's expenses are related to instructing; caring for (pupil services) and transporting students (see Figure A-6).

Community Consolidated School District 21 Management's Discussion and Analysis For the Year Ended June 30, 2014

Figure A-5

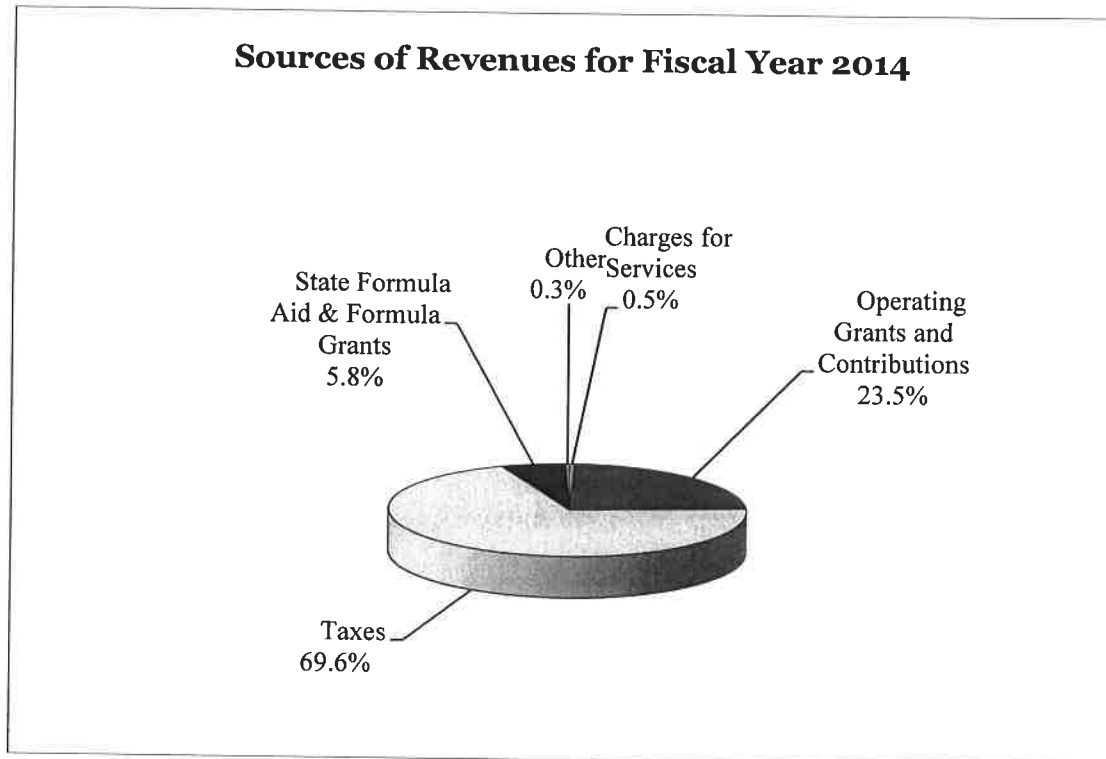
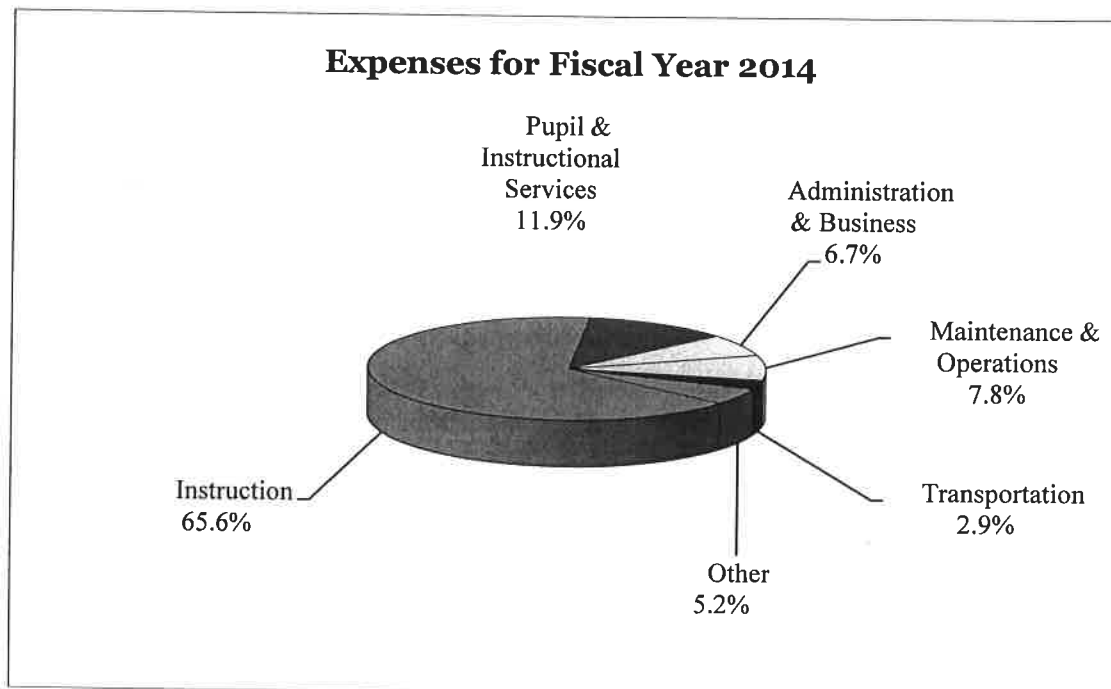


Figure A-6



Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Instruction and related student services costs increased by \$6.2 million or 8.5%. The increase of positions associated with increased Title I funding and compensation related increases tied to the Consumer Price Index accounted for the increase the Instructional and Support Services expenditures over 2012-2013 levels.

The Administration and Business expenditures have stayed relatively flat, as a result of controlling costs throughout the year.

The expenditures associated with the daily operations of the District's school sites increased over the previous year, partially attributed to increased overtime and materials associated with a harsher winter than the prior year and a new cost sharing agreement with the Wheeling Park District for the management of open spaces.

The District's Transportation costs stayed flat from the 2012-2013 fiscal year which can be attributed to the aggressive monitoring of route creation and falling fuel costs to offset increasing contracted service costs.

Governmental Activities

Revenues for the District's governmental activities were \$119.9 million and total expenses were \$121.1 million, resulting in net position decreasing \$1.2 million in fiscal 2014.

The stability of the District's operating funds can be credited to the continued focus of the Board of Education to manage expenses in the face of projected deficits down the line and continue to work toward the Financial Guidelines developed by the Board's Finance Committee. The Board of Education takes its commitment to its constituency seriously in maintaining strong fiscal responsibility in the face of capped revenue streams and an expenditure side of the ledger driven in a large part by personnel costs.

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, operations and maintenance, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

- The cost of all governmental activities in fiscal 2014 was \$121.1 million.
- A portion of this cost (\$0.6 million) was financed by the users of the District's programs.
- The federal and state governments subsidized certain programs with grants and contributions (\$28.1 million).
- Most of the District's costs (\$90.9 million), however, were financed by District taxpayers.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Figure A-7

Net Cost of Governmental Activities (in millions of dollars)		
	Total Cost of Services <u>2014</u>	Total Cost of Services <u>2013</u>
Instruction	79.4	73.2
Pupil & Instructional Services	14.4	14.0
Administration & Business	8.1	8.4
Maintenance & Operations	9.4	9.9
Transportation	3.5	3.6
Other	<u>6.3</u>	<u>8.4</u>
Total	\$121.1	\$117.5

Financial Analysis of the District's Funds

As the District closed the year, its governmental funds reported a combined fund balance of \$34.5 million, which was below last year's ending fund balance of \$38.9 million. Majority of this decrease in fund balance is attributable to the overall program costs increases.

General Fund Budgetary Highlights

- Actual revenues were \$.9 million higher than anticipated. The positive budgetary variance is largely attributed to the under-budgeting of Federal revenue sources including IDEA and the Federal School Lunch program.
- Actual expenditures were \$2.4 million under budget due to overall containment of expenditures.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Capital Assets and Debt Administration

Capital Assets

By the end of 2014, the District had invested \$51.8 million in a broad range of capital assets, including school buildings, building improvements, vehicles, computer and audio-visual equipment, furniture, books, and other equipment. (See figure A-8). This amount represents a net increase of \$ 0.3 million or (0.6 %) from last year. Total depreciation expense for the year exceeded \$2.9 million. Additional, information regarding capital asset activity for fiscal year 2014 is available in Note #5- Capital Assets.

Figure A-8

Capital Assets (net of depreciation) (in millions of dollars)			Percentage Change
	<u>2014</u>	<u>2013</u>	
Land	\$2.0	\$2.0	0.0
Depreciable buildings, property and equipment, net	<u>49.8</u>	<u>49.5</u>	<u>0.6</u>
Total	\$51.8	\$51.5	0.6

The near-term future plans call for repair and maintenance to existing facilities as the main capital needs of the District.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Long -Term Debt

At year-end, the District had \$45.0 million in general obligation bonds and other long-term debt outstanding, as shown in Figure A-9. (More detailed information about the District's long-term liabilities is presented in Note 6 to the financial statements.)

Figure A-9

	Outstanding Long-Term Debt (in millions of dollars)		Percentage Change
	<u>2014</u>	<u>2013</u>	
General Obligation Bonds	\$43.6	\$46.7	-6.6
Capital Leases	0.1	0.2	(50.0)
Compensated Absences	<u>1.3</u>	<u>1.3</u>	0.0
Total	\$45.0	\$48.2	-6.6

- The District has maintained its A1 rating from Moody's Investors Service on general obligation bond issues. Under current state statutes, the District's general obligation bonded debt issuances are subject to a legal limitation based on 6.9% of total equalized assessed valuation of real property. As of June 30, 2014, the District's net general obligation bonded debt of \$45.0 million was well below the legal limit of \$108.6 million.
- The District continued to pay down its debt, retiring \$3.5million of outstanding bonds, loans, and leases in fiscal year 2013-2014.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2014

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may significantly affect its financial health in the future:

- The District will continue to face economic pressures associated with the declining Equalized Assessed Valuation and how it relates to the yearly Tax Levy process. Additionally, recently passed Pension Reform legislation by the Illinois General Assembly could have potential financial implications on the District in future fiscal years. The exact impact will not be known until finalized guidance is provided by the Teachers' Retirement System of Illinois.
- The District annually updates and prioritizes a Multi-year Capital Projects listing. The District looks to continue to make updates to the facilities as funding is available. As the construction related expenditures are processed, the fund balance in the Site and Construction Fund is expected to decrease. Future construction projects funding sources will be reviewed carefully as prioritization will become critical.
- The District will be reviewing the impact of PARC on resources. 2014-15 is the implementation year of the new state-wide student assessment program.
- The District has completed successful negotiations with the District 21 Education Association. This is a multi-year agreement which will assist in planning for the District.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances. Should you have questions about this report or need additional financial information, please contact the Director of Business, 999 W. Dundee Road, Wheeling, IL 60090.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

BASIC FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

GOVERNMENT WIDE FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF NET POSITION
JUNE 30, 2014

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 41,584,417
Accrued Interest Income	50,362
Accounts Receivable	
Taxes	
2013 Levy, Net of 1% Allowance for Losses	31,434,721
Personal Property Replacement	184,644
Governmental Claims	1,370,571
Inventory	43,721
Prepaid Expenses	207,442
Total Current Assets	<u>\$ 74,875,878</u>
Noncurrent Assets	
Capital Assets	
Land	\$ 1,965,066
Land Improvements	3,764,581
Buildings	88,980,589
Furniture and Equipment	19,615,436
Less: Accumulated Depreciation	<u>(62,500,306)</u>
Total Capital Assets, Net	<u>\$ 51,825,366</u>
TOTAL ASSETS	<u>\$ 126,701,244</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges	<u>\$ 373,367</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 1,100,222
Accrued Salaries	4,930,010
Payroll Deductions Payable	2,471,600
Current Portion of Long-Term Liabilities	
Capital Leases	109,290
Compensated Absences	629,382
Bonds	3,239,457
Total Current Liabilities	<u>\$ 12,479,961</u>
Long-Term Liabilities	
Accrued OPEB Obligation	\$ 430,164
Capital Leases	21,906
Compensated Absences	179,764
Bonds	40,404,318
Total Long-Term Liabilities	<u>\$ 41,036,152</u>
TOTAL LIABILITIES	<u>\$ 53,516,113</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Real Estate Taxes	<u>\$ 31,529,389</u>
NET POSITION	
Net Investment in Capital Assets	\$ 33,161,687
Restricted	
Operations & Maintenance	5,512,786
Transportation	1,784,509
Municipal Retirement/Social security	813,242
Debt Service	2,954,512
Working Cash	3,695,117
Capital Projects	8,543,503
Unrestricted	<u>(14,436,247)</u>
TOTAL NET POSITION	<u>\$ 42,029,109</u>

The accompanying Notes are an integral part of the basic financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

FUNCTION/PROGRAMS Governmental Activities	Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities Total
Instruction				
Regular	\$ 55,691,250	\$ 183,734	\$ 21,094,070	\$ (34,413,446)
Special Education	12,353,442	-	4,373,384	(7,980,058)
Educationally Deprived/Remedial	50,984	-	-	(50,984)
Interscholastic	211,571	-	-	(211,571)
Summer School	275,971	-	-	(275,971)
Bilingual	11,186,942	-	-	(11,186,942)
Support Services				
Pupils	7,491,581	-	-	(7,491,581)
Instructional Staff	6,885,297	-	-	(6,885,297)
General Administration	1,632,855	-	-	(1,632,855)
School Administration	3,597,973	-	-	(3,597,973)
Business	16,468,857	417,884	2,695,512	(13,105,461)
Central	3,366,058	-	-	(3,366,058)
Community Services	278,889	-	-	(278,889)
Interest and Other Charges	1,640,209	-	-	(1,640,209)
Total Governmental Activities	\$ 121,131,879	\$ 601,618	\$ 28,162,966	\$ (92,117,295)

GENERAL REVENUES

Taxes

Property Taxes, levied for general purposes

Property Taxes, levied for debt service

Property Taxes, levied for other specific purposes

Personal Property Replacement

Unrestricted Earnings on Investments

General State Aid

Tax Increment Finance Authority Refund

Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION - BEGINNING

NET POSITION - ENDING

The accompanying Notes are an integral part of the basic financial statements.

\$	69,746,207
\$	4,724,272
\$	6,844,836
\$	1,087,728
\$	113,256
\$	6,954,861
\$	1,094,491
\$	351,433
\$	90,917,084
\$	(1,200,211)
\$	43,229,320
\$	42,029,109

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

FUND FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2014

	General Fund	Special Revenue Funds				Debt Service Fund	Capital Projects Funds		
	Education Fund	Operations and Maintenance Fund	Transportation Fund	Municipal Retirement/Social Security Fund	Working Cash Fund	Bond and Interest Fund	Capital Projects Fund	Fire Prevention and Safety Fund	Total Governmental Funds
ASSETS									
Cash and Cash Equivalents	\$ 17,378,550	\$ 7,856,072	\$ 1,845,690	\$ 788,869	\$ 1,493,580	\$ 2,950,889	\$ 9,207,941	\$ 62,826	\$ 41,584,417
Accrued Interest Income	29,125	8,293	1,603	137	1,537	3,623	5,979	65	50,362
Due from Other Funds	-	-	-	-	2,200,000	-	-	-	2,200,000
Accounts Receivable									
Taxes									
2013 Levy, Net of 1% Allowance for Losses	22,940,993	3,571,612	1,248,815	1,702,275	-	1,971,026	-	-	31,434,721
Personal Property Replacement	184,644	-	-	-	-	-	-	-	184,644
Inventory	43,721	-	-	-	-	-	-	-	43,721
Governmental Claims	1,370,571	-	-	-	-	-	-	-	1,370,571
Prepaid Expenses	186,292	8,150	-	-	-	-	13,000	-	207,442
TOTAL ASSETS	\$ 42,133,896	\$ 11,444,127	\$ 3,096,108	\$ 2,491,281	\$ 3,695,117	\$ 4,925,538	\$ 9,226,920	\$ 62,891	\$ 77,075,878
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
LIABILITIES									
Accounts Payable	\$ 188,957	\$ 108,686	\$ 56,271	\$ -	\$ -	\$ -	\$ 746,308	\$ -	\$ 1,100,222
Accrued Salaries	4,924,748	-	5,262	-	-	-	-	-	4,930,010
Accrued Compensated Absences	284,036	51,043	-	-	-	-	-	-	335,079
Payroll Deductions Payable	2,326,253	-	1,251	144,096	-	-	-	-	2,471,600
Due to Other Funds	-	2,200,000	-	-	-	-	-	-	2,200,000
TOTAL LIABILITIES	\$ 7,723,994	\$ 2,359,729	\$ 62,784	\$ 144,096	\$ -	\$ -	\$ 746,308	\$ -	\$ 11,036,911
DEFERRED INFLOWS OF RESOURCES									
Deferred Real Estate Taxes	\$ 23,035,661	\$ 3,571,612	\$ 1,248,815	\$ 1,702,275	\$ -	\$ 1,971,026	\$ -	\$ -	\$ 31,529,389
FUND BALANCES									
Nonspendable	\$ 230,013	\$ 8,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 238,163
Restricted									
Operations & Maintenance Services	-	5,504,636	-	-	-	-	-	-	5,504,636
Transportation Services	-	-	1,784,509	-	-	-	-	-	1,784,509
Employee Benefits Payments	-	-	-	644,910	-	-	-	-	644,910
Interfund Borrowing	-	-	-	-	3,695,117	-	-	-	3,695,117
Bond Principal and Interest Payments	-	-	-	-	-	2,954,512	-	-	2,954,512
Future Construction	-	-	-	-	-	-	8,480,612	62,891	8,543,503
Unassigned	11,144,228	-	-	-	-	-	-	-	11,144,228
TOTAL FUND BALANCES	\$ 11,374,241	\$ 5,512,786	\$ 1,784,509	\$ 644,910	\$ 3,695,117	\$ 2,954,512	\$ 8,480,612	\$ 62,891	\$ 34,509,578
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES									
	\$ 42,133,896	\$ 11,444,127	\$ 3,096,108	\$ 2,491,281	\$ 3,695,117	\$ 4,925,538	\$ 9,226,920	\$ 62,891	\$ 77,075,878

The accompanying Notes are an integral part of the basic financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	General Fund	Special Revenue Funds				Debt Service Fund	Capital Projects Funds			Total Governmental Funds
		Educational Fund	Operations and Maintenance Fund	Transportation Fund	Retirement/ Social Security Fund	Working Cash Fund	Bond and Interest Fund	Capital Projects Fund	Fire Prevention and Safety Fund	
REVENUES										
Taxes										
Tuition	\$ 61,780,128	\$ 8,953,807	\$ 3,048,219	\$ 3,896,617			\$ 4,724,272			\$ 82,403,043
Transportation Fees	24,432	-	-	-	-	-	-	-	-	24,432
Earnings on Investments	63,093	18,719	3,225	-	-	-	-	-	-	3,225
Food Service Fees	414,659	-	3,867	39	3,173	-	7,418	16,813	134	113,256
Textbook Fees	159,302	-	-	-	-	-	-	-	-	414,659
Rentals	-	200,713	-	-	-	-	-	-	-	159,302
Refund of Prior Year Expenditures	7,141	16,448	-	-	-	-	-	-	-	200,713
Other	155,594	5,353	13,252	-	-	-	-	4,300	-	23,589
Tax Increment Finance Authority Refund	24,405	-	-	-	-	-	-	1,070,086	-	178,499
State Aid	29,234,110	-	1,070,764	-	-	-	-	250,000	-	1,094,491
Federal Aid	5,061,564	-	-	-	-	-	-	-	-	30,554,874
TOTAL REVENUES	\$ 96,924,428	\$ 9,195,040	\$ 4,139,327	\$ 3,896,656	\$ 3,173	\$ 4,731,690	\$ 1,341,199	\$ 134	\$ 134	\$ 120,231,647
EXPENDITURES										
Current										
Instruction										
Regular	\$ 53,422,016	\$ -	\$ -	\$ 402,089	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,824,105
Special Education	10,818,858	-	-	544,638	-	-	-	-	-	11,363,496
Educationally Deprived/Remedial	48,627	-	-	2,357	-	-	-	-	-	50,984
Interscholastic	208,099	-	-	3,472	-	-	-	-	-	211,571
Summer School	268,239	-	-	7,732	-	-	-	-	-	275,971
Bilingual	10,880,971	-	-	148,482	-	-	-	-	-	11,029,453
Support Services										
Pupils	7,202,546	-	-	278,647	-	-	-	-	-	7,481,193
Instructional Staff	6,394,672	-	-	264,617	-	-	-	-	-	6,659,289
General Administration	1,534,952	-	-	44,272	-	-	-	-	-	1,579,224
School Administration	3,362,333	-	-	162,631	-	-	-	-	-	3,524,964
Business	3,205,887	8,096,638	3,509,939	1,165,865	-	-	196,668	-	-	16,174,997
Central	2,838,226	-	-	47,316	-	-	-	-	-	2,885,542
Other Support Services	449,861	-	-	11,296	-	-	-	-	-	449,861
Community Service	258,733	-	8,860	-	-	-	-	-	-	278,889
Nonprogrammed charges	756,926	-	-	-	-	-	-	-	-	756,926
Debt Service										
Principal	-	-	-	-	-	-	3,488,196	-	-	3,488,196
Interest and Other Charges	-	-	-	-	-	-	1,419,666	-	-	1,419,666
Capital Outlay	205,207	213,774	-	-	-	-	-	2,788,298	-	3,207,279
TOTAL EXPENDITURES	\$ 101,856,153	\$ 8,310,412	\$ 3,518,799	\$ 3,083,414	\$ -	\$ -	\$ 4,907,862	\$ 2,984,966	\$ -	\$ 124,661,606
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (4,931,725)	\$ 884,628	\$ 620,528	\$ 813,242	\$ 3,173	\$ (176,172)	\$ (1,643,767)	\$ 134	\$ (4,429,959)	
OTHER FINANCING SOURCES (USES)										
Transfers In										
Transfers Out	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 176,420	\$ -	\$ -	\$ 176,420
TOTAL OTHER FINANCING SOURCES (USES)	\$ (22,772)	\$ (153,648)	\$ -	\$ -	\$ -	\$ -	\$ 176,420	\$ -	\$ -	\$ -
NET CHANGE IN FUND BALANCE	\$ (4,954,497)	\$ 730,980	\$ 620,528	\$ 813,242	\$ 3,173	\$ 248	\$ (1,643,767)	\$ 134	\$ (4,429,959)	
FUND BALANCE - JULY 1, 2013	16,328,738	4,781,806	1,163,981	(168,332)	3,691,944	2,954,264	10,124,379	62,757	38,939,537	
FUND BALANCE - JUNE 30, 2014	\$ 11,374,241	\$ 5,512,786	\$ 1,784,509	\$ 644,910	\$ 3,695,117	\$ 2,954,512	\$ 8,480,612	\$ 62,891	\$ 34,509,578	

The accompanying Notes are an integral part of the basic financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014

Net Change in Fund Balance - Governmental Funds	\$	(4,429,959)
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay (\$3,207,279) exceeds depreciation expense (\$2,954,626) in the period.		252,653
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Difference of government claims recorded on the full accrual basis in the entity wide financial statements and government claims available on the modified accrual basis.		(248,611)
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In the Statement of Activities, certain operating expenses - compensated absences and interest - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources that are used (essentially, the amounts actually paid). The differences in these amounts are:

Compensated absences		9,421
Amortization of deferred charges		(220,543)
Amortization of premiums and discounts		(51,368)

Repayment/defeasance of long-term debt principal reduces financial resources in the governmental funds, but the repayment/defeasance reduces long-term liabilities in the statement of net position

Principal Paid on Long-Term Debt		3,488,196
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Change in Net Position of Governmental Activities	\$	(1,200,211)
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The accompanying Notes are an integral part of the basic financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2014

ASSETS

Cash and Investments	\$ 574,898
TOTAL ASSETS	<u>\$ 574,898</u>

LIABILITIES

Due to Student Groups	\$ 394,102
Due to Employee's Benefits Fund	<u>180,796</u>
TOTAL LIABILITIES	<u>\$ 574,898</u>

The accompanying Notes are an integral part of the basic financial statements

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

NOTES TO THE FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014

1. Summary of Significant Accounting Policies

Community Consolidated School District No. 21 (the "District") was incorporated on July 1, 1948 and provides educational services to children in grades kindergarten through eight.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as applicable to local governmental units of this type. The following is a summary of the more significant accounting policies of the District:

Reporting Entity

The Community Consolidated School District No. 21 (the "District") is governed by the District's Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by generally accepted accounting principles.

Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. Therefore, the District is a financial reporting entity as defined by Governmental Accounting Standards Board ("GASB") in its Statement No. 61, "The Financial Reporting Entity," as amended by GASB 39, "Determining Whether Certain Organizations Are Component Units." There are no component units included within the reporting entity.

New Accounting Standards

During fiscal year 2014 the District adopted or considered the following Governmental Accounting Standards Board (GASB) Statements:

- GASBS No. 65, *Items Previously Reported as Assets or Liabilities*
- GASBS No. 67, *Financial Reporting for Pension Plans*

Other accounting standards the District is reviewing for applicability include:

- GASBS No. 68, *Accounting and Financial Reporting for Pensions*
- GASBS No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*

Basis of Presentation

District-wide Statements: The Statement of Net Position and the Statement of Activities display information about the financial activities of the overall district, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District has no Business-Type activities.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expenses—expenses of the District related to the administration and support of the District's Programs, such as personnel and accounting—are not allocated to programs.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes and state formula aid, are presented as general revenues.

Governmental Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category—*governmental*, and *fiduciary*—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. The District maintains individual funds as prescribed by the Illinois State Board of Education. The District reports all its funds as major governmental funds.

The District reports the following major governmental funds:

- *General Fund.* This fund consists of the Education Fund and is the general operating fund of the District. It is used to account for all financial resources and activities except those that are required to be accounted for in another fund. Special Education is included in this fund.
- *Special Revenue Funds.* These funds include: the Operations and Maintenance Fund, Transportation Fund, Municipal Retirement/Social Security Fund, and Working Cash Fund and is used to account for the proceeds of specific revenue sources (other than those accounted for in the Debt Service Fund, Capital Projects Fund or Fiduciary Funds) that are legally restricted to cash disbursements for specific purposes. The District maintains a Working Cash Fund, which accounts for financial resources held by the District to be used for temporary interfund loans to any other governmental fund. Also, by Board resolution, financial resources of the Working Cash Fund can be permanently transferred to any other governmental fund through abatement or abolishment. The District considers these resources as stabilization amounts, available for use in emergency situations or when a fund revenue shortfall or budgetary imbalance occurs. Thus, the District classifies this fund as a special revenue fund due to the specific limitations on the uses of the resources within the fund.
- *Debt Service Fund.* This fund consists of the Bond and Interest Fund and accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.
- *Capital Projects Funds.* This fund consists of the Capital Projects Fund and the Fire Prevention and Safety Fund, and accounts for financial resources to be used for the acquisition, construction or improvement of major capital facilities. Fire Prevention and Safety Special Tax Levy and Bond Proceeds, and Subdivider's Land Cash Ordinance payments are accounted for in this fund.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. The Agency Fund includes the Student Activity Funds, and the Employees' Flexible Spending Account, and accounts for assets held by the District as an agent for its students and employees, and therefore, are not available to support District programs. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the agency fund organizations are equal to the assets.

The district-wide financial statements and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the year for which they are levied. Revenue from grants and similar items are recognized as soon as all eligibility requirements have been met.

The governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they are both "measurable and available". "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for unmatured principal and interest on general long-term debt which is recognized when due, and certain compensated absences, claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. Also, in accordance with GASB No. 50, "on-behalf" payments (payments made by a third party for the benefit of the District, such as payments made by the State to the Teachers Retirement System) have been recognized in the financial statements.

Property taxes, replacement taxes, certain state and federal aid, and interest on investments are susceptible to accrual. Other receipts become measurable and available when cash is received by the District and are recognized as revenue at that time.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant and accordingly, when such funds are received they are recorded as deferred revenues until earned.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

1. Summary of Significant Accounting Policies (continued)

Investments

State statutes authorize the District's Treasurer to invest in obligations of the U.S. Treasury, certain highly rated commercial paper, corporate bonds, repurchase agreements, and money market funds registered under the Investment Company Act of 1940, with certain restrictions. Investments are stated at fair value. Changes in fair value of investments are recorded as investment income. (Investments are stated at cost, which approximates market value. Gains or losses, if any, on the sale of investments are recognized upon realization.) The District has adopted a formal written investment and cash management policy. The institutions in which investments are made must be approved by the Board of Education.

Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivable/payable" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." These amounts are eliminated in the governmental activities column in the statement of net assets.

Property Tax Revenues

The District must file its tax levy ordinance by the last Tuesday in December of each year. The District's property tax is levied each year on all taxable real property located in the District and it becomes a lien on the property on January 1 of that year. The owner of real property on January 1 in any year is liable for taxes of that year. The District's annual property tax levy is subject to two statutory limitations: Individual fund rate limits and the Property Tax Extension Limitation Act (PTELA).

The tax rate limits are applied at the fund level. These limits are established by state law, subject to change only by the approval of the voters of the District. The district's current rate limits are presented in Note 10.

The PTELA limitation is applied to the total levy (excluding certain levies for the repayment of debt). PTELA limits the increase in total taxes billed to the lesser of 5.0% or the percentage increase in the Consumer Price Index (CPI) for the preceding year. The amount can be exceeded to the extent there is "new growth" in the District's tax base. The new growth consists of new construction, annexations and tax increment finance district property that becomes eligible for taxation.

Property taxes are collected by the Cook County Collector/Treasurer, who remits to the District its share of collections. Taxes levied in one year become due and payable in two installments: the first due on March 1, and the second due on the later of August 1, or 30 days after the second installment tax bill is mailed (typically, this is due in late August or early September). The first installment is an estimated bill, and is 55% of the prior year's tax bill. The second installment is based on the current levy, assessment and equalization, and any changes from the prior year will be reflected in the second installment bill. The District collects taxes shortly after the due dates, usually within 45 days.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

1. Summary of Significant Accounting Policies (continued)

Property Tax Revenues (continued)

A portion of the 2013 property tax levy is recorded as a receivable in fiscal year 2014, net of estimated uncollectible amounts approximating 1%. As the District intends to use the second installment of collections to pay for fiscal year 2015 expenditures, the entire second installment is deferred and the first installment is recorded as revenue.

Personal Property Replacement Taxes

Personal property replacement taxes are first allocated to the Municipal retirement/Social security Fund, in accordance with the Illinois School Code, with the balance allocated to the remaining funds at the discretion of the District.

Inventory

On district-wide financial statements, inventories are recorded at the lower of cost or market, on a first-in-first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are recorded at cost on a first-in-first-out basis. In governmental funds, inventory consists of expendable supplies held for consumption. The cost of the inventory items is recorded as an expenditure in the governmental funds when purchased.

Prepaid Items

Certain payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items represent payments made by the District for which benefits extend beyond June 30. Inventories and prepaid items are accounted for using the consumption method.

Capital Assets

Capital assets are reported at actual or estimated historical cost. Contributed assets are reported at estimated fair value at the time received. The District generally capitalizes assets with an initial individual cost of \$500 or more and an estimated useful life of 5 years or more. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In 2003, the District engaged an appraisal company to estimate the historical cost of its capital assets acquired prior to that date. Depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	Depreciation Method	Estimated Useful Life
Land Improvements	Straight Line	20 Years
Buildings	Straight Line	50 Years
Furniture and Equipment	Straight Line	10 Years

Depreciation is used to allocate the actual or estimated historical cost of all capital assets over their estimated useful lives.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

1. Summary of Significant Accounting Policies (continued)

Compensated Absences

All certified employees receive fourteen sick days per year depending on their years of service. Unused sick leave days can accumulate to a maximum of 360 days for certified personnel. Non-certified personnel who work a twelve-month year are provided with fourteen sick days that can accumulate up to 180 days. The District does not reimburse employees for unused sick days remaining upon termination of employment.

Employees who work a twelve-month year are entitled to be compensated for vacation time. Vacations are usually taken within the calendar year. The entire compensated absences liability for unused vacation time earned is reported on the district-wide financial statements.

Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred outflows of resources and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Net Position

For the district-wide financial statements, net position are reported as restricted when constraints placed on net position use are either: (1) Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

Restricted Resources

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

2. Stewardship, Compliance and Accountability

Budget vs Actual Expenditures

For the year ended June 30, 2014, actual expenditures exceeded the budgeted expenditures in the following funds:

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
Educational	\$ 82,856,324	\$ 82,841,295	\$ 15,029
Special Revenue Funds			
Operations & Maintenance Fund	\$ 8,310,412	\$ 8,263,068	\$ 47,344
Debt Service Fund			
Bond & Interest	\$ 4,907,862	\$ 4,612,182	\$ 295,680
Capital Projects Funds			
Capital Projects	\$ 2,984,966	\$ 2,550,000	\$ 434,966

3. Deposits and Investments

At June 30, 2014, the District's deposits and investments consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits	\$ 50,000	\$ 346,090	\$ 396,090
Petty Cash	900	-	900
Investments	41,533,517	228,808	41,762,325
Total	<u>\$ 41,584,417</u>	<u>\$ 574,898</u>	<u>\$ 42,159,315</u>

Cash and Investments in the custody of the Wheeling School Treasury Pool

The voters of the respective school districts located within the boundaries of the offices of the Wheeling Township Schools Treasurer passed a referendum abolishing the offices of the Township Schools Treasurer effective July 1, 1996. The Boards of Education of the respective school districts and the Board of Education of Township High School District 214 (also located in Wheeling Township) entered into an agreement where District 214 agreed to provide to the respective school districts many of the services that were provided by the Township Schools Treasurer. These services are provided on an optional basis and without cost to the districts. District 21 exercised the option to participate beginning July 1, 1996.

Under the *Illinois Compiled Statutes* and the *Constitution of Illinois*, local school districts are authorized to contract among themselves and to confirm and transfer powers and functions by intergovernmental cooperation. As a result of the above agreement, District 214 (Treasurer) is the lawful custodian of all school funds. The Treasurer is monitored by an Advisory Board, which is comprised of a designated representative, or alternate, who is a member of the professional staff of each participating member district. The Treasurer is the direct recipient of property taxes, replacement taxes and most state and federal aid, and disburses school funds upon lawful order of the school board. The Treasurer invests excess funds at his discretion, subject to the legal restrictions discussed below. For these purposes, the Treasurer is permitted to combine monies from more than one fund of a single district, and to combine monies of more than one district in the township. Monies combined under these circumstances, as well as investment earnings, are accounted for separately for each fund and/or district.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

3. Deposits and Investments (continued)

Cash and Investments in the custody of the Wheeling School Treasury Pool (continued)

Cash and investments, other than the Agency Funds, Petty Cash, and the Imprest Funds described below, are part of a common pool for all school districts within the cooperative. The Treasurer maintains records that segregate the cash and investment balance by district or cooperative. Income from investments is distributed monthly based upon the Districts percentage participation in the pool. All cash for all funds, including cash applicable to the Bond and Interest Fund and the Illinois Municipal Retirement/Social Security Fund, is not deemed available for purposes other than those for which these balances are intended.

The Treasurer's investment policies are established by the Intergovernmental Agreement, as prescribed by the *Illinois School Code* and the *Illinois Compiled Statutes*. The Treasurer is authorized to invest in obligations of the U.S. Treasury, backed by the full faith and credit of the U.S. Government, certificates of deposit issued by commercial banks and savings and loan associations, and commercial paper rated within the three highest classifications by at least two standard rating services (subject to certain limitations).

The weighted average maturity of all pooled investments held by the Treasurer was 1.08 years at June 30, 2014. As of the same date, the fair value of all investments held by the Treasurer's Office was \$314,897,531 and the fair value of the District's proportionate share of the pool was \$32,015,946.

Interest Rate Risk. The Treasurer's investment policy seeks to ensure preservation of capital in the Treasurer's overall portfolio. Return on investment is of secondary importance to safety of principal and liquidity. The policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, the policy requires the Treasury investment portfolio to be sufficiently liquid to enable the Treasury to meet all operating requirements as they come due. A portion of the portfolio is required to be in readily available funds to ensure appropriate liquidity.

Cash and Investments in the custody of the District

Deposits of the Agency and Imprest funds, which are held in the District's custody, consist of cash held in financial institutions and in the Illinois School District Liquid Asset Fund Plus (ISDLAF+). The ISDLAF+ is a not-for-profit investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from participating members. It is not registered with the SEC as an investment company, but operates in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments are valued at share price, which is the price for which the investment could be sold.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

3. Deposits and Investments (continued)

Cash and Investments in the custody of the District (continued)

Custodial Credit Risk-Deposits. Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's policy requires deposits to be 102 percent secured by collateral valued at market or par, whichever is lower, less the amount of Federal Deposit Insurance Corporation (FDIC) insurance. The District's Board of Education, along with the Treasurer, approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certificates provided by financial institutions. At June 30, 2014, the carrying amount of the District's Agency and Imprest deposit accounts was \$624,899; the bank balance was \$621,289. Of the total carrying amount, \$394,102 was deposits with financial institutions, and \$228,808 was deposits with ISDLAF+. Of the bank balance, \$250,000 was covered by federal depository insurance; the balance was collateralized by the financial institution.

4. Inter-fund Balances and Transfers

At June 30, 2014 the District had the following inter-fund receivable/payable balances. The inter-fund loans were made to improve cash flow in the borrowing fund.

	<u>Borrowing Fund</u>	<u>Lending Fund</u>
Special Revenue Funds		
Operations and Maintenance Fund	\$ 2,200,000	
Working Cash Fund		\$ 2,200,000

During the year, the District made the following interfund transfers to the Debt Service Fund for the payment of principal and Interest on capital lease arrangements as prescribed by the Illinois School Code.

	<u>Transferred To</u>	<u>Transferred From</u>
General Fund		
Educational	\$ -	\$ 22,772
Special Revenue Fund		
Operations & Maintenance Fund	-	153,648
Debt Service		
Bond & Interest Fund	176,420	-
	<u>\$ 176,420</u>	<u>\$ 176,420</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

5. Capital Assets and Depreciation

	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Capital Assets not Being Depreciated				
Land	\$ 1,965,066	\$ -	\$ -	\$ 1,965,066
Construction-in-Progress	-	-	-	-
Total Capital Assets not Being Depreciated	<u>\$ 1,965,066</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,066</u>
Capital Assets Being Depreciated				
Land Improvements	\$ 3,764,581	\$ -	\$ -	\$ 3,764,581
Building and Improvements	86,183,722	2,796,867	-	88,980,589
Equipment	19,139,484	475,952	-	19,615,436
Total Capital Assets Being Depreciated	<u>\$ 109,087,787</u>	<u>\$ 3,272,819</u>	<u>\$ -</u>	<u>\$ 112,360,606</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ (3,250,477)	\$ (188,229)	\$ -	\$ (3,438,706)
Building and Improvements	(38,613,065)	(1,779,617)	-	(40,392,682)
Equipment	(17,682,138)	(986,780)	-	(18,668,918)
Total Accumulated Depreciation	<u>\$ (59,545,680)</u>	<u>\$ (2,954,626)</u>	<u>\$ -</u>	<u>\$ (62,500,306)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>\$ 49,542,107</u>	<u>\$ 318,193</u>	<u>\$ -</u>	<u>\$ 49,860,300</u>
Capital Assets, net of Accumulated Depreciation	<u><u>\$ 51,507,173</u></u>	<u><u>\$ 318,193</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 51,825,366</u></u>

Depreciation expense was recognized in the operating activities of the District as follows:

Governmental Activities

Regular Programs	\$ 1,867,145
Special Programs	233,020
Other Instructional	157,489
Pupil Services	10,388
Instructional Staff Services	226,008
General Administrative Services	53,631
School Administrative Services	82,430
Business Services	293,860
Central Services	<u>30,655</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,954,626</u></u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

6. Long-Term Liabilities

General Obligation Bonds

In fiscal 2013, the District issued \$22,350,000 of 2013 Series B bonds for advance refunding purposes. The District with this bond issue refunded \$5,870,000 of Series 1996A bonds, \$530,000 of Series 2005A bonds, \$4,100,000 of Series 2005B bonds, and \$10,750,000 of Series 2005C bonds. In 2013, the District also issued \$1,075,000 of 2013 Series C bonds for advance refunding purposes. With this bond issue, the District refunded \$1,270,000 of the Series 1995 Refunding bonds. In refunding these two bond issues; the District placed \$23,157,305 of the new bond issue in an irrevocable trust to provide for all future debt service payments on a portion of the prior bond's principal and interest outstanding. Accordingly, the trust account assets and liability for the refunded bonds are not included in the District's financial statements. On June 30, 2014, \$17,430,000 of these bonds are considered defeased. The District is not obligated in any manner for special assessment debt.

General obligation bonds are direct obligations, and pledge the full faith and credit of the District. At June 30, 2014 general obligation bonds outstanding were as follows:

	Interest Rates	Face Amount	Carrying Amount
2005A Refunding Bonds	5.00% - 5.36%	13,525,000	13,525,000
2005C Refunding Bonds	3.25% - 5.00%	1,225,000	1,225,000
2013A Building Bonds	3.00% - 4.00%	9,410,000	9,410,000
2013B Refunding Bonds	1.00% - 2.50%	22,350,000	19,030,000
2013C Refunding Bonds	1.00% - 1.50%	1,075,000	1,075,000
		<u>\$ 47,585,000</u>	<u>\$ 44,265,000</u>

At June 30, 2014, the annual debt service requirements of general obligation bond principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 3,460,000	\$ 1,373,098	\$ 4,833,098
2016	3,540,000	1,338,098	4,878,098
2017	3,315,000	1,250,316	4,565,316
2018	3,695,000	1,095,289	4,790,289
2019	3,815,000	917,029	4,732,029
2020-2024	19,835,000	2,213,243	22,048,243
2025-2029	3,345,000	774,525	4,119,525
2030-2033	3,260,000	211,870	3,471,870
	<u>\$ 44,265,000</u>	<u>\$ 9,173,468</u>	<u>\$ 53,438,468</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

6. Long-Term Liabilities (continued)

General Obligation Bonds (Continued)

The District is subject to the Illinois School Code, which limits the amount of certain indebtedness to 6.9% of \$1,571,829,307, the most recent available equalized assessed valuation of the District. As of June 30, 2014, the statutory debt limit of the District was \$108,456,222, providing a debt margin of \$64,191,222, which is 59.19 percent of its total legal debt limit. In addition, there are numerous covenants with which the District must comply in regard to these bond issues. As of June 30, 2014, the District was in compliance with all significant bond covenants.

The District also defeased certain general obligation and other bonds in years prior to June 30, 2013 by placing the proceeds of the 2005 refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2014, \$50,880,000 of the face amount of capital appreciation bonds outstanding are considered defeased, which had a carrying amount of \$40,175,902 at June 30, 2014.

Capital Leases

The District has entered into lease agreements, as lessees, for financing the acquisition of certain office equipment. The lease agreements qualify as a capital leases for accounting purposes and, therefore, the assets and obligations have been recorded at the present value of the future minimum lease payments as of the inception date. At June 30, 2014, \$4,275,144 of capital assets were acquired through capital lease arrangements during this and prior years. The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2014 are as follows:

Year Ending June 30,	Amount
2015	\$ 112,400
2016	22,772
Total minimum lease payments	\$ 135,172
Less: amount representing interest	(3,976)
Present value of minimum lease payments	\$ 131,196

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

6. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

For the year ending June 30, 2014, changes in long-term liabilities were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 47,585,000	\$ -	\$ 3,320,000	\$ 44,265,000	\$ 3,460,000
Unamortized premiums, discounts & charges	(841,768)	-	(220,543)	(621,225)	(220,543)
Total bonds payable	\$ 46,743,232	\$ -	\$ 3,099,457	\$ 43,643,775	\$ 3,239,457
Capital Leases	233,852	65,540	168,196	131,196	109,290
Accrued OPEB Obligation	430,164	-	-	430,164	-
Compensated absences	819,562	493,934	504,350	809,146	629,382
Total Long-Term Liabilities - Governmental Activities	\$ 48,226,810	\$ 559,474	\$ 3,772,003	\$ 45,014,281	\$ 3,978,129

The obligations for the capital leases and compensated absences will be paid from the General Fund.

7. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Below are definitions of the differences in fund balance presentations.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories or prepaid amounts. Inventories account for \$99,607 and are reported in the Educational Fund portion of the General Fund; and the prepaid expenses account for \$152,984 reported in the Educational Fund portion of the General Fund and \$54,714 reported in the Operations and Maintenance Fund Portion of the Special Revenue Fund.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

7. Fund Balance Reporting (Continued)

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the District. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specific purposes. The District reports several special revenue funds; the source of funding is through specific real estate tax levies. Namely the Operations and Maintenance Fund Levy, Transportation Fund Levy, Municipal Retirement/Social Security Fund Levy, Working Cash Fund Levy and the Tort Immunity Fund Levy.

C. Committed Fund Balance

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

The School Board commits fund balance by making motions or passing resolutions to adopt policy or to approve contracts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. No funds are currently committed.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the superintendent when the School board has delegated the authority to assign amounts to be used for a specific purpose. No funds are currently assigned.

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Fund. Unassigned Fund Balance amounts are shown in the financial statements in the Educational Fund/ General Fund. The IMRF Fund has a deficit fund balance of \$168,332 as of June 30, 2014.

Tort Immunity

During the year ended June 30, 2014, the District did not levy for Tort Immunity purposes, nor did the District have a restricted balance from prior years. The cumulative Tort Immunity expenditures were paid from the Educational Fund portion of the General Fund; accordingly, the June 30, 2014 fund balance of the General (Tort Immunity) Fund is no longer restricted for future Tort Immunity expenditures in accordance with Chapter 745, Sections 10/9-101 to 10/9-107 of the Illinois Compiled Statutes.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

7. Fund Balance Reporting (Continued)

Tort Immunity (Continued)

During the year ended June 30, 2014, the District made the following disbursements for tort immunity purposes:

Property and Liability Insurance	\$ 250,965
Unemployment Compensation Insurance	22,202
Risk Management	30,380
Workers Compensation Insurance	272,596
	<u>\$ 576,143</u>

Net Position Restrictions

The district-wide statement of net position reports \$23,303,669 of restricted net position, all of which is restricted by enabling legislation for specific purposes

8. Retirement Fund Commitments

Teachers' Retirement System of the State of Illinois

The School District participates in the Teachers' Retirement System of the State of Illinois (TRS). TRS is a cost-sharing multiple-employer defined benefit pension plan that was created by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the Plan can be made only legislative action with the Governor's approval. The State of Illinois maintains primary responsibility for the funding of the Plan, but contributions from participating employers and members are also required. The TRS Board of Trustees is responsible for the System's administration.

TRS members include all active nonannuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The active member contribution rate for the year ended June 30, 2014, was 9.4 percent of their creditable earnings. The same contribution rate applies to members whose first contribution service is on or after January 1, 2011, the effective date of the benefit changes contained in Public Act 96-0889. These contributions, which may be paid on behalf of employees by the employer, are submitted to TRS by the employer. The active member contribution rate was also 9.4 percent for the year ended June 30, 2013 and 2012.

The State of Illinois makes contributions directly to TRS on behalf of the District's TRS-covered employees.

On-Behalf Contributions: The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2014, State of Illinois contributions were based on 35.41 percent of creditable earnings not paid from federal funds, and the District recognized revenue and expenditures of \$18,493,237 in pension contributions that the State of Illinois paid directly to TRS. For the years ended June 30, 2013, and June 30, 2012, the State of Illinois contribution rates, as percentages of creditable earnings not paid from federal funds were 28.05 percent (\$14,204,945) and 24.91 percent (\$12,178,505) respectively.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

8. Retirement Fund Commitments (continued)

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

The District makes other types of employer contributions directly to TRS:

2.2 Formula Contributions:

Employers contributed 0.58 percent of creditable earnings for the 2.2 formula change. This rate is specified by statute. Contributions for the year ending June 30, 2014 were \$302,916. Contributions for the years ending June 30, 2013 and June 30, 2012 were \$293,721 and \$283,562, respectively.

Federal and Trust Fund Contributions:

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

For the year ended June 30, 2014, the employer pension contribution was 35.41 percent of salaries paid from federal and trust funds. For the year ended June 30, 2013 and 2012, the employer pension contribution was 28.05 and 24.91 percent of salaries paid from federal trust funds, respectively. For the year ended June 30, 2014, salaries totaling \$395,534 were paid from federal and trust funds that required employer contributions of \$140,059. For the years ended June 30, 2013, and June 30, 2012, required District contributions were \$153,296 and \$119,414, respectively.

Early Retirement Option:

The District is also required to make one-time employer contributions to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the age and salary of the member.

The maximum employer contribution is 146.5 percent and applies when the member is age 55 at retirement.

For the year ended June 30, 2014, the district paid \$-0- to TRS for employer contributions under the Pipeline ERO programs. For the years ended June 30, 2013 and June 30, 2012, the District paid \$-0- and \$-0- in employer ERO contributions, respectively.

Salary increases over 6 percent and excess sick leave:

Public Act 94-0004 added two new employer contributions to TRS.

If an employer grants salary increases over 6 percent and those salaries are used to calculate a retiree's final average salary, the employer makes a contribution to TRS. The contribution will cover the difference in actuarial cost of the benefit based on actual salary increases and the benefit based on salary increases of up to 6 percent. For the year ended June 30, 2014, the district paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent. For the year ended June 30, 2013 and June 30, 2012, the district paid \$14,086 and \$-0- in employer contributions due on salary increases in excess of 6 percent, respectively.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

8. Retirement Fund Commitments (continued)

If an employer grants sick leave days in excess of the normal annual allotment and those days are used as TRS service credit, the employer makes a contribution to TRS. The contribution is based on the number of excess sick leave days used as service credit, the highest salary used to calculate final average salary, and the TRS total normal cost rate (17.29) percent of salary during the year ended June 30, 2014). For the year ended June 30, 2014, the district paid \$-0- to TRS for sick leave days granted in the excess of the normal annual allotment. For the year ended June 30, 2013 and June 30, 2012, the district paid \$-0- and \$-0- in employer contributions granted for sick leave days, respectively.

Further Information

TRS financial information, an explanation of TRS benefits, and descriptions of member, employer and State funding requirements can be found in the *TRS Comprehensive Annual Financial Report* for the year ended June 30, 2013. The report for the year ended June 30, 2014, is expected to be available in late 2014. The reports may be obtained by writing to the Teachers' Retirement System of the State of Illinois, 2815 West Washington Street, P.O. Box 19253, Springfield, IL 62794-9253. The most current report is also available on the TRS website at <http://trs.illinois.gov>.

THIS Fund

The district participates in the Teacher Health Insurance Security (THIS) Fund, a cost-sharing, multiple employer defined benefit postemployment healthcare plan that was established by the Illinois legislature for the benefit of Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). Annuitant not enrolled in Medicare may participate in the state administered participation provider option plan or choose from several managed care options. Beginning February 1, 2014, annuitants who were enrolled in Medicare Parts A and B may be eligible to enroll in Medicare Advantage plans.

The State Employees Group Insurance Act of 1971 (5 ILCS 375) outlines the benefit provisions of THIS Fund and amendments to the plan can be made only by legislative action with the Governor's approval. Effective July 1, 2012, in accordance with Executive Order 12-01, the plan is administered by Illinois Department of Central Management Services (CMS) with the cooperation of TRS. Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to the TRS who are not employees of the state make a contribution to THIS Fund.

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

On behalf contributions to THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions THIS Fund from active members, which were 0.97 percent of pay during the year ended June 30, 2014. State of Illinois contributions were \$506,592, and the district recognized revenue and expenditures of this amount during the year. State contribution intended to match active member contributions during the years ended June 30, 2013 and June 30, 2012 were 0.92 and 0.88 percent of pay, respectively. State contributions on behalf of district employees were \$465,902 and \$430,232, respectively.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

8. Retirement Fund Commitments (continued)

Employer contributions to THIS Fund

The District also makes contributions to THIS Fund. The employer THIS Fund contribution was .72 percent during the year ended June 30, 2014 and 0.69 and 0.66 percent during the years ended June 30, 2013, and June 30, 2012, respectively. For the year ended June 30, 2014, the district paid \$376,027 to the THIS Fund. For the years ended June 30, 2012 and June 30, 2011, the district paid \$349,426 and \$322,674 to the THIS Fund, respectively, which was 100 percent of the required contribution.

Further information on THIS Fund

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

Illinois Municipal Retirement Fund

Plan Description

The District's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. Your employer plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information (RSI). That report may be obtained on-line at www.imrf.org.

Funding Policy and Progress

As set by statute, the District's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2013 was 14.32 percent. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Costs

The required contribution for calendar year 2013 was \$1,512,944.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/13	1,512,944	100%	\$0
12/31/12	1,451,381	100%	\$0
12/31/11	1,377,691	100%	\$0

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

8. Retirement Fund Commitments (continued)

Annual Pension Costs (Continued)

The required contribution for 2013 was determined as part of the December 31, 2011, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2011, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expense), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10.0% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of your employer Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. Your employer Regular plan's unfunded actuarial accrued liability at December 31, 2011 is being amortized as a level percentage of projected payrolls on an open 30-year basis.

Funded Status and Funding Progress

As of December 31, 2013, the most recent actuarial valuation date, the District's plan was 58.84 percent funded. The actuarial accrued liability for benefits was \$25,210,638 and the actuarial value of assets was \$14,832,811, resulting in an underfunded actuarial accrued liability (UAAL) of \$10,377,827. The covered payroll for calendar year 2013 (annual payroll of active employees covered by the plan) was \$10,565,251 and the ratio of the UAAL to the covered payroll was 98 percent.

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

Social Security

Employees not qualifying for coverage under the Illinois Downstate Teachers' Retirement System or the Illinois Municipal Retirement Fund are considered "non-participating employees". These employees and those qualifying for coverage under the Illinois Municipal Retirement Fund are covered under Social Security. The District paid \$664,011, the total required contribution for the current fiscal year.

8. Postemployment Benefits - Defined Benefit Retiree Health Care Plan

Plan Description:

Community Consolidated School District 21 ("the District") provides post-employment benefits other than pensions ("OPEB") to employees who meet certain criteria. As a result of offering such benefits, the District is required to report the value of such benefits and the associated costs according to the accounting requirements of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB"). The District has not updated its actuarial study as required by GASB 45, and as such, the footnote information disclosed here is based upon the June 30, 2010 study.

The District provides medical and dental benefits to retirees and their covered eligible dependents. All active employees who retire directly from the District and meet the eligibility criteria may remain on the District's plan.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

8. Postemployment Benefits - Defined Benefit Retiree Health Care Plan (Continued)

Liabilities and Normal Costs

The Actuarial Accrued Liability is the liability or obligation for benefits earned through the valuation date, based on certain actuarial methods and assumptions. The Plan's Actuarial Accrued Liability represents approximately 45.60% of the present value of future benefits.

Liabilities and Normal Cost	July 1, 2009
Actuarial Accrued Liability	\$ 3,419,091
Plan Assets	-
Unfunded Actuarial Accrued Liability	\$ 3,419,091
Normal Cost	\$ 282,454

Demographic Information

Participant Information	July 1, 2009
Active Participants	751
Inactive Participants	28
Total	779
Employer Contributions	2009-2010 FY
Expected OPEB Contributions:	
Active Participants	\$ -
Inactive Participants	76,322
Total Contribution	\$ 76,322

Assets

As of the valuation date, the District does not set aside assets in trust to pay future benefits.

Assets	July 1, 2009
Market Value of Assets	\$ -
Actuarial Value of Assets	-
Investment Return	N/A

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

8. Postemployment Benefits - Defined Benefit Retiree Health Care Plan (Continued)

Development of Annual Required Contribution

The following table shows the District's 2009-2010 FY ARC based on a 30-year amortization of the Unfunded Actuarial Accrued Liability as a level dollar amount:

Fiscal Year Ending June 30, 2010	
Preliminary ARC	
a) Normal Cost	\$ 282,454
b) Amortization payment	211,826
c) Beginning of year contribution	494,280
d) Interest on contribution	12,206
e) Preliminary ARC	\$ 506,486
ARC reflecting maximum amortization period	
a) Normal Cost	\$ 282,454
b) Unfunded Liability	3,419,091
c) Amortization payment using maximum amortization period	211,826
d) ARC reflecting maximum amortization period	494,280
e) Interest on contributions	12,206
f) ARC reflecting maximum amortization period adjusted for interest	\$ 506,486
Annual Required Contribution	\$ 506,486

Development of Net OPEB Obligation

There is no OPEB obligation at the adoption of GASB 45 during the 2009-2010 Fiscal Year. The following table shows an estimated development of the District's Net OPEB Obligation as of June 30, 2010.

Fiscal Year Ending	June 30, 2010
Net OPEB Obligation (NOO) as of July 1, 2009	\$ -
Annual OPEB Cost	506,486
Annual Employer Contribution	(76,322)
Net OPEB Obligation as of June 30, 2010	\$ 430,164

9. Property Taxes

The District's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The 2013 Levy was passed by the Board on December 19, 2013. Property taxes attach as an enforceable lien on property as of January 1, of the levy year, and are payable in two installments on approximately March 1, and September 1, of the year subsequent to the levy year. The District receives significant distributions of tax receipts approximately 45 days after these due dates. Taxes recorded on these financial statements are from the 2013 and 2012 tax levy years.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

9. Property Taxes (Continued)

The following are the tax rate limits permitted by the School Code, and by local referendum, and the actual rates levied per \$100.00 of assessed valuation.

	Legal	Actual	
	Limit	2013 Levy	2012 Levy
Education	3.5000	3.5000	3.5000
Tort Immunity	*	0.0000	0.0000
Special Education	0.4000	0.0328	0.0000
Leasing	0.1000	0.0000	0.0000
Operations and Maintenance	0.5500	0.5500	0.4832
Bond and Interest	*	0.3035	0.2436
Transportation	*	0.1924	0.1574
Municipal Retirement	*	0.0491	0.0387
Social Security	*	0.2130	0.1325
		<u>4.8408</u>	<u>4.5554</u>

* As Needed

10. Risk Management

The District is exposed to various risks of loss related to employee health benefits; workers' compensation claims; theft of, damage to and destruction of assets; and natural disasters. To protect against loss from such risks, the District participates in the following public entity risk pools: School Employees Loss Fund (SELF) for workers' compensation claims; and the Educational School Insurance Cooperative (ESIC) for property damage, professional liability, and injury claims. The District pays annual premiums to the pools for insurance coverage. The arrangements with the pools provide that the pools will be self-sustaining through member premiums, and will reinsure through commercial companies for claims in excess of certain levels established by the pools.

The District continues to carry commercial insurance for all other risks of loss, including torts and professional liability insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past three years.

11. Joint Agreements

The District participates with other Illinois school districts in certain cooperative educational organizations, known as joint agreements. These joint agreements are owned by the participants and are operated for the specific purposes stated in the joint agreement document, e.g., Special Education, Vocational/Technical Education, Insurance Pool, etc. This district has, in accordance with the generally accepted practice of other Illinois school districts, charged the cost of its investment to current expenditures in the year paid. The investment is not capitalized and it is unclear whether the District would receive any return on its investment should it choose to withdraw from the joint agreement. The District believes that because it does not control the selection of the governing authority, and because of the control over employment of management personnel, operations, scope of public service, and special financing relationships exercised by the joint agreement governing boards, they are not included as component units of the District.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2014
 (Continued)

11. Joint Agreements (Continued)

Northwest Suburban Special Education Organization

The District is a member of the Northwest Suburban Special Education Organization (NSSEO), along with other area school districts. NSSEO provides special education programs, and services, which benefit District students, and also provides jointly administered grants and programming, which benefits the District. The District is financially responsible for annual and special assessments as established by the NSSEO governing board, and fees for programs and services based on usage. NSSEO is separately audited and its financial information is not included in these financial statements. Financial information may be obtained directly from NSSEO by contacting its administration at 799 West Kensington Road, Mt. Prospect, Illinois 60056.

12. Lease Revenues

The District currently leases space in two of its school buildings, the Riley and Hawthorne Schools. These leases are operating leases and generated \$200,713 in rental revenue for the fiscal year ended June 30, 2014. The District records rental revenue in the Operations and Maintenance Fund.

13. Lease Obligations

The District has an operating lease for certain transportation equipment with monthly payments of \$459.48 per month. During the year ended June 30, 2014, the District made thirteen monthly payments totaling \$5,973. The District also entered into an operating lease for Student Chrome Book computer equipment. The lease is for three years with annual payments. The first annual payment was \$206,988, with two subsequent payments of \$214,298.

Minimum Future rental payments with respect to the operating leases as of June 30, 2014, in the aggregate, are as follows:

Year ended:	June 30, 2015	\$	219,352
	June 30, 2016		214,757
		<u>\$</u>	<u>434,109</u>

14. Litigation

The District is the defendant in various claims and lawsuits. The District intends to vigorously defend its position and, while it is not feasible to predict the outcome of the claims and lawsuits at this time, the District is of the opinion that the ultimate disposition should not have a material adverse effect on the District's financial position.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

REQUIRED SUPPLEMENTARY INFORMATION

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND - EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 66,184,049	\$ 66,259,049	\$ 61,780,128
Tuition	25,000	25,000	24,432
Earnings on Investments	100,000	50,000	63,093
Food Service Fees	520,000	445,000	414,659
Textbook Fees	165,000	165,000	159,302
Refund of Prior Year Expenditures	50,000	10,000	7,141
Other	213,500	116,500	155,594
Tax Increment Finance Authority Refund	-	-	24,405
Total Revenues from Local Sources	\$ 67,257,549	\$ 67,070,549	\$ 62,628,754
State Aid	10,210,000	10,345,000	10,234,281
Federal Aid	4,367,500	4,232,500	5,061,564
Total Direct Revenues	81,835,049	81,648,049	77,924,599
"On-Behalf" Revenue for Retirement Benefits	-	-	18,999,829
TOTAL REVENUES	\$ 81,835,049	\$ 81,648,049	\$ 96,924,428
EXPENDITURES			
Current			
Instruction			
Regular	\$ 32,883,911	\$ 32,604,340	\$ 34,422,187
Special Education	13,150,743	13,150,743	10,818,858
Educationally Deprived/Remedial	618,092	618,092	48,627
Interscholastic	177,229	177,229	208,099
Summer School	601,521	601,521	268,239
Gifted	220,429	-	-
Bilingual	10,956,806	10,956,806	10,880,971
Support Services			
Pupils	6,779,150	6,779,150	7,202,546
Instructional Staff	7,019,896	7,019,896	6,394,672
General Administration	1,584,640	1,584,640	1,534,952
School Administration	3,200,754	3,200,754	3,362,333
Business	3,313,145	3,313,145	3,205,887
Central	363,474	363,474	2,838,226
Other Support Services	604,607	604,607	449,861
Community Services	226,535	226,535	258,733
Payments to Other Governments			
Special Education	1,055,363	805,363	756,926
Capital Outlay	835,000	835,000	205,207
Total Direct Expenditures	83,591,295	82,841,295	82,856,324
"On-Behalf" Expenditures for Retirement Benefits	-	-	18,999,829
TOTAL EXPENDITURES	\$ 83,591,295	\$ 82,841,295	\$ 101,856,153
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,756,246)	\$ (1,193,246)	\$ (4,931,725)
OTHER FINANCING SOURCES (USES)			
Transfers Out	\$ -	\$ (400,000)	\$ (22,772)
NET CHANGE IN FUND BALANCE	\$ (1,756,246)	\$ (1,593,246)	\$ (4,954,497)
FUND BALANCE - JULY 1, 2013			16,328,738
FUND BALANCE - JUNE 30, 2014			<u>\$ 11,374,241</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS)
SPECIAL REVENUE FUND - OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 8,782,635	\$ 8,782,635	\$ 8,953,807
Earnings on Investments	25,000	25,000	18,719
Rentals	175,000	175,000	200,713
Other	2,000	2,000	21,801
TOTAL REVENUES	<u>\$ 8,984,635</u>	<u>\$ 8,984,635</u>	<u>\$ 9,195,040</u>
EXPENDITURES			
Current			
Support Services			
Salaries	\$ 4,680,980	\$ 4,680,980	\$ 4,755,893
Employee Benefits	996,213	996,213	1,069,309
Purchased Services	787,250	787,250	800,196
Supplies	1,398,025	1,398,025	1,468,278
Other	6,600	6,600	2,962
Capital Outlay	394,000	394,000	213,774
TOTAL EXPENDITURES	<u>\$ 8,263,068</u>	<u>\$ 8,263,068</u>	<u>\$ 8,310,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 721,567</u>	<u>\$ 721,567</u>	<u>\$ 884,628</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	\$ -	\$ (150,000)	\$ (153,648)
NET CHANGE IN FUND BALANCE	<u>\$ 721,567</u>	<u>\$ 571,567</u>	<u>\$ 730,980</u>
FUND BALANCE - JULY 1, 2013			<u>4,781,806</u>
FUND BALANCE - JUNE 30, 2014			<u>\$ 5,512,786</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS)
SPECIAL REVENUE FUND - TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues from Local Sources			
Taxes	\$ 3,159,153	\$ 3,009,153	\$ 3,048,219
Local Fees	2,000	500	3,225
Earnings on Investments	4,000	2,500	3,867
Other Revenue	-	-	13,252
Total Revenues from Local Sources	<u>\$ 3,165,153</u>	<u>\$ 3,012,153</u>	<u>\$ 3,068,563</u>
State Aid	<u>1,400,000</u>	<u>770,000</u>	<u>1,070,764</u>
TOTAL REVENUES	<u>\$ 4,565,153</u>	<u>\$ 3,782,153</u>	<u>\$ 4,139,327</u>
EXPENDITURES			
Current			
Support Services			
Salaries	\$ 87,910	\$ 125,000	\$ 109,330
Employee Benefits	1,063	40,000	37,570
Purchased Services	3,273,119	3,260,350	3,114,868
Supplies	480,250	300,000	248,171
Community Service	-	-	8,860
TOTAL EXPENDITURES	<u>\$ 3,842,342</u>	<u>\$ 3,725,350</u>	<u>\$ 3,518,799</u>
NET CHANGE IN FUND BALANCE	<u>\$ 722,811</u>	<u>\$ 56,803</u>	<u>\$ 620,528</u>
FUND BALANCE - JULY 1, 2013			<u>1,163,981</u>
FUND BALANCE - JUNE 30, 2014			<u>\$ 1,784,509</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL (BUDGETARY BASIS)
SPECIAL REVENUE FUND - MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 3,650,096	\$ 3,650,096	\$ 3,896,617
Earnings on Investments	350	350	39
Other	7,500	7,500	-
TOTAL REVENUES	\$ 3,657,946	\$ 3,657,946	\$ 3,896,656
EXPENDITURES			
Current			
Instruction			
Regular	\$ 646,309	\$ 446,309	\$ 402,089
Special Education	594,176	594,176	544,638
Educationally Deprived/Remedial	6,220	6,220	2,357
Bilingual	162,100	162,100	148,482
Interscholastic	2,277	2,277	3,472
Summer School	5,041	5,041	7,732
Gifted Program	2,827	2,827	-
Support Services			
Pupils	159,326	359,326	278,647
Instructional Staff	177,877	177,877	264,617
General Administration	41,254	41,254	44,272
School Administration	165,063	165,063	162,631
Business	1,084,679	1,084,679	1,165,865
Central	47,073	47,073	47,316
Community Service	-	-	11,296
TOTAL EXPENDITURES	\$ 3,094,222	\$ 3,094,222	\$ 3,083,414
NET CHANGE IN FUND BALANCE	\$ 563,724	\$ 563,724	\$ 813,242
FUND BALANCE - JULY 1, 2013			(168,332)
FUND BALANCE - JUNE 30, 2014			\$ 644,910

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 BUDGETARY COMPARISON SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 SPECIAL REVENUE FUND - WORKING CASH FUND
 FOR THE YEAR ENDED JUNE 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
REVENUES			
Revenues from Local Sources			
Earnings on Investments	<u>\$ 6,000</u>	<u>\$ 3,000</u>	<u>\$ 3,173</u>
TOTAL REVENUES	<u>\$ 6,000</u>	<u>\$ 3,000</u>	<u>\$ 3,173</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 6,000</u></u>	<u><u>\$ 3,000</u></u>	<u>\$ 3,173</u>
FUND BALANCE - JULY 1, 2013			<u>3,691,944</u>
FUND BALANCE - JUNE 30, 2014			<u><u>\$ 3,695,117</u></u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY ACCOUNTING
JUNE 30, 2014

1. Budgets and Budgetary Accounting

The budget for all major Governmental Funds is prepared on the accrual basis of accounting, which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5/17-1 of the Illinois Compiled Statutes. The July 1, 2013 to June 30, 2014 budget was approved by the Board of Education on September 19, 2013, and was amended on June 19, 2014. For each fund, total fund disbursements may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

1. Prior to July 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. The Board of Education may make transfers between the various items in any fund not exceeding in the aggregate 10% of the total of such fund as set forth in the budget.
6. The Board of Education may amend the budget by the same procedures required of its original adoption.

2. Stewardship, Compliance and Accountability

Over-expenditure of Budget

For the year ended June 30, 2014, actual direct expenditures exceeded the budgeted expenditures in the following funds:

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
Educational	\$ 82,856,324	\$ 82,841,295	\$ 15,029
Special Revenue Funds			
Operations & Maintenance Fund	\$ 8,310,412	\$ 8,263,068	\$ 47,344
Debt Service Fund			
Bond & Interest Fund	\$ 4,907,862	\$ 4,612,182	\$ 295,680
Capital Projects Fund			
Capital Projects Fund	\$ 2,984,966	\$ 2,550,000	\$ 434,966

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2014

The Schedule of Funding Progress, as of the most recent actuarial valuation date, and for the two preceding years of the District's Defined Benefit Pension Plan, the Illinois Municipal Retirement Fund, follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) -Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
12/30/13	\$ 14,832,811	\$ 25,210,638	\$ 10,377,827	58.84%	\$ 10,565,251	98.23%
12/30/12	\$ 14,890,142	\$ 26,332,899	\$ 11,442,757	56.55%	\$ 10,396,713	110.06%
12/30/11	\$ 15,637,926	\$ 26,661,105	\$ 11,023,179	58.65%	\$ 10,130,082	108.82%

On a market value basis, the actuarial value of assets as of December 31, 2013 is \$19,152,575. On a market basis, the funded ratio would be 75.97%.

The actuarial value of assets and accrued liability cover active and in active members who have service credit with Wheeling CC SD 21. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

GASB 45 paragraph 26(a) requires the following elements to be presented in this report. Below is the projected schedule of funding progress from June 30, 2010:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (AAL) Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/(c)
7/1/09	\$ -	\$ 3,419,091	\$ 3,419,091	0.00%	\$ 51,706,379	6.61%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

ADDITIONAL AUDITED FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenues from Local Sources		
Taxes	\$ 66,259,049	\$ 61,780,128
Tuition	25,000	24,432
Earnings on Investments	50,000	63,093
Food Service Fees	445,000	414,659
Textbook Fees	165,000	159,302
Refund of Prior Year Expenditures	10,000	7,141
Other	116,500	155,594
Tax Increment Finance Authority Refund	-	24,405
Total Revenues from Local Sources	<u>\$ 67,070,549</u>	<u>\$ 62,628,754</u>
Revenues from State Sources		
General State Aid	\$ 6,925,000	\$ 6,942,861
State Free Lunch and Breakfast	45,000	27,596
Special Education	2,370,000	2,400,614
Library Grant	5,000	4,852
Bilingual Education	1,000,000	858,358
Total Revenues from State Sources	<u>\$ 10,345,000</u>	<u>\$ 10,234,281</u>
Federal Aid		
Title I - Low Income	1,250,000	\$ 1,304,037
Medicaid Matching Funds	205,000	322,784
National Lunch & Milk Program	1,100,000	1,604,300
Special Education IDEA Grants	1,170,000	1,363,023
Title IV - Safe & Drug Free Schools	2,500	-
Title III - English Language Acquisition	275,000	354,683
Title II - Teacher Quality	70,000	112,737
Other Grants-In-Aid	160,000	-
Total Revenues from Federal Sources	<u>\$ 4,232,500</u>	<u>\$ 5,061,564</u>
Total Direct Revenues	<u>\$ 81,648,049</u>	<u>\$ 77,924,599</u>
"On-Behalf" Revenues for Retirement Benefits	-	18,999,829
TOTAL REVENUES	<u>\$ 81,648,049</u>	<u>\$ 96,924,428</u>
EXPENDITURES	<u>82,841,295</u>	<u>101,856,153</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (1,193,246)</u>	<u>\$ (4,931,725)</u>
OTHER FINANCING SOURCES (USES)		
Transfers Out	\$ (400,000)	\$ (22,772)
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ (400,000)</u>	<u>\$ (22,772)</u>
NET CHANGE IN FUND BALANCE	<u>\$ (1,593,246)</u>	<u>\$ (4,954,497)</u>
FUND BALANCE - JULY 1, 2013		<u>16,328,738</u>
FUND BALANCE - JUNE 30, 2014		<u>\$ 11,374,241</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

INSTRUCTION	Final Budget	Actual
Regular Programs		
Salaries	\$ 27,053,954	\$ 27,488,809
Employee Benefits	4,611,470	6,121,774
Purchased Services	121,563	129,757
Supplies	775,143	660,641
Capital Outlay	45,100	15,427
Other	42,210	21,206
Total Regular Programs	<u>\$ 32,649,440</u>	<u>\$ 34,437,614</u>
Special Education Programs		
Salaries	\$ 9,992,839	\$ 7,556,867
Employee Benefits	2,472,179	2,416,405
Purchased Services	118,350	19,648
Supplies	237,375	195,819
Capital Outlay	150,000	32,017
Tuition	330,000	630,119
Total Special Education Programs	<u>\$ 13,300,743</u>	<u>\$ 10,850,875</u>
Educationally Deprived/Remedial Programs		
Salaries	\$ 428,946	\$ 17,265
Benefits	63,646	72
Purchased Services	115,000	19,957
Supplies	10,500	11,333
Total Educationally Deprived/Remedial Programs	<u>\$ 618,092</u>	<u>\$ 48,627</u>
Interscholastic Programs		
Salaries	\$ 153,600	\$ 183,695
Employee Benefits	3,329	3,791
Purchased Services	11,850	11,418
Supplies	3,200	5,151
Other	5,250	4,044
Total Interscholastic Programs	<u>\$ 177,229</u>	<u>\$ 208,099</u>
Summer School		
Salaries	\$ 584,232	\$ 259,786
Employee Benefits	8,289	4,466
Supplies	9,000	3,987
Total Summer School	<u>\$ 601,521</u>	<u>\$ 268,239</u>
Bilingual Programs		
Salaries	\$ 9,072,462	\$ 8,694,110
Employee Benefits	1,720,567	2,028,860
Purchased Services	900	1,212
Supplies	162,877	156,789
Total Bilingual Programs	<u>\$ 10,956,806</u>	<u>\$ 10,880,971</u>
TOTAL INSTRUCTION	<u>\$ 58,303,831</u>	<u>\$ 56,694,425</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

	Final Budget	Actual
SUPPORT SERVICES		
Pupils		
Salaries	\$ 5,322,855	\$ 5,290,133
Employee Benefits	1,081,720	1,335,235
Purchased Services	338,475	545,892
Supplies	30,600	29,424
Capital Outlay	2,500	2,336
Other	5,500	1,862
Total Pupils	<u>\$ 6,781,650</u>	<u>\$ 7,204,882</u>
Instructional Staff		
Salaries	\$ 4,233,442	\$ 4,563,139
Employee Benefits	813,168	1,077,890
Purchased Services	1,197,750	267,270
Supplies	643,176	435,288
Capital Outlay	559,800	6,258
Other	132,360	51,085
Total Instructional Staff	<u>\$ 7,579,696</u>	<u>\$ 6,400,930</u>
General Administration		
Salaries	\$ 608,442	\$ 691,238
Employee Benefits	65,498	122,424
Purchased Services	827,000	638,106
Supplies	27,250	14,349
Capital Outlay	1,750	-
Other	56,450	68,835
Total General Administration	<u>\$ 1,586,390</u>	<u>\$ 1,534,952</u>
School Administration		
Salaries	\$ 2,573,390	\$ 2,618,746
Employee Benefits	571,896	698,899
Purchased Services	3,900	308
Supplies	16,450	25,648
Capital Outlay	14,850	6,540
Other	35,118	18,732
Total School Administration	<u>\$ 3,215,604</u>	<u>\$ 3,368,873</u>
Business		
Salaries	\$ 1,253,181	\$ 1,127,293
Employee Benefits	207,064	190,202
Purchased Services	1,773,750	1,826,543
Supplies	71,150	55,192
Capital Outlay	59,500	68,296
Other	8,000	6,657
Total Business	<u>\$ 3,372,645</u>	<u>\$ 3,274,183</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
EDUCATIONAL FUND
FOR THE YEAR ENDED JUNE 30, 2014

SUPPORT SERVICES (continued)	Final Budget	Actual
Central		
Salaries	\$ 236,163	\$ 443,189
Employee Benefits	64,311	337,244
Purchased Services	46,500	1,657,390
Supplies	6,000	382,254
Capital Outlay	1,500	74,333
Other	10,500	18,149
Total Central	<u>\$ 364,974</u>	<u>\$ 2,912,559</u>
Other Support Services		
Purchase Service	\$ 350,000	\$ 399,870
Supplies	254,607	49,991
Total Other Support Services	<u>\$ 604,607</u>	<u>\$ 449,861</u>
TOTAL SUPPORT SERVICES	<u>\$ 23,505,566</u>	<u>\$ 25,146,240</u>
COMMUNITY SERVICES		
Salaries	\$ 121,545	\$ 151,342
Employee Benefits	150	845
Purchased Services	84,640	96,990
Supplies	17,200	8,973
Other	3,000	583
TOTAL COMMUNITY SERVICES	<u>\$ 226,535</u>	<u>\$ 258,733</u>
NONPROGRAMMED CHARGES		
Purchased Services	\$ 54,363	\$ 54,363
Other	751,000	702,563
TOTAL NONPROGRAMMED CHARGES	<u>\$ 805,363</u>	<u>\$ 756,926</u>
TOTAL DIRECT EXPENDITURES	<u>\$ 82,841,295</u>	<u>\$ 82,856,324</u>
"On-Behalf" Expenditures For Retirement Benefits	<u>-</u>	<u>18,999,829</u>
TOTAL EXPENDITURES	<u><u>\$ 82,841,295</u></u>	<u><u>\$ 101,856,153</u></u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
OPERATIONS AND MAINTENANCE FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenues from Local Sources		
Taxes	\$ 8,782,635	\$ 8,953,807
Earnings on Investments	25,000	18,719
Rentals	175,000	200,713
Refund of Prior Year Expenditures	-	16,448
Other	2,000	5,353
TOTAL REVENUES	<u>\$ 8,984,635</u>	<u>\$ 9,195,040</u>
EXPENDITURES		
Support Services		
Operations and Maintenance		
Salaries	\$ 4,680,980	\$ 4,755,893
Employee Benefits	996,213	1,069,309
Purchased Services	787,250	800,196
Supplies	1,398,025	1,468,278
Capital Outlay	394,000	213,774
Other	6,600	2,962
TOTAL EXPENDITURES	<u>\$ 8,263,068</u>	<u>\$ 8,310,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 721,567	\$ 884,628
OTHER FINANCING SOURCES (USES)		
Transfer Out	<u>\$ (150,000)</u>	<u>\$ (153,648)</u>
NET CHANGE IN FUND BALANCE	<u>\$ 571,567</u>	\$ 730,980
FUND BALANCE - JULY 1, 2013		<u>4,781,806</u>
FUND BALANCE - JUNE 30, 2014		<u>\$ 5,512,786</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 3,009,153	\$ 3,048,219
Earnings on Investments	2,500	3,867
Local Transportation Fees	500	3,225
Other	-	13,252
Total Revenue from Local Sources	\$ 3,012,153	\$ 3,068,563
Revenue from State Sources		
State Transportation Aid	770,000	1,070,764
TOTAL REVENUES	\$ 3,782,153	\$ 4,139,327
EXPENDITURES		
Support Services		
Pupil Transportation		
Salaries	\$ 125,000	\$ 109,330
Employee Benefits	40,000	37,570
Purchased Services	3,260,350	3,114,868
Supplies	300,000	248,171
Total Support Services	\$ 3,725,350	\$ 3,509,939
Community Service	\$ -	\$ 8,860
TOTAL EXPENDITURES	\$ 3,725,350	\$ 3,518,799
NET CHANGE IN FUND BALANCE	\$ 56,803	\$ 620,528
FUND BALANCE - JULY 1, 2013		1,163,981
FUND BALANCE - JUNE 30, 2014		\$ 1,784,509

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 3,650,096	\$ 3,896,617
Earnings on Investments	350	39
Other Income	7,500	-
TOTAL REVENUES	\$ 3,657,946	\$ 3,896,656
EXPENDITURES		
Employee Benefits		
Instruction		
Regular Programs	\$ 446,309	\$ 402,089
Special Education Programs	594,176	544,638
Educationally Deprived/Remedial Programs	6,220	2,357
Bilingual Programs	162,100	148,482
Interscholastic Programs	2,277	3,472
Summer School Programs	5,041	7,732
Gifted Programs	2,827	-
Total Instruction	<u>\$ 1,218,950</u>	<u>\$ 1,108,770</u>
Supporting Services		
Guidance Services	\$ 29,395	\$ 22,538
Health Services	80,264	98,357
Psychological Services	28,475	14,078
Speech Pathology & Audiology Services	21,192	16,311
Other Support Services Pupils	200,000	127,363
Improvement of Instruction Services	37,681	132,662
Educational Media Services	117,673	108,318
Assessment & Testing Services	22,523	23,637
Executive Administration Services	28,344	29,496
Special Area Administration Services	12,910	14,776
Office of the Principal Services	165,063	162,631
Direction of Business Support Services	77,951	72,289
Operations and Maintenance Services	965,805	1,019,733
Pupil Transportation Services	726	13,753
Food Service	4,853	23,379
Internal Services	35,344	36,711
Staff Services	47,073	47,316
Total Support Services	<u>\$ 1,875,272</u>	<u>\$ 1,963,348</u>
Community Services	<u>\$ -</u>	<u>\$ 11,296</u>
TOTAL EXPENDITURES	\$ 3,094,222	\$ 3,083,414
NET CHANGE IN FUND BALANCE	\$ 563,724	\$ 813,242
FUND BALANCE - JULY 1, 2013		(168,332)
FUND BALANCE - JUNE 30, 2014		\$ 644,910

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
WORKING CASH FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	<u>Final Budget</u>	<u>Actual</u>
Revenue from Local Sources		
Earnings on Investments	<u>\$ 3,000</u>	<u>\$ 3,173</u>
TOTAL REVENUES	<u>\$ 3,000</u>	<u>\$ 3,173</u>
EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 3,000</u></u>	<u>\$ 3,173</u>
FUND BALANCE - JULY 1, 2013		<u>3,691,944</u>
FUND BALANCE - JUNE 30, 2014		<u><u>\$ 3,695,117</u></u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
BOND AND INTEREST FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 4,500,000	\$ 4,724,272
Earnings on Investments	6,000	7,418
TOTAL REVENUES	<u>\$ 4,506,000</u>	<u>\$ 4,731,690</u>
EXPENDITURES		
Debt Service		
Interest on Bonds	\$ 1,257,682	\$ 1,415,221
Bond Principal Retired	3,350,000	3,488,196
Service Charges	4,500	4,445
TOTAL EXPENDITURES	<u>\$ 4,612,182</u>	<u>\$ 4,907,862</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (106,182)	\$ (176,172)
OTHER FINANCING SOURCES (USES)		
Transfers In	<u>\$ 550,000</u>	<u>\$ 176,420</u>
NET CHANGE IN FUND BALANCE	<u>\$ 443,818</u>	\$ 248
FUND BALANCE - JULY 1, 2013		<u>2,954,264</u>
FUND BALANCE - JUNE 30, 2014		<u>\$ 2,954,512</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Earnings on Investments	\$ 15,000	\$ 16,813
Tax Increment Finance Authority Refund	1,070,100	1,070,086
Contributions from Private Sources	3,800	4,300
Total Revenue from Local Sources	\$ 1,088,900	\$ 1,091,199
Revenue from State Sources		
State Infrastructure Grant	100,000	250,000
TOTAL REVENUES	\$ 1,188,900	\$ 1,341,199
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction		
Purchased Services	\$ 300,000	\$ 196,668
Capital Outlay	2,250,000	2,788,298
TOTAL EXPENDITURES	\$ 2,550,000	\$ 2,984,966
NET CHANGE IN FUND BALANCE	\$ (1,361,100)	\$ (1,643,767)
FUND BALANCE - JULY 1, 2013		10,124,379
FUND BALANCE - JUNE 30, 2014		\$ 8,480,612

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FIRE PREVENTION AND SAFETY FUND
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	<u>Final Budget</u>	<u>Actual</u>
Revenue from Local Sources		
Earnings on Investments	<u>\$ 150</u>	<u>\$ 134</u>
TOTAL REVENUES	<u>\$ 150</u>	<u>\$ 134</u>
EXPENDITURES	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 150</u></u>	<u>\$ 134</u>
FUND BALANCE - JULY 1, 2013		<u>62,757</u>
FUND BALANCE - JUNE 30, 2014		<u><u>\$ 62,891</u></u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
STUDENT ACTIVITY FUNDS
FOR THE YEAR ENDED JUNE 30, 2014

	BALANCE JULY 1, 2013	REVENUES	EXPENDITURES	BALANCE JUNE 30, 2014
Due to Activity Fund Organizations:				
Board of Education	\$ 106,306	\$ 56,998	\$ 56,419	\$ 106,885
Cooper Junior High School	72,344	88,860	90,887	70,317
Field Elementary School	6,569	15,825	14,676	7,718
Frost Elementary School	21,069	80,452	59,102	42,419
Hawthorne	8,687	12,386	6,844	14,229
Holmes Junior High School	62,420	88,843	94,358	56,905
Kilmer Elementary School	10,282	21,137	22,050	9,369
London Junior High School	39,256	82,162	92,026	29,392
Longfellow Elementary School	9,499	14,945	15,927	8,517
Poe Elementary School	10,131	21,954	16,961	15,124
Riley School/Discovery Center	4,284	14,317	14,075	4,526
Tarkington Elementary School	6,464	19,144	18,290	7,318
Twain Elementary School	7,078	16,810	15,624	8,264
Whitman Elementary School	7,002	46,858	40,741	13,119
	<u>\$ 371,391</u>	<u>\$ 580,691</u>	<u>\$ 557,980</u>	<u>\$ 394,102</u>

REPRESENTED BY: Harris Bank
Illinois School District Liquid Asset Fund

\$	165,294
<u>\$</u>	<u>228,808</u>
<u>\$</u>	<u>394,102</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FIDUCIARY FUNDS
EMPLOYEES' FLEXIBLE BENEFITS FUND
FOR THE YEAR ENDED JUNE 30, 2014

BALANCE - JULY 1, 2013	\$ 145,578
REVENUES	318,175
EXPENDITURES	<u>(282,957)</u>
BALANCE - JUNE 30, 2014	<u>\$ 180,796</u>
REPRESENTED BY:	
Cash in Harris Bank	<u>\$ 180,796</u>

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2014

DISTRICT/JOINT AGREEMENT NAME Wheeling Community Consolidated School District	RCDT NUMBER 05-016-0210-04	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-003289	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) Dr. Kate Hyland		NAME AND ADDRESS OF AUDIT FIRM Evoy, Kamschulte, Jacobs & Co. LLP 2122 Yeoman Street Waukegan IL 60087	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 999 West Dundee Wheeling 60090		E-MAIL ADDRESS NAME OF AUDIT SUPERVISOR John D. Aceto, Jr., CPA	
		CPA FIRM TELEPHONE NUMBER 847-662-8300	FAX NUMBER 847-662-8305

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE A-133 SINGLE AUDIT REPORT:

- ☐ A copy of the CPA firm's most recent peer review report and acceptance letter has been submitted to ISBE (either with the audit or under separate cover).
- ☐ Financial Statements including footnotes § .310 (a)
- ☐ Schedule of Expenditures of Federal Awards including footnotes § .310 (b)
- ☐ Independent Auditor's Report § .505
- ☐ Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* § .505
- ☐ Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133 § .505
- ☐ Schedule of Findings and Questioned Costs § .505 (d)
- ☐ Summary Schedule of Prior Year Audit Findings § .315 (b)
- ☐ Corrective Action Plan § .315 (c)

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- ☐ Copy of Federal Data Collection Form § .320 (b)
- ☐ Copy(ies) of Management Letter(s)

Wheeling Community Consolidated School District No. 21
05-016-0210-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
US DEPARTMENT OF AGRICULTURE									
Passed Through ISBE									
National School Lunch Program	10.555	4210-2013	1,101,984	211,089	1,101,984	211,089		1,313,073	N/A
National School Lunch Program	10.555	4210-2014		1,190,603		1,190,603		1,190,603	N/A
School Breakfast Program	10.553	4220-2013	168,096	26,306	168,096	26,306		194,402	N/A
School Breakfast Program	10.553	4220-2014		162,039		162,039		162,039	N/A
National School Lunch Program ISBE Lanter Commodities	10.555	4210-2014		63,534		63,534		63,534	N/A
National School Lunch Program DoD Fresh Fruits & Veg	10.555	4210-2014		24,258		24,258		24,258	N/A
Child & Adult Care Food Program	10.558	4226-2013		1,526		1,526		1,526	N/A
Child & Adult Care Food Program	10.558	4226-2014		12,737		12,737		12,737	N/A
TOTAL US DEPARTMENT OF AGRICULTURE			1,270,080	1,692,092	1,270,080	1,692,092		2,962,172	
US DEPARTMENT OF HEALTH & HUMAN SERVICES									
Passed Through ISBE									
Medicaid Administrative Outreach	93.778	4991-2014		292,006		304,173		304,173	N/A
TOTAL US DEPARTMENT OF HEALTH & HUMAN SERVICES				292,006		304,173		304,173	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, auditees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the auditee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the auditee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Wheeling Community Consolidated School District No. 21
05-016-0210-04

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
US DEPARTMENT OF EDUCATION									
Passed Through NSSEO									
(M) IDEA, Preschool	84.173A	4600-2014		50,134		50,134		50,134	50,134
(M) IDEA, Part B, Flow-Through	84.027A	4620-2014		1,282,500		1,282,500		1,282,500	1,325,674
TOTAL US DEPART OF EDUCATION PASSED THRU NSSEO				1,332,634		1,332,634		1,332,634	
Passed Through ISBE									
(M) Title I - Low Income	84.010A	4300-2013	1,283,608	188,264	1,283,608	188,264		1,471,872	1,673,490
(M) Title I - Low Income	84.010A	4300-2014		1,115,773		1,115,773		1,115,773	1,599,538
(M) IDEA, Room & Board XC	84.027A	4625-2013	70,179	29,131	70,179	29,131		99,310	N/A
(M) IDEA, Room & Board NON-XC	84.027A	4625-2014		1,258		1,258		1,258	N/A
Title III - LI/LEP	84.365A	4909-2013	293,225	81,686	293,225	81,686		374,911	516,546
Title III - LI/LEP	84.365A	4909-2014		272,997		272,997		272,997	516,546
Title II - Teacher Quality	84.367A	4932-2013	104,117	60,062	104,117	60,062		164,179	243,414
Title II - Teacher Quality	84.367A	4932-2014		52,675		52,675		52,675	267,655

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.

² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.

³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.

⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

Wheeling Community Consolidated School District No. 21
05-016-0210-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2014

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract #3 (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)	Budget (I)
			Year 7/1/12-6/30/13 (C)	Year 7/1/13-6/30/14 (D)	Year 7/1/12-6/30/13 (E)	Year 7/1/13-6/30/14 (F)			
TOTAL PASSED THROUGH ISBE			1,751,129	1,801,846	1,751,129	1,801,846		3,552,975	
TOTAL PASSED THROUGH US DEPARTMENT OF EDUCATION			1,751,129	3,134,480	1,751,129	3,134,480		4,885,609	
TOTAL FEDERAL FINANCIAL ASSISTANCE			3,021,209	5,118,578	3,021,209	5,130,745		8,151,954	
Value of Federal Awards in the Form of Non-Cash Assistance During the Year	N/A	N/A	0	87,792	0	87,792	0	87,792	
Federal Insurance in Effect During the Year	N/A	N/A	0	0	0	0	0	0	
Federal Loans or Loan Guarantees, Including Interest Subsidies, Outstanding at Year End	N/A	N/A	0	0	0	0	0	0	
Amount Provided to Subrecipients	N/A	N/A	0	0	0	0	0	0	

• (M) Program was audited as a major program as defined by OMB Circular A-133.

The accompanying notes are an integral part of this schedule.

- ¹ To meet state or other requirements, addressees may decide to include certain nonfederal awards (for example, state awards) in this schedule. If such nonfederal data are presented, they should be segregated and clearly designated as nonfederal. The title of the schedule should also be modified to indicate that nonfederal awards are included.
- ² When the CFDA number is not available, the addressee should indicate that the CFDA number is not available and include in the schedule the program's name and, if applicable, other identifying number.
- ³ When awards are received as a subrecipient, the identifying number assigned by the pass-through entity should be included in the schedule.
- ⁴ Circular A-133 requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in either the schedule or a note to the schedule. Although it is not required, Circular A-133 states that it is preferable to present this information in the schedule (versus the notes to the schedule). If the addressee presents non-cash assistance in the notes to the schedule, the auditor should be aware that such amounts must still be included in part III of the data collection form.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Summary of Auditor's Results

1. We have audited the financial statements of Community Consolidated School District No. 21 as of and for the year ended June 30, 2014 and have issued a qualified opinion. The District's policy is to prepare its financial statements on the accrual basis.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.
3. Our audit disclosed no instances of noncompliance, which are material to the financial statements of Community Consolidated School District No. 21.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by OMB Circular A-133.
5. We have audited the compliance of Community Consolidated School District No. 21 with the types of compliance requirements described in the Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major programs for the year ended June 30, 2014, and have issued our unmodified opinion thereon dated November 10, 2014.
6. Audit findings relative to the major federal award program of Community Consolidated School District No. 21 are reported under the Findings and Questioned Costs - Major Federal Award Programs section of this schedule.
7. The following programs were identified as a major program in accordance with requirements described in Section 520 of the U.S. Office of Management and Budget (OMB) Circular A-133:

	<u>CFDA #</u>
IDEA – Flow Through & Room & Board	84.027
Title I – Low Income	84.010
IDEA Preschool	84.173

8. The threshold used to distinguish between Type A and Type B major programs was \$300,000.
9. Community Consolidated School District No. 21 did not qualify as a "low-risk auditee."

Summary Schedule of Prior Audit Findings

There were prior year audit findings relative to the District's federal award programs reported in the current year with the current status as corrective action taken.

Findings - Current Year Financial Statements Audit – No findings reported.

Findings and Questioned Costs – Current Year Major Federal Award Programs Audit - No findings reported.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2014

NOTE 1: Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Community Consolidated School District No. 21. The District's reporting entity is defined in Note 1 to the District's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

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

Relationship to Basic Financial Statements

Federal awards received are reflected in the District's financial statements within the Educational Fund as receipts from federal sources.

Relationship to Program Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in the Program Financial Reports for programs, which have filed final reports as of June 30, 2014, with the Illinois State Board of Education.

Loans and Non-Cash Assistance

For the year ended June 30, 2014, the fair market value of federal awards received in the form of non-cash assistance was \$87,792. This amount is reported in the accompanying Schedule of Expenditures of Federal Awards under the Department of Agriculture's National Food Commodities Program and the Department of Defense Fresh Fruits and Vegetables Program.

The amount of federal insurance in effect during the year ended June 30, 2014 was \$-0-.

The amount of federal loans or loan guarantees, including interest subsidies, outstanding at June 30, 2014 was \$-0-.

Subrecipient Reporting

No amounts were provided to a Subrecipient.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 ADDITIONAL SUPPLEMENTAL INFORMATION
 SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND EXTENSIONS
 FOR THE YEARS 2013, 2012, 2011, AND 2010

	2013	2012	2011	2010
<u>ASSESSED VALUATION</u>	<u>\$ 1,571,829,307</u>	<u>\$ 1,865,014,380</u>	<u>\$ 2,046,736,699</u>	<u>\$ 2,288,675,014</u>
<u>TAX RATES</u>				
Educational	\$ 3.500	\$ 3.500	\$ 3.161	\$ 2.779
Operations and Maintenance	0.550	0.483	0.454	0.394
Bond and Interest	0.336	0.244	0.319	0.277
Transportation	0.192	0.157	0.116	0.104
Municipal Retirement	0.049	0.039	0.029	0.035
Social Security	0.213	0.133	0.085	0.069
	<u>\$ 4.841</u>	<u>\$ 4.555</u>	<u>\$ 4.163</u>	<u>\$ 3.658</u>
<u>TAX EXTENSIONS</u>				
Educational	\$ 55,014,026	\$ 65,275,503	\$ 64,696,126	\$ 63,599,412
Operations and Maintenance	8,645,061	9,012,500	9,285,450	9,012,500
Bond and Interest	5,285,628	4,542,682	6,528,457	6,334,207
Transportation	3,023,565	2,935,500	2,364,569	2,388,031
Municipal Retirement	772,500	721,000	602,199	803,301
Social Security	3,347,500	2,472,000	1,735,149	1,584,730
	<u>\$ 76,088,280</u>	<u>\$ 84,959,185</u>	<u>\$ 85,211,950</u>	<u>\$ 83,722,181</u>
<u>TAX COLLECTIONS</u>	<u>\$ 43,892,676</u>	<u>\$ 84,555,353</u>	<u>\$ 83,406,299</u>	<u>\$ 82,665,697</u>
<u>PERCENT COLLECTED</u>	<u>57.69%</u>	<u>99.52%</u>	<u>97.88%</u>	<u>98.74%</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 ADDITIONAL SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING EXPENDITURES PER STUDENT
 FOR THE YEAR ENDED JUNE 30, 2014

TOTAL EXPENDITURES

Educational Fund	\$ 101,856,153	
Operations and Maintenance Fund	8,310,412	
Bond and Interest Fund	4,907,862	
Transportation Fund	3,518,799	
IMRF/Social Security Fund	<u>3,083,414</u>	\$ 121,676,640

LESS: Revenues/Expenditures Not Applicable to Operating
 Expenditures of Regular Programs

Educational Fund		
Summer School	\$ - 268,239	
Community Service	258,733	
Capital Outlay	205,207	
TRS "On Behalf" Payments	18,999,829	
Non-Programmed Charges	756,926	
Tuition	630,119	
Operations and Maintenance Fund		
Capital Outlay	213,774	
Bond and Interest Fund		
Bond Principal	3,488,196	
Transportation Fund		
Summer School Transportation Fees	3,225	
Community Service Transportation	8,860	
Municipal Retirement/Social Security Fund		
Community Services	11,296	
Summer School	<u>7,732</u>	<u>24,852,136</u>

NET OPERATING EXPENDITURES \$ 96,824,504

AVERAGE DAILY ATTENDANCE 5,933

OPERATING EXPENDITURES PER STUDENT \$ 16,321

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SUPPLEMENTAL INFORMATION
SCHEDULE OF PER CAPITA TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2014

NET OPERATING EXPENDITURES		\$ 96,824,504
LESS: Offsetting Revenues of All or Part of the Expenditures of a Specific Activity		
Educational Fund		
Special Education	\$ 2,400,614	
Bilingual Education	858,358	
Payments from other LEA's	24,959	
State Free Lunch and Breakfast Aid	27,596	
Title I Programs	1,304,037	
Title II	112,737	
Food Services	414,659	
Federal Lunch Aid	1,604,300	
Textbooks	159,302	
Special Education - Federal	1,312,889	
Block Grants	4,852	
Medicaid Matching Funds	322,784	
Title III - English Language Acquisition	354,683	
Local Fees	76,158	
Operations and Maintenance Fund		
Rentals	200,713	
Transportation Fund		
State Transportation Aid	1,058,764	10,237,405
NET OPERATING EXPENDITURES FOR TUITION COMPUTATION		\$ 86,587,099
ADD: Depreciation Allowance		2,954,626
TOTAL ALLOWANCE FOR TUITION COMPUTATION		\$ 89,541,725
AVERAGE DAILY ATTENDANCE		5,933
PER CAPITA TUITION CHARGE		\$ 15,093