

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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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, 2017, 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, 2017, 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.

Opinions

In our opinion, 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, 2017, 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.

Prior Period Adjustment and Change in Accounting Principle

As described in Note 16 to the financial statements, during the year ended June 30, 2017, the District adopted the new accounting guidance in, GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). Our opinions are not modified with respect to this matter.

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 60 through 66, and the Schedules and Notes pertaining to the pensions and other postemployment benefits on pages 67 through 71 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 Title 2 U.S. Code of *Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial

statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 December 1, 2017, 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
December 1, 2017
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, 2017, 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 December 1, 2017.

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 do 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*.

We noted certain matters that we have reported to the Board of Education and Administration of Community Consolidated School District No. 21 in separate letters dated December 1, 2017.

Purpose of this Report

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

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

December 1, 2017
Waukegan, Illinois



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

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 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, 2017. 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 federal statutes, regulations, and the terms and conditions of 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2017.

- 6 -

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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Evoy, Kamschulte, Jacobs & Co. LLP

EVOY, KAMSCHULTE, JACOBS & CO. LLP

December 1, 2017
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, 2017

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, 2017. 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 2017, total net position decreased by \$1.6 million. This represents a decrease of 17.6 % over the prior year. The decrease is partially attributed the amount of reduction in real estate tax revenue received during the year, as well as, an increase in overall expenses.
- General revenues accounted for \$99.4 million in revenue, or 66.1 % of all fiscal year 2017 revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$ 51.0 million or 33.9 % of total revenues of \$150.4 million.
- The District had \$148.9 million in expenses related to governmental activities, of which \$51.0 million were offset by program specific charges for services or operating grants and contributions. General revenues of \$99.4 million provided for the remaining costs of these programs.
- The Educational Fund had \$127.6 million in revenues and other financing sources and \$126.1 million in expenditures. This excess of revenues over expenditures of \$1.4 million increased the fund balance from (\$1.4) million to (\$0.01) million in fiscal year 2017. The increase in fund balance is related to an increase in tax revenue and transfers in from other funds.
- The Operations & Maintenance Fund experienced an operating decrease of \$0.4 million in the fiscal year resulting in a fund balance of \$5.2 million.
- During fiscal year 2017, the District completed various construction/renovation projects at Poe Elementary School, Riley Elementary School, Twain Elementary School, Tarkington Elementary School and Kilmer Elementary School. Projects completed include roofing, masonry, plumbing, paving, flooring and other general works. In addition, a districtwide upgrade to control works was completed.
- District enrollment levels are declining slightly but 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, first grade and Demographic populations. Significant trends representing either increases or decreases in student enrollment in pocket areas could necessitate programmatic changes in the future.

**Community Consolidated School District 21
Management’s Discussion and Analysis
For the Year Ended June 30, 2017**

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, outflows, liabilities and inflows. 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 Districts *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, 2017

- 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, 2017

Financial Analysis of the District as a Whole

Net Position: The District's combined net position decreased 17.4 % to \$13.1 million as a result of operations in fiscal year 2017 (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>2017</u> | <u>2016</u> | <u>Percentage</u> <u>Change</u> |
| Current and other assets | \$77.6 | \$72.8 | 6.6 |
| Capital assets | 52.7 | 53.1 | (0.8) |
| Deferred Outflows | <u>8.4</u> | <u>8.8</u> | (4.5) |
| Total assets | 138.7 | 134.7 | 3.0 |
| Current liabilities | 19.9 | 13.5 | 47.4 |
| Long-term liabilities | 61.9 | 58.6 | 4.6 |
| Deferred Inflows | <u>43.7</u> | <u>46.8</u> | (6.6) |
| Total liabilities | 125.5 | 118.9 | 5.6 |
| Net position | | | |
| Net investment in capital assets | 27.0 | 33.7 | (19.9) |
| Restricted | 19.7 | 19.3 | 2.0 |
| Unrestricted | <u>(33.6)</u> | <u>(37.1)</u> | (9.4) |
| Total net position | \$13.1 | \$15.9 | (17.6) |

**Community Consolidated School District 21
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Changes in net position: Total Revenues surpassed Expenditures resulting in net position increasing by \$1.5 million over last year, but a prior period adjustment was made in the amount of (\$4.6) million implementing GASB 75 dealing with other postemployment benefits. Figure A-4 reports the operating portion of revenue and expenditures.

Figure A-4

| Changes in Net Position from Operating Results (in millions of dollars) | | | |
|--|--------------|--------------|------------------------------|
| | <u>2017</u> | <u>2016</u> | <u>Percentage Change</u> |
| <u>Revenues</u> | | | |
| Program Revenues | | | |
| Charges for Services | \$0.7 | \$0.6 | 16.7 |
| Operating Grants and Contributions | 50.3 | 38.6 | 30.3 |
| Capital Grants | 0.0 | 0.0 | 0.0 |
| General Revenue | | | |
| Taxes | 87.6 | 92.5 | (5.3) |
| State Formula Aid & Formula Grants | 8.7 | 7.9 | 10.1 |
| Other | <u>3.1</u> | <u>1.2</u> | 158.3 |
| Total Revenue | 150.4 | 140.8 | 6.8 |
| <u>Expenses</u> | | | |
| Instruction | 107.8 | 93.2 | 15.7 |
| Pupil & Instructional Services | 13.6 | 13.8 | (1.4) |
| Administration & Business | 6.2 | 6.1 | 1.6 |
| Maintenance & Operations | 12.6 | 13.0 | (3.1) |
| Transportation | 3.8 | 3.5 | 8.6 |
| Other | <u>4.9</u> | <u>6.9</u> | (29.0) |
| Total Expenses | \$148.9 | \$136.5 | 9.1 |
| Increase (Decrease) in net assets | \$1.5 | \$4.3 | |

In fiscal 2017, the District's total revenues were \$150.4 million. Property tax revenue decreased by 5.3 % and accounted for most of the District's revenue, contributing about 58.2 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.

Community Consolidated School District 21 Management's Discussion and Analysis For the Year Ended June 30, 2017

The total cost for all programs and services was \$148.9 million. 72.4 % of the District's expenses are related to instructing; caring for (pupil services) and transporting students (see Figure A-6)

Figure A-5

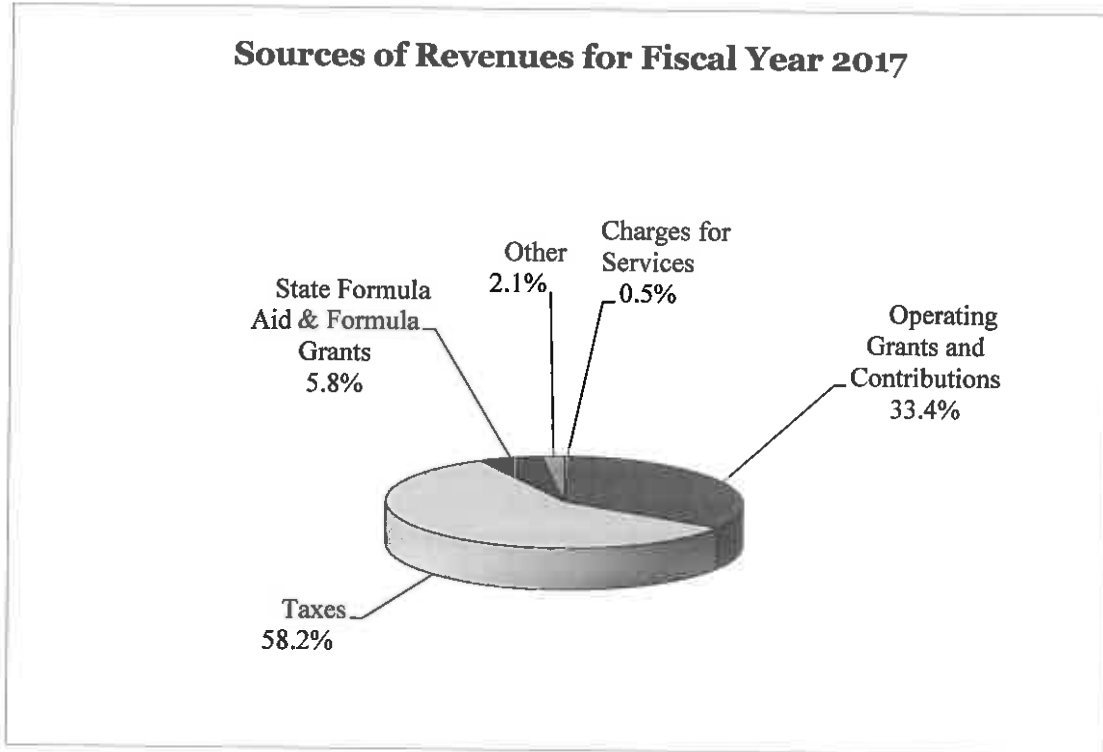
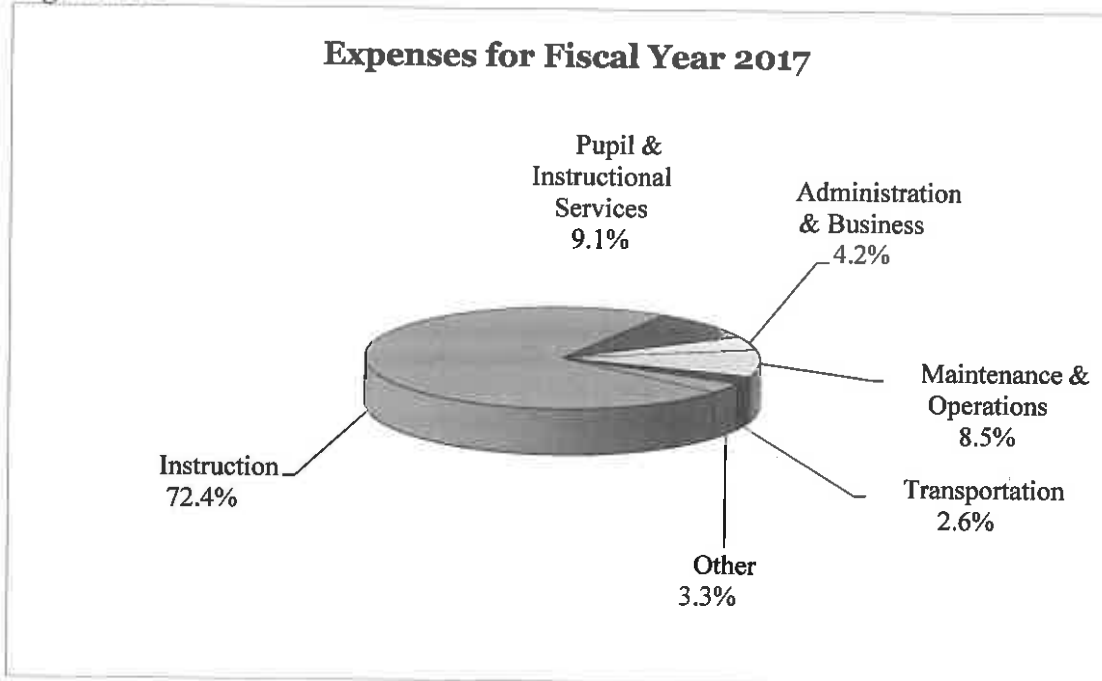


Figure A-6



Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2017

Instruction and related student services costs increased by \$15.7 million or 15.7%. An increase in On-Behalf TRS cost accounts for this year over year change.

The Administration and Business expenditures increased, as a result of increase in salaries during the year.

The District's Transportation costs increased from the 2016 fiscal year due to an increase in service provided for regular transportation students, as well as, transportation services for special education and homeless students.

Governmental Activities

Revenues for the District's governmental activities were \$150.4 million and total expenses were \$148.9 million, resulting in net position increasing \$1.5 million in fiscal 2017.

The Board of Education continues to focus on the management of expenses in the face of projected deficits down the line and continues 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 2017 was \$148.9 million.
- A portion of this cost (\$0.7 million) was financed by the users of the District's programs.
- The federal and state governments subsidized certain programs with grants and contributions (\$50.3 million).
- Most of the District's costs, however, were financed by District taxpayers (\$87.6 million).

**Community Consolidated School District 21
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Figure A-7

| Net Cost of Governmental Activities (in millions of dollars) | | |
|---|---|---|
| | Total Cost of Services <u>2017</u> | Total Cost of Services <u>2016</u> |
| Instruction | 107.8 | 93.2 |
| Pupil & Instructional Services | 13.6 | 13.8 |
| Administration & Business | 6.2 | 6.1 |
| Maintenance & Operations | 12.6 | 13.0 |
| Transportation | 3.8 | 3.5 |
| Other | <u>4.9</u> | <u>6.9</u> |
| Total | \$148.9 | \$136.5 |

Financial Analysis of the District's Funds

As the District closed the year, its governmental funds reported a combined fund balance of \$19.7 million, which was above last year's ending fund balance of \$18.1 million. The majority of this increase in fund balance is attributable to the overall increase in real estate tax revenues.

General Fund Budgetary Highlights

- Actual revenues were \$17.0 million higher than anticipated. The positive budgetary variance is largely attributed to the under-budgeting of On-Behalf pension revenue.
- Actual expenditures were 15.8 million over budget due to On-Behalf pension expenditures.

Operations Fund Budgetary Highlights

- Actual revenues were \$0.1 million higher than anticipated.
- Actual expenditures were \$0.6 million under budget due to more conservative spending.

**Community Consolidated School District 21
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Capital Assets and Debt Administration

Capital Assets

By the end of 2017, the District had invested \$52.7 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 decrease of \$ 0.4 million or (0.8 %) from last year. Total depreciation expense for the year exceeded \$2.9 million. Additional information regarding capital asset activity for fiscal year 2017 is available in Note #5- Capital Assets.

Figure A-8

| Capital Assets (net of depreciation) (in millions of dollars) | | | |
|--|-------------|-------------|------------------------------|
| | <u>2017</u> | <u>2016</u> | <u>Percentage Change</u> |
| Land | \$2.0 | \$2.0 | 0.0 |
| Depreciable buildings, property and equipment, net | <u>50.7</u> | <u>51.1</u> | <u>(0.8)</u> |
| Total | \$52.7 | \$53.1 | (0.8) |

The near-term future plans call for repair and maintenance to existing facilities as the main capital needs of the District with investment in roofing repairs, asphalt, masonry, flooring, ductwork, and mechanicals.

**Community Consolidated School District 21
Management's Discussion and Analysis
For the Year Ended June 30, 2017**

Long –Term Debt

At year-end, the District had \$66.4 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) | | | |
|--|---------------|---------------|------------------------------|
| | <u>2017</u> | <u>2016</u> | <u>Percentage Change</u> |
| General Obligation Bonds | \$33.9 | \$37.1 | (8.6) |
| Capital Leases | 0.4 | 0.6 | (33.3) |
| Pension Obligations | 25.7 | 23.7 | 8.4 |
| Compensated Absences | <u>6.4</u> | <u>1.2</u> | 433.3 |
| Total | \$66.4 | \$62.6 | 6.1 |

- The District's bond rating from Moody's Investors Service on general obligation bond issues is Aa3 from Aa2 due to prior year operating deficits. 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, 2017, the District's net general obligation bonded debt of \$33.9 million was well below the legal limit of \$123.8 million.
- The District continued to pay down its debt, retiring \$3.7 million of outstanding bonds, loans, and leases in fiscal year 2016-17.

Community Consolidated School District 21 Management's Discussion and Analysis For the Year Ended June 30, 2017

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. There continues to be limited opportunity to secure additional resources through State and Federal program funding.
- Concerns exist over potential legislative changes at both the State and Federal levels that could have a negative impact on revenue streams or expenditure structures. A statewide property tax freeze is concerning as property tax is the primary source of revenue for the District. Increases in employer contributions to retirement plans would add additional expense for the District.
- 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 be depleted. Future construction projects funding sources will be reviewed carefully as prioritization will become critical.
- Health care costs continue escalate a pace that exceeds the rate of inflation. In the future, additional taxes and fees specified per the Affordable Care Act (ACA) will create additional burden on District finances.
- The collective bargaining agreement with the District 21 Educational Association (DEA) expires August 1, 2018. The terms of the new agreement will be determined through the bargaining process.

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 Assistant Superintendent for Finance & Operations, 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, 2017

| | Governmental Activities |
|--|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | |
| Accrued Interest Income | \$ 32,140,837 |
| Accounts Receivable | 55,903 |
| Taxes | |
| 2016 Levy, Net of 1% Allowance for Losses | 42,071,646 |
| Personal Property Replacement | 186,818 |
| Governmental Claims | 2,638,162 |
| Inventory | 107,950 |
| Prepaid Expenses | 414,322 |
| Total Current Assets | \$ 77,615,638 |
| Noncurrent Assets | |
| Capital Assets | |
| Land | \$ 1,965,066 |
| Land Improvements | 3,764,581 |
| Buildings | 96,482,896 |
| Furniture and Equipment | 21,692,869 |
| Less: Accumulated Depreciation | (71,241,969) |
| Total Capital Assets, Net | \$ 52,663,443 |
| TOTAL ASSETS | \$ 130,279,081 |
| | |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension Outflows & Adjustments | \$ 8,388,070 |
| | \$ 8,388,070 |
| | |
| LIABILITIES | |
| Current Liabilities | |
| Accounts Payable | \$ 862,262 |
| Accrued Salaries | 4,883,624 |
| Payroll Deductions Payable | 9,178,522 |
| Accrued Health Claims Liability | 642,940 |
| Current Portion of Long-Term Liabilities | |
| Capital Leases | 260,280 |
| Compensated Absences | 517,854 |
| Bonds | 3,605,557 |
| Total Current Liabilities | \$ 19,951,039 |
| Long-Term Liabilities | |
| Accrued OPEB Obligation | \$ 5,777,791 |
| Pension Obligations | 25,677,528 |
| Capital Leases | 126,988 |
| Compensated Absences | 76,031 |
| Bonds | 30,255,000 |
| Total Long-Term Liabilities | \$ 61,913,338 |
| TOTAL LIABILITIES | \$ 81,864,377 |
| | |
| DEFERRED INFLOWS OF RESOURCES | |
| Property Taxes Levied for Subsequent Years | \$ 42,071,646 |
| Pension Inflows & Adjustments | 1,619,119 |
| | \$ 43,690,765 |
| | |
| NET POSITION | |
| Net Investment in Capital Assets | \$ 26,987,967 |
| Restricted | |
| Operations & Maintenance | 5,199,370 |
| Transportation | 4,190,975 |
| Municipal Retirement/Social security | 2,938,895 |
| Debt Service | 2,686,698 |
| Working Cash | 3,722,286 |
| Tort Insurance | 231,156 |
| Capital Projects | 760,405 |
| Unrestricted | (33,605,743) |
| TOTAL NET POSITION | \$ 13,112,009 |

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, 2017

| FUNCTION/PROGRAMS Governmental Activities | Expenses | Charges for Services | Program Revenues | | Change in Net Position |
|--|----------------|-------------------------|--|--|-------------------------------------|
| | | | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities Total |
| Instruction | | | | | |
| Regular | \$ 82,154,711 | \$ 219,992 | \$ 43,785,626 | \$ - | \$ (38,149,093) |
| Special Education | 13,260,967 | - | 3,556,212 | - | (9,704,755) |
| Interscholastic | 200,384 | - | - | - | (200,384) |
| Summer School | 237,747 | - | - | - | (237,747) |
| Bilingual | 11,916,017 | - | - | - | (11,916,017) |
| Support Services | | | | | |
| Pupils | 7,624,717 | - | - | - | (7,624,717) |
| Instructional Staff | 5,972,383 | - | - | - | (5,972,383) |
| General Administration | 2,255,451 | - | - | - | (2,255,451) |
| School Administration | 3,858,983 | - | - | - | (3,858,983) |
| Business | 16,530,063 | 503,013 | 2,920,835 | - | (13,106,215) |
| Central | 3,215,509 | - | - | - | (3,215,509) |
| Community Services | 288,207 | - | - | - | (288,207) |
| Interest and Other Charges | 1,357,737 | - | - | - | (1,357,737) |
| Total Governmental Activities | \$ 148,872,876 | \$ 723,005 | \$ 50,262,673 | \$ - | \$ (97,887,198) |
| GENERAL REVENUES | | | | | |
| Taxes | | | | | |
| Property Taxes, levied for general purposes | | | | | \$ 66,872,895 |
| Property Taxes, levied for debt service | | | | | 4,884,284 |
| Property Taxes, levied for other specific purposes | | | | | 14,678,740 |
| Personal Property Replacement | | | | | 1,182,322 |
| Unrestricted Earnings on Investments | | | | | 275,736 |
| General State Aid | | | | | 8,702,801 |
| Tax Increment Finance Authority Refund | | | | | 1,123,272 |
| Other | | | | | 1,753,154 |
| TOTAL GENERAL REVENUES | | | | | \$ 99,473,204 |
| CHANGE IN NET POSITION | | | | | \$ 1,586,006 |
| NET POSITION - BEGINNING | | | | | 15,881,300 |
| Prior Period Adjustment | | | | | (4,355,297) |
| NET POSITION - ENDING | | | | | \$ 13,112,009 |

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

FUND FINANCIAL STATEMENTS

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2017

| | Special Revenue Funds | | | | | | | Debt Service Fund | Capital Projects Funds | | | Total Governmental Funds |
|---|-----------------------|---------------------|---------------------------------|---------------------|--|-------------------|---------------------|-------------------|------------------------|-----------------------|---------------------------------|--------------------------|
| | General Fund | Education Fund | Operations and Maintenance Fund | Transportation Fund | Municipal Retirement/ Social Security Fund | Working Cash Fund | Tort Immunity Fund | | Bond and Interest Fund | Capital Projects Fund | Fire Prevention and Safety Fund | |
| ASSETS | | | | | | | | | | | | |
| Cash and Cash Equivalents | \$ 14,052,144 | \$ 5,836,338 | \$ 3,827,430 | \$ 3,077,353 | \$ 1,519,616 | \$ 88,313 | \$ 2,681,229 | \$ 994,493 | \$ 63,921 | \$ 32,140,837 | | |
| Accrued Interest Income | 25,063 | 11,443 | 4,516 | 6,255 | 2,670 | - | 3,846 | 1,998 | 112 | 55,903 | | |
| Due from Other Funds | - | - | - | - | 2,200,000 | - | - | - | - | 2,200,000 | | |
| Accounts Receivable | - | - | - | - | - | - | - | - | - | - | | |
| Taxes | | | | | | | | | | | | |
| 2016 Levy, Net of 1% Allowance for Losses | 28,849,306 | 3,306,655 | 5,652,325 | 1,459,652 | - | 389,240 | 2,414,468 | - | - | 42,071,646 | | |
| Personal Property Replacement | 186,818 | - | - | - | - | - | - | - | - | 186,818 | | |
| Inventory | 107,950 | - | - | - | - | - | - | - | - | 107,950 | | |
| Governmental Claims | 2,235,029 | - | 403,133 | - | - | - | - | - | - | 2,638,162 | | |
| Prepaid Expenses | 264,941 | 4,915 | - | - | - | 142,843 | 1,623 | - | - | 414,322 | | |
| TOTAL ASSETS | \$ 45,721,251 | \$ 9,159,351 | \$ 9,887,404 | \$ 4,543,260 | \$ 3,722,286 | \$ 620,396 | \$ 5,101,166 | \$ 996,491 | \$ 64,033 | \$ 79,815,638 | | |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | | | | |
| LIABILITIES | | | | | | | | | | | | |
| Accounts Payable | \$ 145,093 | \$ 379,257 | \$ 37,793 | \$ - | \$ - | \$ - | \$ - | \$ 300,119 | \$ - | \$ 862,262 | | |
| Accrued Salaries | 4,879,117 | 4,507 | 4,507 | - | - | - | - | - | - | 4,893,624 | | |
| Accrued Compensated Absences | 258,862 | 7,623 | - | - | - | - | - | - | - | 266,485 | | |
| Payroll Deductions Payable | 8,765,559 | 266,446 | 1,804 | 144,713 | - | - | - | - | - | 9,178,522 | | |
| Accrued Health Claims Liability | 642,940 | - | - | - | - | - | - | - | - | 642,940 | | |
| Due to Other Funds | 2,200,000 | - | - | - | - | - | - | - | - | 2,200,000 | | |
| TOTAL LIABILITIES | \$ 16,891,571 | \$ 653,326 | \$ 44,104 | \$ 144,713 | \$ - | \$ - | \$ - | \$ 300,119 | \$ - | \$ 18,093,833 | | |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | | | | | |
| Property Taxes Levied for Subsequent Years | \$ 28,849,306 | \$ 3,306,655 | \$ 5,652,325 | \$ 1,459,652 | \$ - | \$ 389,240 | \$ 2,414,468 | \$ - | \$ - | \$ 42,071,646 | | |
| FUND BALANCES | | | | | | | | | | | | |
| Nonspendable | \$ 372,891 | \$ 4,915 | \$ - | \$ - | \$ - | \$ 142,843 | \$ 1,623 | \$ - | \$ - | \$ 522,272 | | |
| Restricted | - | 4,928,009 | 4,190,225 | - | - | - | - | - | - | 4,928,009 | | |
| Operations & Maintenance Services | - | - | - | - | - | - | - | - | - | 4,190,225 | | |
| Transportation Services | - | - | - | - | - | - | - | - | - | 2,938,895 | | |
| Employee Benefits Payments | - | - | - | 2,938,895 | - | - | - | - | - | 3,722,286 | | |
| Interfund Borrowing | - | - | - | - | 3,722,286 | - | - | - | - | 88,313 | | |
| Liability Insurance | - | - | - | - | - | 88,313 | - | - | - | 2,685,075 | | |
| Bond Principal and Interest Payments | - | - | - | - | - | - | 2,685,075 | 696,372 | 64,033 | 760,405 | | |
| Future Construction | 6,598,587 | 266,446 | 750 | - | - | - | - | - | - | 6,865,783 | | |
| Assigned | (8,991,104) | - | - | - | - | - | - | - | - | (8,991,104) | | |
| Unassigned | (19,626) | 5,199,370 | 4,190,975 | 2,938,895 | 3,722,286 | 231,156 | 2,686,698 | 596,372 | 84,033 | 19,710,159 | | |
| TOTAL FUND BALANCES | \$ 45,721,251 | \$ 9,159,351 | \$ 9,887,404 | \$ 4,543,260 | \$ 3,722,286 | \$ 620,396 | \$ 5,101,166 | \$ 996,491 | \$ 64,033 | \$ 79,815,638 | | |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES | | | | | | | | | | | | |

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

| | | |
|--|------------------|----------------------|
| Total Fund Balances - Governmental Funds | | \$ 19,710,159 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$123,905,412 and the accumulated depreciation is \$71,241,969. | | 52,663,443 |
| Other Deferred Outflows of Resources reported in the statement of net position not reported on the Balance Sheet | | |
| Teacher Retirement System Outflows | \$ 3,634,987 | |
| Illinois Municipal Retirement Fund Outflows | <u>4,753,083</u> | 8,388,070 |
| Other Deferred Inflows of Resources reported in the statement of net position not reported in the Balance Sheet | | |
| Teacher Retirement System Inflows | \$ (1,428,583) | |
| Illinois Municipal Retirement Fund Outflows | <u>(190,536)</u> | (1,619,119) |
| Long-Term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Balances as of June 30, 2017 are: | | |
| Bonds and capital leases payable | | (34,247,825) |
| Accrued OPEB Obligation | | (5,777,791) |
| Compensated absences | | (327,400) |
| Net TRS & IMRF pension liability | | <u>(25,677,528)</u> |
| Total Net Position of Governmental Activities | | <u>\$ 13,112,009</u> |

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, 2017

| | Special Revenue Funds | | | | | | | | | | Debt Service Fund | Capital Projects Funds | | Total Governmental Funds |
|---|-----------------------|---------------------------------|-----------------------|----------------------------------|---------------------|--------------------|------------------------|-----------------------|---------------------------------|--------------------------|-------------------|------------------------|-----------------------|--------------------------|
| | General Fund | Municipal | | | | | | | | | | | Capital Projects Fund | |
| | Educational Fund | Operations and Maintenance Fund | Transportation Fund | Retirement/ Social Security Fund | Working Cash Fund | Tort Immunity Fund | Bond and Interest Fund | Capital Projects Fund | Fire Prevention and Safety Fund | Total Governmental Funds | | | | |
| REVENUES | | | | | | | | | | | | | | |
| Taxes | \$ 60,548,692 | | | | | | | | | | | | | \$ 60,548,692 |
| Tuition | 11,072 | | | | | | | | | | | | | 11,072 |
| Transportation Fees | | | 435 | | | | | | | | | | | 435 |
| Earnings on Investments | 125,562 | 54,910 | 20,873 | 31,098 | 12,882 | 566 | 18,717 | 10,587 | 541 | | | | | 275,736 |
| Food Service Fees | 502,578 | | | | | | | | | | | | | 502,578 |
| Textbook Fees | 208,920 | | | | | | | | | | | | | 208,920 |
| Rentals | | 172,785 | | | | | | | | | | | | 172,785 |
| Refund of Prior Year Expenditures | 1,117,859 | 275,698 | | | | | | | | | | | | 1,393,557 |
| Other | 118,319 | 2,690 | 44,318 | 6,772 | | 14,613 | | 100 | | | | | | 188,812 |
| Tax Increment Finance Authority Refund | 1,123,272 | | | | | | | | | | | | | 1,123,272 |
| State Aid | 52,639,984 | | 1,130,362 | | | 40,000 | | | | | | | | 53,810,326 |
| Federal Aid | 5,155,148 | | | | | | | | | | | | | 5,155,148 |
| TOTAL REVENUES | \$ 121,551,386 | \$ 7,911,458 | \$ 11,698,583 | \$ 3,554,354 | \$ 12,882 | \$ 815,990 | \$ 4,903,001 | \$ 10,687 | \$ 541 | \$ 150,458,882 | | | | |
| EXPENDITURES | | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | | |
| Instruction | | | | | | | | | | | | | | |
| Regular | \$ 76,642,759 | | | \$ 433,820 | | | | | | | | | | \$ 77,076,579 |
| Special Education | 12,282,169 | | | 530,408 | | | | | | | | | | 12,812,577 |
| Interscholastic | 197,594 | | | 2,790 | | | | | | | | | | 200,384 |
| Summer School | 230,832 | | | 6,915 | | | | | | | | | | 237,747 |
| Bilingual | 11,608,201 | | | 137,907 | | | | | | | | | | 11,746,108 |
| Support Services | | | | | | | | | | | | | | |
| Pupils | 7,341,056 | | | 277,683 | | | | | | | | | | 7,618,739 |
| Instructional Staff | 5,746,126 | | | 141,494 | | | | | | | | | | 5,887,620 |
| General Administration | 1,440,875 | | | 51,240 | | 706,354 | | | | | | | | 2,198,469 |
| School Administration | 3,623,298 | | | 186,811 | | | | | | | | | | 3,810,109 |
| Business | 3,179,083 | | | 1,071,955 | | | | | | | | | | 4,251,038 |
| Central | 2,970,460 | | | 206,255 | | | | 130,020 | | | | | | 3,176,715 |
| Community Service | 269,039 | | | 19,168 | | | | | | | | | | 288,207 |
| Nonprogrammed charges | 189,117 | | | | | | | | | | | | | 189,117 |
| Debt Service | | | | | | | | | | | | | | |
| Principal | | | | | | | 3,569,726 | | | | | | | 3,569,726 |
| Interest and Other Charges | | | | | | | 1,267,027 | | | | | | | 1,267,027 |
| Capital Outlay | | | | | | | | | | | | | | |
| | 277,182 | 129,869 | | | | | | 2,042,282 | | | | | | 2,449,333 |
| TOTAL EXPENDITURES | \$ 125,997,791 | \$ 8,159,268 | \$ 3,814,827 | \$ 3,066,446 | \$ 12,882 | \$ 706,354 | \$ 4,836,753 | \$ 2,172,302 | \$ 541 | \$ 148,753,741 | | | | |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (4,446,405) | \$ (247,810) | \$ 7,883,756 | \$ 487,908 | \$ 12,882 | \$ 109,636 | \$ 66,248 | \$ (2,161,615) | \$ 541 | \$ 1,705,141 | | | | |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | | | | | |
| Transfers In | \$ 6,000,000 | | | | | | | | | | | | | \$ 6,000,000 |
| Transfers Out | (149,013) | (119,900) | (6,000,000) | | | | | | | | | | | (6,268,913) |
| TOTAL OTHER FINANCING SOURCES (USES) | \$ 5,850,987 | \$ (119,900) | \$ (6,000,000) | \$ - | \$ - | \$ - | \$ 268,913 | \$ - | \$ - | \$ (6,268,913) | | | | |
| NET CHANGE IN FUND BALANCE | \$ 1,404,582 | \$ (367,710) | \$ 1,883,756 | \$ 487,908 | \$ 12,882 | \$ 109,636 | \$ 335,161 | \$ (2,161,615) | \$ 541 | \$ 1,705,141 | | | | |
| FUND BALANCE - JULY 1, 2016 | (1,424,208) | 5,567,080 | 2,307,219 | 2,450,987 | 3,709,404 | 121,520 | 2,351,537 | 2,857,987 | 63,492 | 18,005,018 | | | | |
| FUND BALANCE - JUNE 30, 2017 | \$ (19,626) | \$ 5,199,370 | \$ 4,190,975 | \$ 2,938,895 | \$ 3,722,286 | \$ 231,156 | \$ 2,686,698 | \$ 696,372 | \$ 64,033 | \$ 19,710,159 | | | | |

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, 2017

| | | |
|--|----|-------------|
| Net Change in Fund Balance - Governmental Funds | \$ | 1,705,141 |
| <p>Amounts reported for governmental activities in the statement of activities are different because:</p> | | |
| <p>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 depreciation expense (\$2,924,125) exceeds capital outlay (\$2,449,333) in the period.</p> | | (474,792) |
| Change in Deferred Outflows of Resources due to pension assets | | (458,320) |
| Change in Deferred Inflows of Resources due to pension obligations | | 15,653 |
| Net increase in net TRS and IMRF pension liabilities | | (1,946,037) |
| <p>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:</p> | | |
| Compensated absences | | 35,837 |
| Accrued OPEB Obligation | | (770,492) |
| Amortization of premiums and discounts | | (90,710) |
| <p>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</p> | | |
| Principal Paid on Long-Term Debt | | 3,569,726 |
| Change in Net Position of Governmental Activities | \$ | 1,586,006 |

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, 2017

ASSETS

| | |
|----------------------|-------------------|
| Cash and Investments | \$ 520,650 |
| TOTAL ASSETS | <u>\$ 520,650</u> |

LIABILITIES

| | |
|---------------------------------|-------------------|
| Due to Student Groups | \$ 411,671 |
| Due to Employee's Benefits Fund | <u>108,979</u> |
| TOTAL LIABILITIES | <u>\$ 520,650</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, 2017

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 2017, the District adopted or considered the following GASB statements:

- GASBS 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*
- GASBS 77, *Tax Abatement Disclosures*
- GASBS No. 78, *Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*
- GASBS No. 82, *Pension Issues-an Amendment of GASB Statements No. 67, No. 68 and No. 73*

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.

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.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

- 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, Tort Immunity 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 Sub divider's Land Cash Ordinance payments are accounted for in this fund.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(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, "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, 2017
(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 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 9.

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, 2017
 (Continued)

1. Summary of Significant Accounting Policies (continued)

Property Tax Revenues (continued)

A portion of the 2016 property tax levy is recorded as a receivable in fiscal year 2017, net of estimated uncollectible amounts approximating 1%. As the District intends to use the second installment of collections to pay for fiscal year 2018 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 expenditures 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:

| | <u>Depreciation Method</u> | <u>Estimated Useful Life</u> |
|-------------------------|--------------------------------|----------------------------------|
| 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, 2017
(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 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 expensed when incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts 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, 2017
 (Continued)

2. Stewardship, Compliance and Accountability

Budget vs Actual Expenditures

For the year ended June 30, 2017, actual direct expenditures exceeded the budgeted expenditures in the following funds:

| | Actual | Budget | Excess |
|--------------------------|--------------|--------------|----------|
| Special Revenue Funds | | | |
| Transportation Fund Fund | \$ 3,814,827 | \$ 3,811,401 | \$ 3,426 |

3. Deposits and Investments

At June 30, 2017, the District's deposits and investments consisted of the following:

| | Governmental Activities | Fiduciary | Total |
|-------------|----------------------------|------------|---------------|
| Deposits | \$ 49,675 | \$ 290,533 | \$ 340,208 |
| Petty Cash | 1,250 | - | 1,250 |
| Investments | 32,089,912 | 230,117 | 32,320,029 |
| Total | \$ 32,140,837 | \$ 520,650 | \$ 32,661,487 |

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, 2017
(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 1.12 years at June 30, 2017. As of the same date, the fair value of all investments held by the Treasurer's Office was \$304,296,285 and the fair value of the District's proportionate share of the pool was \$32,089,912.

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, 2017
 (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, 2017, the carrying amount of the District's Agency and Imprest deposit accounts was \$570,325; the bank balance was \$573,129. Of the total carrying amount, \$343,012 was deposits with financial institutions, and \$230,117 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, 2017 the District had the following inter-fund receivable/payable balances. The inter-fund loans were made to improve cash flow in the borrowing fund.

| | Borrowing Fund | Lending Fund |
|-----------------------|-------------------|-----------------|
| Special Revenue Funds | | |
| Education 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.

| | Transferred To | Transferred From |
|-------------------------------|----------------|------------------|
| General Fund | | |
| Educational | \$ - | \$ 149,013 |
| Special Revenue Fund | | |
| Operations & Maintenance Fund | - | 119,900 |
| Debt Service | | |
| Bond & Interest Fund | 268,913 | - |
| | \$ 268,913 | \$ 268,913 |

During the year, the District made the following interfund transfers to the Education Fund for the financing of operations as provided by the Illinois School Code.

| | Transferred To | Transferred From |
|----------------------|----------------|------------------|
| General Fund | | |
| Educational | \$ 6,000,000 | \$ - |
| Special Revenue Fund | | |
| Transportation Fund | - | 6,000,000 |
| | \$ 6,000,000 | \$ 6,000,000 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

5. Capital Assets and Depreciation

| | Balance July 1, 2016 | Additions | Deletions | Balance June 30, 2017 |
|--|-------------------------|-----------------------|-------------|--------------------------|
| 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 | 94,440,614 | 2,042,282 | - | 96,482,896 |
| Equipment | 21,285,818 | 407,051 | - | 21,692,869 |
| Total Capital Assets Being Depreciated | <u>\$ 119,491,013</u> | <u>\$ 2,449,333</u> | <u>\$ -</u> | <u>\$ 121,940,346</u> |
| Less Accumulated Depreciation for: | | | | |
| Land Improvements | \$ (3,764,581) | \$ (137,645) | \$ - | \$ (3,902,226) |
| Building and Improvements | (44,042,346) | (1,890,161) | - | (45,932,507) |
| Equipment | (20,510,917) | (896,319) | - | (21,407,236) |
| Total Accumulated Depreciation | <u>\$ (68,317,844)</u> | <u>\$ (2,924,125)</u> | <u>\$ -</u> | <u>\$ (71,241,969)</u> |
| Total Capital Assets being Depreciated, net of Accumulated Depreciation | <u>\$ 51,173,169</u> | <u>\$ (474,792)</u> | <u>\$ -</u> | <u>\$ 50,698,377</u> |
| Capital Assets, net of Accumulated Depreciation | <u>\$ 53,138,235</u> | <u>\$ (474,792)</u> | <u>\$ -</u> | <u>\$ 52,663,443</u> |

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

| | |
|--|---------------------|
| <u>Governmental Activities</u> | |
| Regular Programs | \$ 1,918,936 |
| Special Programs | 259,273 |
| Other Instructional | 169,909 |
| Pupil Services | 5,978 |
| Instructional Staff Services | 84,763 |
| General Administrative Services | 56,982 |
| School Administrative Services | 84,711 |
| Business Services | 304,779 |
| Central Services | 38,794 |
| | <u>38,794</u> |
| Total Depreciation Expense - Governmental Activities | <u>\$ 2,924,125</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

6. Long-Term Liabilities

General Obligation Bonds

In a prior year, 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, 2017, \$3,805,000 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, 2017 general obligation bonds outstanding were as follows:

| | Interest Rates | Face Amount | Carrying Amount |
|-----------------------|-------------------|----------------------|----------------------|
| 2005A Refunding Bonds | 5.00% - 5.36% | 13,525,000 | 11,845,000 |
| 2013A Building Bonds | 3.00% - 4.00% | 9,410,000 | 9,410,000 |
| 2013B Refunding Bonds | 1.00% - 2.50% | 22,350,000 | 12,030,000 |
| 2013C Refunding Bonds | 1.00% - 1.50% | 1,075,000 | 665,000 |
| | | <u>\$ 46,360,000</u> | <u>\$ 33,950,000</u> |

At June 30, 2017, the annual debt service requirements of general obligation bond principal and interest were as follows:

| Year Ending June 30, | Principal | Interest | Total |
|----------------------------|----------------------|---------------------|----------------------|
| 2018 | \$ 3,695,000 | \$ 1,095,289 | \$ 4,790,289 |
| 2019 | 3,815,000 | 917,029 | 4,732,029 |
| 2020 | 4,145,000 | 731,475 | 4,876,475 |
| 2021 | 4,580,000 | 551,720 | 5,131,720 |
| 2022 | 4,805,000 | 244,680 | 5,049,680 |
| 2023-2027 | 8,215,000 | 965,775 | 9,180,775 |
| 2028-2032 | 3,855,000 | 447,565 | 4,302,565 |
| 2033 | 840,000 | 13,440 | 853,440 |
| | <u>\$ 33,950,000</u> | <u>\$ 4,966,973</u> | <u>\$ 38,916,973</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (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 \$1,793,763,130, the most recent available equalized assessed valuation of the District. As of June 30, 2017, the statutory debt limit of the District was \$123,769,656, providing a debt margin of \$89,819,656, which is 72.6 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, 2017, 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, 2017 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, 2017, \$36,500,000 of the face amount of capital appreciation bonds outstanding are considered defeased, which had a carrying amount of \$32,305,046 at June 30, 2017.

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, 2017, \$5,262,401 of capital assets, at cost, 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, 2017 are as follows:

| Year Ending June 30, | Amount |
|---|------------|
| 2018 | \$ 268,913 |
| 2019 | 119,900 |
| 2020 | 9,992 |
| Total minimum lease payments | \$ 398,805 |
| Less: amount representing interest | (11,537) |
| Present value of minimum lease payments | \$ 387,268 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

6. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

For the year ending June 30, 2017, changes in long-term liabilities were as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------------|---------------------|---------------------|----------------------|-----------------------------------|
| Bonds Payable: | | | | | |
| General obligation bonds | \$ 37,265,000 | \$ - | \$ 3,315,000 | \$ 33,950,000 | \$ 3,695,000 |
| Unamortized premiums, & discounts | (180,153) | - | (90,710) | (89,443) | (89,443) |
| Total bonds payable | \$ 37,084,847 | \$ - | \$ 3,224,290 | \$ 33,860,557 | \$ 3,605,557 |
| Capital Leases | 641,994 | - | 254,726 | 387,268 | 260,280 |
| Accrued OPEB Obligation | 5,007,299 | 770,492 | - | 5,777,791 | - |
| Compensated absences | 625,221 | 433,421 | 464,757 | 593,885 | 517,854 |
| Total Long-Term Liabilities - Governmental Activities | \$ 43,359,361 | \$ 1,203,913 | \$ 3,943,773 | \$ 40,619,501 | \$ 4,383,691 |

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 \$107,950 and are reported in the Educational Fund portion of the General Fund; and the prepaid expenses account for \$264,941 reported in the Educational Fund portion of the General Fund, \$4,915 is reported in the Operations and Maintenance Fund and \$142,843 is reported in the Tort Immunity Fund Portion of the Special Revenue Fund, and \$1,623 is recorded in the Bond and Interest Portion of the Debt Service Fund.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(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. The Education, Operations, and Transportation Funds have assigned fund balances for the self-insured health insurance plan in the amounts of \$6,598,587, \$266,446 and \$750 in each fund, respectively.

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 Education Fund portion of the General Fund has a deficit fund balance of \$6,991,104 as of June 30, 2017.

Tort Immunity

Proceeds from the Tort Immunity (liability insurance) Special Tax Levy and related disbursements have been included in the operations of the Special Revenue (Tort Immunity) Fund. At June 30, 2017, the cumulative Tort Immunity revenues had exceeded related cumulative expenditures in the Special Revenue (Tort Immunity) Fund by \$231,156. Of this amount \$142,843 is currently nonspendable for prepaid insurance purposes, and \$88,313 of the June 30, 2017 fund balance of the Special Revenue (Tort Immunity) Fund was restricted for future Tort Immunity purposes.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

7. Fund Balance Reporting (Continued)

Tort Immunity (Continued)

During the year ended June 30, 2017, the District made the following disbursements for tort immunity purposes:

| | |
|-------------------------------------|------------|
| Property and Liability Insurance | \$ 386,057 |
| Unemployment Compensation Insurance | 27,921 |
| Risk Management | 5,350 |
| Workers Compensation Insurance | 287,026 |
| | \$ 706,354 |

Net Position Restrictions

The district-wide statement of net position reports \$19,729,785 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: General Information about the Pension Plan

Plan Description

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

TRS issues a publicly available financial report that can be obtained at <http://trsil.org>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675.

Benefits Provided

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

8. Retirement Fund Commitments (Continued)

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

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

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2016 was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS: The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, State of Illinois contributions recognized by the employer were based on the state's proportionate share of the collective net pension liability associated with the employer, and the employer recognized revenue and expense of \$41,223,193 in pension contributions from the State of Illinois.

2.2 Formula Contributions.

Employers contribute 0.58 percent of creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2017 were \$589,222, and are deferred because they were paid after the June 30, 2016 measurement date.

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 pension 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.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

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

Federal and Trust Fund Contributions (Continued)

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal trust funds. For the year ended June 30, 2017, salaries totaling \$49,451 were paid from Federal and Trust funds that required employer contributions of \$19,058. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

Employer retirement cost contributions. Under GASB Statements No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer is required to make a one-time contribution to TRS for members retiring under the Early Retirement Option (ERO). The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the current program that ended June 30, 2016 is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2017, the employer paid \$-0- to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

Salary increases over 6 percent and excess sick leave:

The District is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, the district paid \$-0- to TRS for employer contributions due on salary increases in excess of 6 percent and \$-0- for sick leave days granted in the excess of the normal annual allotment.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability (first amount shown below) that reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. The amount recognized by the District as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the district were as follows:

| | |
|---|----------------|
| Employer's proportionate share of the net pension liability | \$ 12,162,748 |
| State's proportionate share of the net pension liability associated with the employer | 419,762,066 |
| Total | \$ 431,924,814 |

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. The District's proportion of the net pension liability was based on the District's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, the District's proportion was 0.0154083569 percent, which is an increase (decrease) of (0.001083238) from its proportion measured as of June 30, 2015.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

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

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2017, the District recognized pension expense of \$41,223,193 and revenue of \$41,223,193 for support provided by the state. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected & actual experience | \$ 89,933 | \$ 8,249 |
| Net difference between projected and actual earnings on pension plan investments | 343,619 | - |
| Changes of assumptions | 1,044,599 | - |
| Changes in proportion and differences between employer contributions & proportionate share of contributions | 1,548,556 | 1,420,334 |
| SubTotal | \$ 3,026,707 | \$ 1,428,583 |
| Employer contributions subsequent to the measurement date | 608,280 | - |
| Total | \$ 3,634,987 | \$ 1,428,583 |

\$608,280 reported as deferred outflows of resources related to TRS pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows or resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---------------------|--------------|
| 2018 | \$ 310,663 |
| 2019 | \$ 310,663 |
| 2020 | \$ 739,187 |
| 2021 | \$ 215,000 |
| 2022 | \$ 22,610 |
| | \$ 1,598,123 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (continued)

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

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: Inflation Rate was assumed to be 2.50 percent; Salary increases were expected to be varied by amount of service credit; the Investment rate of return, net of pension plan investment expense, including inflation, was assumed to be 7.00 percent. Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014.

For the June 30, 2016 valuation, the investment return assumption remained at 7.5 percent to 7.0 percent. Salary increase assumptions were also lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates. Improved mortality assumptions and made other changes

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|------------------------------|---|
| U.S. Equities Large Cap | 14.4% | 6.94% |
| U.S. Equities Small/Mid Cap | 3.6% | 8.09% |
| International Equities Developed | 14.4% | 7.46% |
| Emerging Market Equities | 3.6% | 10.15% |
| U.S. Bond Core | 10.7% | 2.44% |
| International Debt Developed | 5.3% | 1.70% |
| Real Estate | 15.0% | 5.44% |
| Commodities (real return) | 11.0% | 4.28% |
| Hedge Funds (absolute return) | 8.0% | 4.16% |
| Private Equity | 14.0% | 10.63% |
| Total | 100.0% | |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

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

Pension liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates. Based on those assumptions, TRS's fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier I's liability is partially funded by Tier II members, as the Tier II member contribution is higher than the cost of Tier II benefits. Due to this subsidy, contributions from future members in excess of the service cost are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was the same as the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier II were sufficient to cover all projected benefit payments.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage-point higher (7.83 percent) than the current rate.

| | 1% Decrease 5.83% | Current Single Discount Rate Assumption 6.83% | 1% Increase 7.83% |
|--|----------------------|--|----------------------|
| District's proportionate share of the Net Pension Liability | \$ 14,875,534 | \$ 12,162,748 | \$ 9,947,121 |

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2016 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

8. Retirement Fund Commitments (Continued)

Teachers' Health Insurance Security Fund

Plan Description

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.

Benefit Provided

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). Annuitants not enrolled in Medicare may participate in the state administered participation provider option plan or choose from several managed care options. 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. The plan is administered by the Illinois Department of Central Management Services (CMS) with the cooperation of TRS.

Contributions

Section 6.6 of the State Employees Group Insurance Act of 1971 requires all active contributors to TRS who are not employees of the state to make contribution to THIS Fund.

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

On behalf contributions to THIS Fund The state of Illinois makes employer retiree health insurance contributions on behalf of the district. State contributions are intended to match contributions to the THIS Fund from active members, which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$589,222 and the district recognized revenue and expenditures of this amount during the year.

Employer contributions to THIS Fund The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the district paid \$441,917 to the THIS Fund, 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" (<http://www.auditor.illinois.gov /Audit-Reports/CMS-THISF.asp>). Prior reports are available under "Healthcare and Family services" (<http://www.auditor.illinois.gov/Ausit-Reports/HEALTHCARE-FAMILY-SERVICES-Teacher-Health-INS-Sec-Fund.asp>).

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund

1. Plan Description

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

Benefits Provided

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

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

- 3% of the original pension amount, or
- ½ of the increase in the Consumer Price Index of the original pension amount.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

3. Employees Covered by Benefit Terms

As of December 31, 2016, the following employees were covered by the benefit terms:

| | IMRF |
|--|------|
| Retirees and Beneficiaries Currently receiving benefits | 300 |
| Inactive Plan Members entitled to but not yet receiving benefits | 186 |
| Active Plan Members | 215 |
| Total | 701 |

4. Contributions

As set by statute, employees participating in IMRF are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute that amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District's annual contribution rate for calendar 2016 was 14.33%. For the fiscal year ended June 30, 2017, the District contributed \$1,487,852 to the plan. The District also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

5. Net Pension Liability

The District's net pension liability was measured as of December 31, 2016. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

6. Actuarial Assumptions

The following are the methods and assumptions used to determine total pension liability at December 31, 2016: 1) The Actuarial Cost Method used was Entry Age Normal. 2) The Asset Valuation Method used was Market Value of Assets. 3) The Inflation Rate was assumed to be 2.75%. 4) Salary Increases were expected to be 3.75% to 14.50%, including inflation. 5) The Investment Rate of Return was assumed to be 7.50%. 6) Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2014 valuation according to an experience study from years 2011 to 2013. 7) The IMRF-specific rates for Mortality (for non-disabled retirees) were developed for the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. 8) For Disabled Retirees, and IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives. 9) For Active Members, and IMRF-specific mortality table was used with fully generational projection scale MP-2014 (base year 2014). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

6. Actuarial Assumptions (continued)

10) The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2016:

| Asset Class | Portfolio Target Percentage | Long-Term Expected Real Rate of Return |
|-------------------------|-----------------------------------|---|
| Domestic Equity | 38% | 6.85% |
| International Equity | 17% | 6.75% |
| Fixed Income | 27% | 3.00% |
| Real Estate | 8% | 5.75% |
| Alternative Investments | 9% | 2.65%-7.35% |
| Cash Equivalents | 1% | 2.25% |
| Total | 100% | |

7. Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rates reflects: 1) The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and 2) The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purposes of the most recent valuation, expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.78%, and the resulting single discount rate is 7.50%.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

8. Changes in Net Pension Liability

| Asset Class | Total Pension Liability (A) | Plan Fiduciary Net Position (B) | Net Pension Liability (A)-(B) |
|---|--------------------------------------|--|--|
| Balance at December 31, 2015 | \$ 60,685,670 | \$ 47,757,830 | \$ 12,927,840 |
| Changes for the year | | | |
| Service Costs | 1,247,418 | - | 1,247,418 |
| Interest on the Total Pension Liability | 4,440,195 | - | 4,440,195 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected & Actual Exper. | 1,449,158 | - | 1,449,158 |
| Assumption Changes | (282,263) | - | (282,263) |
| Contributions Employee | - | 1,611,703 | (1,611,703) |
| Contributions Employer | - | 510,398 | (510,398) |
| Net Investment Income | - | 3,203,247 | (3,203,247) |
| Benefit Payments & Refunds | (3,578,687) | (3,578,687) | - |
| Other (Net Transfer) | - | 942,220 | (942,220) |
| Net Changes | <u>3,275,821</u> | <u>2,688,881</u> | <u>586,940</u> |
| Balance at December 31, 2016 | <u>\$ 63,961,491</u> | <u>\$ 50,446,711</u> | <u>\$ 13,514,780</u> |

9. Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

| | 1% Decrease 6.50% | Current Single Discount Rate Assumption 7.50% | 1% Increase 8.50% |
|-----------------------------|----------------------|--|----------------------|
| Total Pension Liability | \$ 71,540,671 | \$ 63,961,491 | \$ 57,639,224 |
| Plan Fiduciary Net Position | 50,446,711 | 50,446,711 | 50,446,711 |
| Net Pension Liability | \$ 21,093,960 | \$ 13,514,780 | \$ 7,192,513 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

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

For the year ended June 30, 2017, the District recognized pension expense of \$3,362,851. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| Deferred Amounts Related to Pensions | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| <i>Deferred Amounts to be Recognized in Pension Expense in Future Periods</i> | | |
| Differences between expected and actual experience | \$ 1,290,299 | \$ - |
| Changes of assumptions | 144,417 | 190,536 |
| Net difference between projected and actual earnings on pension plan investments | <u>2,538,019</u> | <u>-</u> |
| Total Deferred Amounts to be recognized in pension expense in future periods | <u>\$ 3,972,735</u> | <u>\$ 190,536</u> |
| <i>Pension Contributions made subsequent to the Measurement Date</i> | <u>780,348</u> | <u>-</u> |
| Total Deferred Amounts Related to Pensions | <u><u>\$ 4,753,083</u></u> | <u><u>\$ 190,536</u></u> |

\$780,348 reported as deferred outflows of resources related to IMRF pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future periods as follows:

| <u>Year Ending December 31,</u> | <u>Net Deferred Outflows of Resources</u> | <u>Net Deferred Inflows of Resources</u> |
|-------------------------------------|---|--|
| 2017 | \$ 1,672,512 | \$ - |
| 2018 | 1,272,031 | - |
| 2019 | 765,794 | - |
| 2020 | 71,862 | - |
| 2021 | - | - |
| Thereafter | - | - |
| Total | <u><u>\$ 3,782,199</u></u> | <u><u>\$ -</u></u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

11. Total Pension Related Liabilities

The total of the District's net pension liabilities at June 30, 2017 is as follows:

| | Net Pension Liability |
|---|--------------------------|
| Teachers' Retirement System (TRS) | \$ 12,162,748 |
| Illinois Municipal Retirement Fund (IMRF) | 13,514,780 |
| | \$ 25,677,528 |

8. 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 \$637,841, the total required contribution for the current fiscal year.

8. Postemployment Benefits - Defined Benefit Retiree Health Care Plan

1. Plan Description:

The District administers a single-employer defined benefit healthcare plan. Educational support employees who are employed for more than 40% of a full-time position and who contribute to the Illinois Municipal Retirement Fund (IMRF) are eligible for post-retirement medical and dental coverage if they pay the appropriate full blended premium. Certified employees who contribute to the Teachers' Retirement Service (TRS) are eligible for post-retirement medical coverage for 10 years. For retirement benefits, the member must have worked at least 10 years and must be at least 55 years old.

2. Benefit Provisions:

Certified and Administrative retirees: Employees may continue health care into retirement on the District Plan on a retiree-pay-all basis. Coverage can also be elected for spouses and eligible dependents if they were covered on the plan before the employee retired. Coverage ceases upon attainment of age 65. Upon retirement, if a staff member elects coverage under an alternate insurance plan and a situation such as death, divorce, job change or loss of alternate coverage and/or benefits occurs, the staff member may return to the District plan with the same coverage as when they left, with no waiting period, provided that the staff member is still under age 65 and can document that they had insurance coverage. Coverage is available if the District health insurance plan is offered at a lower cost or contains greater benefit levels than the TRS-sponsored health insurance plan.

IMRF Employees: Employees may continue health care into retirement on the District plan on a retiree-pay-all basis. Coverage can also be elected for spouses and eligible dependents if they were covered on the plan before the employee retired. Coverage continues until premium payment ceases.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

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

3. Employees Covered by Benefit Terms:

As of May 2017, the following employees are covered by the benefit terms.

| | OPEB |
|---|------|
| Inactive Employees currently receiving benefits | 23 |
| Inactive Employees entitled to but not yet receiving benefits | 0 |
| Active Plan Members | 762 |
| Total | 785 |

4. Net OPEB Liability:

The District's net OPEB liability was measured as of May 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

5. Actuarial Assumptions

The following are the methods and assumptions used to determine total OPEB liability at May 2017:

Health Care Trend Rates

Initial Health Care Cost Trend Rate – 6.50%.

Ultimate Health Care Cost Trend Rate – 5.00%.

Fiscal Year the Ultimate Rate is Reached – Fiscal Year 2028.

Additional Information

Measurement Date – June 30, 2017

Actuarial Cost Method – Entry Age Normal

Inflation Rate – 2.50%

Salary Rate Increase – 4.00%

Discount Rate – 3.56%

Funded Ratio – 0%

Covered Payroll - \$59,237,346

Net OPEB Liability as a Percentage of Covered Payroll – 9.75%

6. Discount Rate

The District does not have a dedicated Trust to pay retiree healthcare benefits. Per GASB 75, the discount rate is a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent quality on another rating scale). A rate of 3.56% is used, which is the S&P Municipal Bond 20 Year High-Grade Rate Index as of May 10, 2017.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2017
(Continued)

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

7. Changes in the Net OPEB Liability (Asset):

| | Total OPEB Liability (A) | Plan Fiduciary Net Position (B) | Net OPEB Liability(Asset) (A)-(B) |
|---|-----------------------------------|--|--|
| Balance at June 30, 2016 | \$ 5,007,299 | \$ - | \$ 5,007,299 |
| Changes for the year | | | |
| Service Costs | 370,293 | - | 370,293 |
| Interest on the Total OPEB Liability | 178,260 | - | 178,260 |
| Changes of Benefit Terms | - | - | - |
| Difference between Expected & Actual Exper. | (215,142) | - | (215,142) |
| Changes of Assumptions & Other Inputs | 102,219 | - | 102,219 |
| Contributions Employer & Employee | - | - | - |
| Net Investment Income | - | - | - |
| Benefit Payments & Refunds | (246,437) | - | (246,437) |
| Other Changes | 581,299 | - | 581,299 |
| Net Changes | <u>770,492</u> | <u>-</u> | <u>770,492</u> |
| Balance at June 30, 2017 | <u>\$ 5,777,791</u> | <u>\$ -</u> | <u>\$ 5,777,791</u> |

8. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate & Healthcare Trends

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 8.2 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.86 percent) or 1-percentage-point higher (8.54 percent) than the current rate.

| | 1% Increase 7.86% | Assumption 8.20% | 1% Decrease 8.54% |
|--|----------------------|---------------------|----------------------|
| District's proportionate share of the Net OPEB Liability | \$ 5,323,482 | \$ 5,777,791 | \$ 6,271,326 |

The following presents the net OPEB liability of the School District, as well as what the School District's OPEB liability would be if it were calculated using healthcare cost trend rates that are using the discount rate of 12.36 percent, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (13.42 percent) or 1-percentage-point higher (11.30 percent) than the current rate.

| | 1% Increase 13.42% | Healthcare Cost Trend Rate 12.36% | 1% Decrease 11.30% |
|--|-----------------------|---|-----------------------|
| District's proportionate share of the Net OPEB Liability | \$ 6,552,918 | \$ 5,777,791 | \$ 5,124,921 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

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

9. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2017, the District recognized OPEB expense of \$588,331. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| Deferred Amounts Related to OPEB | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| <i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i> | | |
| Differences between expected and actual experience | \$ - | \$ 194,855 |
| Changes of assumptions | 839,193 | 220,127 |
| Net difference between projected and actual earnings on OPEB plan investments | - | - |
| Total Deferred Amounts to be recognized in OPEB expense in future periods | <u>\$ 839,193</u> | <u>\$ 414,982</u> |
| <i>OPEB Contributions made subsequent to the Measurement Date</i> | - | - |
| Total Deferred Amounts Related to OPEB | <u>\$ 839,193</u> | <u>\$ 414,982</u> |

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

| Year Ending June 30, | Net Deferred Outflows of Resources | Net Deferred Inflows of Resources |
|-------------------------|---------------------------------------|--------------------------------------|
| 2018 | \$ 44,166 | \$ - |
| 2019 | 44,166 | - |
| 2020 | 44,166 | - |
| 2021 | 44,166 | - |
| 2022 | 44,166 | - |
| 2023 | 44,166 | - |
| 2024 | 44,166 | - |
| 2025 | 44,166 | - |
| 2026 | 44,166 | - |
| 2027 | 26,717 | - |
| Total | <u>\$ 424,211</u> | <u>\$ -</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

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 2016 Levy was passed by the Board on December 15, 2016. 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 2016 and 2015 tax levy years.

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 Limit | Actual | |
|----------------------------|----------------|--------------|--------------|
| | | 2016 Levy | 2015 Levy |
| Education | 3.5000 | 3.0555 | 3.5000 |
| Tort Immunity | * | 0.0459 | 0.0464 |
| Special Education | 0.4000 | 0.3492 | 0.4000 |
| Operations and Maintenance | 0.5500 | 0.3902 | 0.5302 |
| Bond and Interest | * | 0.2850 | 0.3131 |
| Transportation | * | 0.6671 | 0.5970 |
| Municipal Retirement | * | 0.0517 | 0.0563 |
| Social Security | * | 0.1206 | 0.1988 |
| | | 4.9652 | 5.6418 |

* 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: Illinois Public Risk Fund (IPRF) 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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

11. Joint Agreements (Continued)

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.

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 \$172,785 in rental revenue for the fiscal year ended June 30, 2017. The District records rental revenue in the Operations and Maintenance Fund.

13. Lease Obligations

During the year ended June 30, 2017, the District entered into an operating lease agreement to lease Student Chrome Books with three equal payments of \$292,246. The first payment was made during the current fiscal year; two payments remain on this operating lease.

For the year ended June 30, 2017, the District had combined lease payments, which included two existing leases, in the amount of \$391,091.

Minimum Future rental payments with respect to the operating leases as of June 30, 2017, in the aggregate, are as follows:

| | | | |
|-------------|---------------|----|---------|
| Year ended: | June 30, 2018 | \$ | 391,091 |
| | June 30, 2019 | | 292,247 |
| | | \$ | 683,338 |

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
 NOTES TO THE FINANCIAL STATEMENTS
 JUNE 30, 2017
 (Continued)

15. Self-Insured Health Insurance Plan

The District, starting July 1, 2016, moved its health insurance coverage from a commercial plan to a self-funded plan. The administrator of this plan is Blue Cross/Blue Shield of Illinois (BCBS). The District contributed approximately \$834 per month for the PPO 1 plan, \$707 per month for the PPO 2 plan, and \$39 per month for the dental plan per employee; and employees, at their option, authorized payroll withholding to pay contributions for dependents. BCBS acted as third party administrator acting on behalf of the District and paid claims.

The administrative contract between the District and the third party administrator is renewable annually and administrative fees and stop-loss premiums are included in the contractual provisions. In accordance with state statute, the District was protected against unanticipated catastrophic individual or aggregate loss by stop-loss coverage carried through Blue Cross Blue Shield of Illinois, a commercial insurer licensed or eligible to do business in Illinois in accordance with the Illinois Insurance Code. Stop-loss coverage was in effect for individual claims exceeding \$190,000 for the PPO plan and \$19.4 million for aggregate losses as of June 30, 2017, which is based on factors determined by Blue Cross Blue Shield of Illinois. The aggregate claims liability for June 30, 2017 and June 30, 2016, was \$642,940 and \$-0- respectively. The aggregate claims incurred during the year ended June 30, 2017 were \$16,717,058, and the aggregate claims paid during the period were \$16,074,118. The aggregate claims liability as of June 30 was determined through use of accumulated lag reports prepared by Blue Cross Blue Shield of Illinois for a period through September 30 of each year.

| Date | Aggregate Claims Liability | | | Ending Balance |
|---------------|----------------------------|---------------|---------------|-------------------|
| | Beginning Balance | Claims | Payments | |
| June 30, 2017 | \$ - | \$ 16,717,058 | \$ 16,074,118 | \$ 642,940 |
| June 30, 2016 | \$ - | \$ - | \$ - | \$ - |

16. Prior Period Adjustment

The School District adopted the new accounting guidance as established by GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB). This statement affects the reporting of the OPEB liability in the financial statements, which also required that a restatement of the beginning liability be adjusted through beginning net position. The OPEB liability as actuarially determined to be \$5,007,299 as of July 1, 2016, which requires a prior period adjustment in the amount of \$4,355,297 as represented below:

| | Amount |
|---|----------------|
| Adjustment to OPEB Liability | |
| Prior year OPEB Liability | \$ (652,002) |
| Prior period adjustment required | (4,355,297) |
| OPEB Liability at the beginning of the year | \$ (5,007,299) |

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, 2017

| REVENUES | Original Budget | Final Budget | Actual |
|---|------------------------------|------------------------------|----------------------------------|
| Revenues from Local Sources | | | |
| Taxes | \$ 63,018,230 | \$ 59,980,702 | \$ 60,548,692 |
| Tuition | 12,000 | 12,000 | 11,072 |
| Earnings on Investments | 14,000 | 52,000 | 125,562 |
| Food Service Fees | 468,000 | 468,000 | 502,578 |
| Textbook Fees | 208,500 | 218,500 | 208,920 |
| Refund of Prior Year Expenditures | 605,000 | 1,547,846 | 1,117,859 |
| Other | 111,000 | 111,000 | 118,319 |
| Tax Increment Finance Authority Refund | 1,109,283 | 1,109,283 | 1,123,272 |
| Total Revenues from Local Sources | <u>\$ 65,546,013</u> | <u>\$ 63,499,331</u> | <u>\$ 63,756,274</u> |
| State Aid | 11,875,260 | 11,894,735 | 10,827,549 |
| Federal Aid | 5,126,011 | 5,126,011 | 5,155,148 |
| Total Direct Revenues | <u>82,547,284</u> | <u>80,520,077</u> | <u>79,738,971</u> |
| "On-Behalf" Revenue for Retirement Benefits | <u>23,553,000</u> | <u>23,553,000</u> | <u>41,812,415</u> |
| TOTAL REVENUES | <u>\$ 106,100,284</u> | <u>\$ 104,073,077</u> | <u>\$ 121,551,386</u> |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | | | |
| Regular | \$ 37,014,896 | \$ 36,770,866 | \$ 34,830,344 |
| Special Education | 11,482,529 | 11,485,266 | 12,282,169 |
| Interscholastic | 178,111 | 187,819 | 197,594 |
| Summer School | 276,851 | 282,622 | 230,832 |
| Bilingual | 11,461,691 | 11,482,717 | 11,608,201 |
| Support Services | | | |
| Pupils | 7,240,160 | 7,222,870 | 7,341,056 |
| Instructional Staff | 5,244,555 | 5,661,908 | 5,746,126 |
| General Administration | 1,370,181 | 1,353,781 | 1,440,875 |
| School Administration | 3,665,322 | 3,689,953 | 3,623,298 |
| Business | 3,388,797 | 3,478,453 | 3,179,083 |
| Central | 3,124,357 | 3,090,525 | 2,970,460 |
| Other Support Services | 24,615 | 48,018 | - |
| Community Services | 297,677 | 316,241 | 269,039 |
| Payments to Other Governments | | | |
| Special Education | 99,500 | 180,900 | 189,117 |
| Capital Outlay | 981,124 | 798,427 | 277,182 |
| Provision for Contingencies | 200,000 | - | - |
| Total Direct Expenditures | <u>86,050,366</u> | <u>86,050,366</u> | <u>84,185,376</u> |
| "On-Behalf" Expenditures for Retirement Benefits | <u>23,553,000</u> | <u>23,553,000</u> | <u>41,812,415</u> |
| TOTAL EXPENDITURES | <u>\$ 109,603,366</u> | <u>\$ 109,603,366</u> | <u>\$ 125,997,791</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (3,503,082)</u> | <u>\$ (5,530,289)</u> | <u>\$ (4,446,405)</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers In | \$ 6,000,000 | 6,000,000 | \$ 6,000,000 |
| Transfers Out | (625,877) | (625,877) | (149,013) |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ 5,374,123</u> | <u>\$ 5,374,123</u> | <u>\$ 5,850,987</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 1,871,041</u> | <u>\$ (156,166)</u> | <u>\$ 1,404,582</u> |
| FUND BALANCE - JULY 1, 2016 | | | <u>(1,424,208)</u> |
| FUND BALANCE - JUNE 30, 2017 | | | <u><u>\$ (19,626)</u></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, 2017

| REVENUES | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|--|------------------------|---------------------|---------------|
| Revenues from Local Sources | | | |
| Taxes | \$ 8,596,710 | \$ 7,334,162 | \$ 7,405,375 |
| Earnings on Investments | 10,000 | 71,000 | 54,910 |
| Rentals | 150,000 | 150,000 | 172,785 |
| Other | 151,000 | 251,000 | 278,388 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 8,907,710 | \$ 7,806,162 | \$ 7,911,458 |
| | <hr/> | <hr/> | <hr/> |
| EXPENDITURES | | | |
| Current | | | |
| Support Services | | | |
| Salaries | \$ 4,419,518 | \$ 4,419,518 | \$ 4,264,246 |
| Employee Benefits | 1,384,849 | 1,384,849 | 1,264,161 |
| Purchased Services | 1,132,068 | 1,305,750 | 1,340,425 |
| Supplies | 1,367,605 | 1,463,632 | 1,153,442 |
| Other | 159,375 | 10,875 | 4,629 |
| Termination Benefits | 50,000 | - | 2,496 |
| Capital Outlay | 332,300 | 251,091 | 129,869 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | \$ 8,845,715 | \$ 8,835,715 | \$ 8,159,268 |
| | <hr/> | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ 61,995 | \$ (1,029,553) | \$ (247,810) |
| | <hr/> | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | \$ (119,900) | \$ (119,900) | \$ (119,900) |
| | <hr/> | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | \$ (57,905) | \$ (1,149,453) | \$ (367,710) |
| | <hr/> | <hr/> | <hr/> |
| FUND BALANCE - JULY 1, 2016 | | | 5,567,080 |
| | | | <hr/> |
| FUND BALANCE - JUNE 30, 2017 | | | \$ 5,199,370 |
| | | | <hr/> |

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, 2017

| REVENUES | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|---|------------------------------|------------------------------|------------------------------|
| Revenues from Local Sources | | | |
| Taxes | \$ 6,949,865 | \$ 10,490,267 | \$ 10,502,595 |
| Local Fees | - | - | 435 |
| Earnings on Investments | 2,000 | 17,000 | 20,873 |
| Other Revenue | 20,000 | 20,000 | 44,318 |
| Total Revenues from Local Sources | <u>\$ 6,971,865</u> | <u>\$ 10,527,267</u> | <u>\$ 10,568,221</u> |
| State Aid | 1,589,010 | 1,535,000 | 1,130,362 |
| TOTAL REVENUES | <u>\$ 8,560,875</u> | <u>\$ 12,062,267</u> | <u>\$ 11,698,583</u> |
| EXPENDITURES | | | |
| Current | | | |
| Support Services | | | |
| Salaries | \$ 126,594 | \$ 126,594 | \$ 122,202 |
| Employee Benefits | 2,977 | 2,977 | 10,385 |
| Purchased Services | 3,411,530 | 3,406,420 | 3,584,418 |
| Supplies | 170,000 | 170,000 | 97,822 |
| Community Service | 300 | - | - |
| Provision for Contingencies | 50,000 | - | - |
| TOTAL EXPENDITURES | <u>\$ 3,761,401</u> | <u>\$ 3,705,991</u> | <u>\$ 3,814,827</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 4,799,474</u> | <u>\$ 8,356,276</u> | <u>\$ 7,883,756</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Transfers Out | <u>\$ (6,000,000)</u> | <u>\$ (6,000,000)</u> | <u>\$ (6,000,000)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ (6,000,000)</u> | <u>\$ (6,000,000)</u> | <u>\$ (6,000,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (1,200,526)</u> | <u>\$ 2,356,276</u> | <u>\$ 1,883,756</u> |
| FUND BALANCE - JULY 1, 2016 | | | <u>2,307,219</u> |
| FUND BALANCE - JUNE 30, 2017 | | | <u>\$ 4,190,975</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, 2017

| REVENUES | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Revenues from Local Sources | | | |
| Taxes | \$ 2,699,569 | \$ 3,488,221 | \$ 3,516,484 |
| Earnings on Investments | 2,800 | 44,000 | 31,098 |
| Other | - | - | 6,772 |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL REVENUES | <u>\$ 2,702,369</u> | <u>\$ 3,532,221</u> | <u>\$ 3,554,354</u> |
| | | | |
| EXPENDITURES | | | |
| Current | | | |
| Instruction | | | |
| Regular | \$ 646,913 | \$ 644,623 | \$ 433,820 |
| Special Education | 428,726 | 428,726 | 530,408 |
| Bilingual | 130,792 | 130,792 | 137,907 |
| Interscholastic | - | 2,290 | 2,790 |
| Summer School | 566 | 566 | 6,915 |
| Support Services | | | |
| Pupils | 285,244 | 285,244 | 277,683 |
| Instructional Staff | 141,935 | 141,935 | 141,494 |
| General Administration | 435,811 | 435,811 | 51,240 |
| School Administration | 183,141 | 183,141 | 186,811 |
| Business | 1,026,321 | 1,026,321 | 1,071,955 |
| Central | 154,617 | 154,617 | 206,255 |
| Community Service | 11,185 | 11,185 | 19,168 |
| Provision for Contingencies | 50,000 | - | - |
| | <u> </u> | <u> </u> | <u> </u> |
| TOTAL EXPENDITURES | <u>\$ 3,495,251</u> | <u>\$ 3,445,251</u> | <u>\$ 3,066,446</u> |
| | | | |
| NET CHANGE IN FUND BALANCE | <u>\$ (792,882)</u> | <u>\$ 86,970</u> | <u>\$ 487,908</u> |
| | | | |
| FUND BALANCE - JULY 1, 2016 | | | <u>2,450,987</u> |
| | | | |
| FUND BALANCE - JUNE 30, 2017 | | | <u>\$ 2,938,895</u> |

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, 2017

| REVENUES | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|------------------------------|------------------------|---------------------|---------------------|
| Revenues from Local Sources | | | |
| Earnings on Investments | \$ 1,500 | \$ 21,000 | \$ 12,882 |
| TOTAL REVENUES | \$ 1,500 | \$ 21,000 | \$ 12,882 |
| EXPENDITURES | <u>-</u> | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 1,500</u> | <u>\$ 21,000</u> | <u>\$ 12,882</u> |
| FUND BALANCE - JULY 1, 2016 | | | <u>3,709,404</u> |
| FUND BALANCE - JUNE 30, 2017 | | | <u>\$ 3,722,286</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 - TORT IMMUNITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

| REVENUES | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| Revenues from Local Sources | | | |
| Taxes | \$ 729,332 | \$ 765,967 | \$ 760,811 |
| Earnings on Investments | - | - | 566 |
| Other | - | - | 14,613 |
| Total Revenues from Local Sources | <u>\$ 729,332</u> | <u>\$ 765,967</u> | <u>\$ 775,990</u> |
| State Aid | 40,000 | 150,000 | 40,000 |
| TOTAL REVENUES | <u>\$ 769,332</u> | <u>\$ 915,967</u> | <u>\$ 815,990</u> |
| EXPENDITURES | | | |
| Current | | | |
| Support Services | | | |
| Purchased Services | \$ 767,304 | \$ 834,015 | \$ 706,354 |
| TOTAL EXPENDITURES | <u>\$ 767,304</u> | <u>\$ 834,015</u> | <u>\$ 706,354</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 2,028</u> | <u>\$ 81,952</u> | <u>\$ 109,636</u> |
| FUND BALANCE - JULY 1, 2016 | | | <u>121,520</u> |
| FUND BALANCE - JUNE 30, 2017 | | | <u>\$ 231,156</u> |

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY ACCOUNTING
JUNE 30, 2017

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, 2016 to June 30, 2017 budget was approved by the Board of Education on September 15, 2016, and was amended on June 15, 2017. 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, 2017, actual direct expenditures exceeded the budgeted expenditures in the following funds:

| | Actual | Budget | Excess |
|-----------------------|--------------|--------------|----------|
| Special Revenue Funds | | | |
| Transportation Fund | \$ 3,814,827 | \$ 3,811,401 | \$ 3,426 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2017

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Teachers' Retirement System of the State of Illinois

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|---|-----------------------|-----------------------|-----------------------|
| District's proportion of the net pension liability | 0.0154084% | 0.0164916% | 0.0124130% |
| District's proportionate share of the net pension liability | \$ 12,162,748 | \$ 10,803,651 | \$ 7,554,340 |
| State's proportionate share of the net pension liability associated with the District | 419,762,066 | 346,392,354 | 322,117,432 |
| Total | <u>\$ 431,924,814</u> | <u>\$ 357,196,005</u> | <u>\$ 329,671,772</u> |
| District's covered-employee payroll | \$ 52,883,872 | \$ 53,808,969 | \$ 52,226,028 |
| District's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 23.0% | 20.0% | 14.5% |
| Plan fiduciary net position as a percentage of the total pension liability | 36.4% | 41.5% | 43.0% |

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

SCHEDULE OF EMPLOYER CONTRIBUTIONS
Teachers' Retirement System of the State of Illinois

| | <u>June 30, 2016</u> | <u>June 30, 2015</u> | <u>June 30, 2014</u> |
|--|----------------------|----------------------|----------------------|
| Contractually-required contribution | \$ 702,851 | \$ 675,864 | \$ 507,937 |
| Contributions in relation to the contractually-required contribution | (596,721) | (577,864) | (442,890) |
| Contribution deficiency (excess) | <u>\$ 106,130</u> | <u>\$ 98,000</u> | <u>\$ 65,047</u> |
| District's covered-employee payroll | \$ 52,883,872 | \$ 53,808,969 | \$ 52,226,028 |
| Contributions as a percentage of covered-employee payroll | 1.3% | 1.3% | 1.0% |

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

These schedules are presented to illustrate the intention to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

TRS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes of Assumptions

For the 2016 measurement year, the assumed investment rate of return was of 7.0 percent, including an inflation rate of 2.5 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit.

For the 2015 measurement year, the assumed investment rate of return was 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

For the 2014 measurement year, the assumed investment rate of return was also 7.5 percent, including an inflation rate of 3.0 percent and real return of 4.5 percent. However, salary increases were assumed to vary by age.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE IMRF NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2017

| <u>Calendar Year Ending December 31,</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|----------------------|----------------------|
| Total Pension Liability | | | |
| Service Costs | \$ 1,247,418 | \$ 1,230,109 | \$ 1,274,794 |
| Interest on the Total Pension Liability | 4,440,195 | 4,226,464 | 3,792,798 |
| Benefit Changes | - | - | - |
| Difference between Expected and Actual Experience | 1,449,158 | 685,998 | 1,353,799 |
| Assumption Changes | (282,263) | 68,179 | 2,445,596 |
| Benefit Payments & Refunds | (3,578,687) | (2,978,381) | (2,828,900) |
| Net Change in Total Pension Liability | <u>3,275,821</u> | <u>3,232,369</u> | <u>6,038,087</u> |
| Total Pension Liability - Beginning | 60,685,670 | 57,453,301 | 51,415,214 |
| Total Pension Liability - Ending (a) | <u>\$ 63,961,491</u> | <u>\$ 60,685,670</u> | <u>\$ 57,453,301</u> |
| Plan Fiduciary Net Position | | | |
| Employer Contributions | \$ 1,611,703 | \$ 1,531,512 | \$ 1,503,307 |
| Employee Contributions | 510,398 | 518,064 | 499,239 |
| Pension Plan Net Investment Income | 3,203,247 | 234,423 | 2,719,312 |
| Benefit Payments & Refunds | (3,578,687) | (2,978,381) | (2,828,900) |
| Other | 942,220 | 1,103,221 | 463,965 |
| Net Change in Plan Fiduciary Net Position | <u>2,688,881</u> | <u>408,839</u> | <u>2,356,923</u> |
| Plan Fiduciary Net Position - Beginning | 47,757,830 | 47,348,991 | 44,992,068 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 50,446,711</u> | <u>\$ 47,757,830</u> | <u>\$ 47,348,991</u> |
| Net Pension Liability/(Asset) -Ending (a-b) | <u>\$ 13,514,780</u> | <u>\$ 12,927,840</u> | <u>\$ 10,104,310</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 78.87% | 78.70% | 82.41% |
| Covered Valuation Payroll | \$ 10,932,153 | \$ 11,244,588 | \$ 10,909,342 |
| Net Pension Liability as a Percentage of Covered Valuation Payroll | 123.62% | 114.97% | 92.62% |

SCHEDULE OF EMPLOYER IMRF CONTRIBUTIONS

| Calendar Year Ended December 31, | Actuarially Determined Contribution | Actual Contribution | Contribution Deficiency (Excess) | Covered Valuation Payroll | Actual Contribution As a % of Covered Valuation Payroll |
|---|---|------------------------|--|---------------------------------|--|
| 2016 | \$ 1,566,578 | \$ 1,611,703 | \$ (45,125) | \$ 10,932,153 | 14.74% |
| 2015 | \$ 1,531,513 | \$ 1,531,512 | \$ 1 | \$ 11,244,588 | 13.62% |
| 2014 | \$ 1,503,308 | \$ 1,503,307 | \$ 1 | \$ 10,909,342 | 13.78% |

The schedule is presented to illustrate the intention to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 REQUIRED SUPPLEMENTARY INFORMATION
 NOTES TO SCHEDULE OF EMPLOYER IMRF CONTRIBUTIONS
 JUNE 30, 2017

Valuation Date:

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

Methods and Assumptions Used to Determine 2016 Contribution Rates*

| | |
|-------------------------------|---|
| Actuarial Cost Method | Aggregate Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | Non-Taxing bodies: 10-year rolling period. Taxing Bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period). Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI. SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years). |
| Asset Valuation Method | 5-Year smoothed market; 20% corridor |
| Wage growth | 3.50% |
| Price Inflation | 2.75% - approximate; No explicit price inflation |
| Salary Increases | 3.75% to 14.50% including inflation |
| Investment Rate of Return | 7.50% |
| Retirement Age | Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2014 valuation pursuant to an experience study of the period 2011-2013 |
| Mortality | For non-disabled retirees, and IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience. For disabled retirees, an IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disabled lives. For active members, and IMRF specific mortality table was used with fully generational projection scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience. |

Other Information

Notes There were no benefit changes during the year.

* Based on Valuation Assumptions used in the December 31, 2014 actuarial valuation

The schedule is presented to illustrate the intention to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 JUNE 30, 2017

SCHEDULE OF CHANGES IN NET OPEB LIABILITY & FUNDING RATIOS

| June 30, | 2017 |
|--|---------------|
| Total OPEB Liability | |
| Changes for the year | |
| Service Costs | \$ 370,293 |
| Interest on the Total OPEB Liability | 178,260 |
| Changes of Benefit Terms | - |
| Difference between Expected & Actual Exper. | (215,142) |
| Changes of Assumptions & Other Inputs | 102,219 |
| Contributions Employer & Employee | - |
| Net Investment Income | - |
| Benefit Payments & Refunds | (246,437) |
| Other Changes | 581,299 |
| Net Changes | 770,492 |
| Total OPEB Liability - July 1, 2016 | 5,007,299 |
| Total OPEB Liability - June 30, 2017 | \$ 5,777,791 |
| Covered Valuation Payroll | \$ 59,237,346 |
| Net OPEB Liability as a Percentage of Covered Valuation Payroll | 9.75% |

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, 2017

| REVENUES | <u>Final Budget</u> | <u>Actual</u> |
|--|---------------------------|---------------------------|
| Revenues from Local Sources | | |
| Taxes | \$ 59,980,702 | \$ 60,548,692 |
| Tuition | 12,000 | 11,072 |
| Earnings on Investments | 52,000 | 125,562 |
| Food Service Fees | 468,000 | 502,578 |
| Textbook Fees | 218,500 | 208,920 |
| Refund of Prior Year Expenditures | 1,547,846 | 1,117,859 |
| Other | 111,000 | 118,319 |
| Tax Increment Finance Authority Refund | 1,109,283 | 1,123,272 |
| Total Revenues from Local Sources | <u>\$ 63,499,331</u> | <u>\$ 63,756,274</u> |
| Revenues from State Sources | | |
| General State Aid | \$ 8,551,610 | \$ 8,662,801 |
| State Free Lunch and Breakfast | 18,825 | 6,841 |
| Special Education | 2,410,500 | 1,791,285 |
| Extended Learning Opportunities | 3,800 | - |
| Bilingual Education | 910,000 | 366,622 |
| Total Revenues from State Sources | <u>\$ 11,894,735</u> | <u>\$ 10,827,549</u> |
| Federal Aid | | |
| Title I - Low Income | 1,253,734 | \$ 1,333,308 |
| Medicaid Matching Funds | 310,000 | 194,796 |
| National Lunch & Milk Program | 1,728,970 | 1,783,632 |
| Special Education IDEA Grants | 1,368,494 | 1,398,305 |
| Title III - English Language Acquisition | 343,777 | 305,409 |
| Title II - Teacher Quality | 121,036 | 133,381 |
| Other Grants-In-Aid | - | 6,317 |
| Total Revenues from Federal Sources | <u>\$ 5,126,011</u> | <u>\$ 5,155,148</u> |
| Total Direct Revenues | <u>\$ 80,520,077</u> | <u>\$ 79,738,971</u> |
| "On-Behalf" Revenues for Retirement Benefits | <u>23,553,000</u> | <u>41,812,415</u> |
| TOTAL REVENUES | <u>\$ 104,073,077</u> | <u>\$ 121,551,386</u> |
| EXPENDITURES | <u>109,603,366</u> | <u>125,997,791</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ (5,530,289)</u> | <u>\$ (4,446,405)</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In | \$ 6,000,000 | \$ 6,000,000 |
| Transfers Out | <u>(625,877)</u> | <u>(149,013)</u> |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>\$ 5,374,123</u> | <u>\$ 5,850,987</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ (156,166)</u> | <u>\$ 1,404,582</u> |
| FUND BALANCE - JULY 1, 2016 | | <u>(1,424,208)</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u>\$ (19,626)</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, 2017

| INSTRUCTION | <u>Final Budget</u> | <u>Actual</u> |
|----------------------------------|-----------------------------|-----------------------------|
| Regular Programs | | |
| Salaries | \$ 27,456,831 | \$ 26,193,887 |
| Employee Benefits | 8,075,901 | 7,744,363 |
| Purchased Services | 53,427 | 25,094 |
| Supplies | 1,124,627 | 816,965 |
| Capital Outlay | 67,902 | 42,738 |
| Other | 60,080 | 50,035 |
| Total Regular Programs | <u>\$ 36,838,768</u> | <u>\$ 34,873,082</u> |
| Special Education Programs | | |
| Salaries | \$ 7,864,427 | \$ 7,987,311 |
| Employee Benefits | 2,433,751 | 2,915,433 |
| Purchased Services | 66,012 | 40,283 |
| Supplies | 102,589 | 81,012 |
| Capital Outlay | 110,800 | 107,039 |
| Other | 1,018,487 | 1,258,130 |
| Total Special Education Programs | <u>\$ 11,596,066</u> | <u>\$ 12,389,208</u> |
| Interscholastic Programs | | |
| Salaries | \$ 157,835 | \$ 173,667 |
| Employee Benefits | 4,128 | 4,355 |
| Purchased Services | 14,631 | 11,950 |
| Supplies | 5,934 | 4,213 |
| Capital Outlay | 1,343 | 1,343 |
| Other | 5,291 | 3,409 |
| Total Interscholastic Programs | <u>\$ 189,162</u> | <u>\$ 198,937</u> |
| Summer School | | |
| Salaries | \$ 277,631 | \$ 224,244 |
| Employee Benefits | 991 | 4,380 |
| Purchased Services | - | 1,121 |
| Supplies | 4,000 | 1,087 |
| Total Summer School | <u>\$ 282,622</u> | <u>\$ 230,832</u> |
| Bilingual Programs | | |
| Salaries | \$ 9,055,045 | \$ 9,022,840 |
| Employee Benefits | 2,296,519 | 2,514,694 |
| Purchased Services | 2,112 | 1,690 |
| Supplies | 129,041 | 68,977 |
| Total Bilingual Programs | <u>\$ 11,482,717</u> | <u>\$ 11,608,201</u> |
| TOTAL INSTRUCTION | <u>\$ 60,389,335</u> | <u>\$ 59,300,260</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, 2017

| | <u>Final Budget</u> | <u>Actual</u> |
|------------------------------|---------------------|---------------------|
| SUPPORT SERVICES | | |
| Pupils | | |
| Salaries | \$ 5,601,810 | \$ 5,632,734 |
| Employee Benefits | 1,379,940 | 1,398,536 |
| Purchased Services | 209,850 | 289,403 |
| Supplies | 30,020 | 19,513 |
| Capital Outlay | 12,480 | 10,169 |
| Other | 1,250 | 870 |
| Total Pupils | <u>\$ 7,235,350</u> | <u>\$ 7,351,225</u> |
| Instructional Staff | | |
| Salaries | \$ 3,964,825 | \$ 4,110,556 |
| Employee Benefits | 934,308 | 1,120,106 |
| Purchased Services | 444,900 | 280,434 |
| Supplies | 237,974 | 208,454 |
| Capital Outlay | 8,652 | 3,560 |
| Other | 79,901 | 26,576 |
| Total Instructional Staff | <u>\$ 5,670,560</u> | <u>\$ 5,749,686</u> |
| General Administration | | |
| Salaries | \$ 872,830 | \$ 893,765 |
| Employee Benefits | 160,401 | 228,127 |
| Purchased Services | 247,600 | 252,665 |
| Supplies | 14,950 | 11,182 |
| Capital Outlay | 8,250 | - |
| Other | 58,000 | 55,136 |
| Total General Administration | <u>\$ 1,362,031</u> | <u>\$ 1,440,875</u> |
| School Administration | | |
| Salaries | \$ 2,831,577 | \$ 2,797,575 |
| Employee Benefits | 779,228 | 766,138 |
| Purchased Services | 4,281 | 2,622 |
| Supplies | 25,761 | 17,256 |
| Capital Outlay | 19,500 | 3,855 |
| Other | 24,106 | 15,016 |
| Termination Benefits | 25,000 | 24,691 |
| Total School Administration | <u>\$ 3,709,453</u> | <u>\$ 3,627,153</u> |
| Business | | |
| Salaries | \$ 1,214,282 | \$ 1,152,425 |
| Employee Benefits | 254,910 | 209,536 |
| Purchased Services | 1,933,036 | 1,764,971 |
| Supplies | 60,925 | 43,568 |
| Capital Outlay | 18,500 | 3,200 |
| Other | 15,300 | 8,583 |
| Total Business | <u>\$ 3,496,953</u> | <u>\$ 3,182,283</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, 2017

| SUPPORT SERVICES (continued) | Final Budget | Actual |
|--|--------------------|--------------------|
| Central | | |
| Salaries | \$ 1,165,159 | \$ 1,138,030 |
| Employee Benefits | 245,166 | 273,036 |
| Purchased Services | 760,350 | 351,570 |
| Supplies | 896,250 | 386,880 |
| Capital Outlay | 551,000 | 105,278 |
| Other | 23,100 | 30,851 |
| Termination Benefits | 500 | 421 |
| Total Central | \$ 3,641,525 | \$ 2,286,066 |
| Other Support Services | | |
| Purchase Service | \$ 2,013 | \$ 742,638 |
| Supplies | 46,005 | 47,034 |
| Total Other Support Services | \$ 48,018 | \$ 789,672 |
| TOTAL SUPPORT SERVICES | \$ 25,163,890 | \$ 24,426,960 |
| COMMUNITY SERVICES | | |
| Salaries | \$ 178,035 | \$ 145,370 |
| Employee Benefits | 2,266 | 1,065 |
| Purchased Services | 117,983 | 111,792 |
| Supplies | 16,280 | 9,487 |
| Other | 1,677 | 1,325 |
| TOTAL COMMUNITY SERVICES | \$ 316,241 | \$ 269,039 |
| NONPROGRAMMED CHARGES | | |
| Purchased Services | \$ 131,900 | \$ 145,827 |
| Other | 49,000 | 43,290 |
| TOTAL NONPROGRAMMED CHARGES | \$ 180,900 | \$ 189,117 |
| TOTAL DIRECT EXPENDITURES | \$ 86,050,366 | \$ 84,185,376 |
| "On-Behalf" Expenditures For Retirement Benefits | 23,553,000 | 41,812,415 |
| TOTAL EXPENDITURES | \$ 109,603,366 | \$ 125,997,791 |

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, 2017

| REVENUES | <u>Final Budget</u> | <u>Actual</u> |
|---|-----------------------|----------------------------|
| Revenues from Local Sources | | |
| Taxes | \$ 7,334,162 | \$ 7,405,375 |
| Earnings on Investments | 71,000 | 54,910 |
| Rentals | 150,000 | 172,785 |
| Refund of Prior Year Expenditures | 250,000 | 275,698 |
| Other | 1,000 | 2,690 |
| | <u>7,806,162</u> | <u>7,911,458</u> |
| TOTAL REVENUES | \$ 7,806,162 | \$ 7,911,458 |
| EXPENDITURES | | |
| Support Services | | |
| Operations and Maintenance | | |
| Salaries | \$ 4,419,518 | \$ 4,264,246 |
| Employee Benefits | 1,384,849 | 1,264,161 |
| Purchased Services | 1,305,750 | 1,340,425 |
| Supplies | 1,463,632 | 1,153,442 |
| Capital Outlay | 251,091 | 129,869 |
| Other | 10,875 | 4,629 |
| Termination Benefits | 10,000 | 2,496 |
| | <u>8,845,715</u> | <u>8,159,268</u> |
| TOTAL EXPENDITURES | \$ 8,845,715 | \$ 8,159,268 |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (1,039,553) | \$ (247,810) |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer Out | <u>(119,900)</u> | <u>(119,900)</u> |
| NET CHANGE IN FUND BALANCE | \$ (1,159,453) | \$ (367,710) |
| FUND BALANCE - JULY 1, 2016 | | <u>5,567,080</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u><u>\$ 5,199,370</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
TRANSPORTATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

| REVENUES | <u>Final Budget</u> | <u>Actual</u> |
|---|-----------------------------|-----------------------------------|
| Revenue from Local Sources | | |
| Taxes | \$ 10,490,267 | \$ 10,502,595 |
| Earnings on Investments | 17,000 | 20,873 |
| Local Transportation Fees | - | 435 |
| Other | 20,000 | 44,318 |
| Total Revenue from Local Sources | <u>\$ 10,527,267</u> | <u>\$ 10,568,221</u> |
| Revenue from State Sources | | |
| State Transportation Aid | <u>1,535,000</u> | <u>1,130,362</u> |
| TOTAL REVENUES | <u>\$ 12,062,267</u> | <u>\$ 11,698,583</u> |
| EXPENDITURES | | |
| Support Services | | |
| Pupil Transportation | | |
| Salaries | \$ 126,594 | \$ 122,202 |
| Employee Benefits | 2,977 | 10,385 |
| Purchased Services | 3,406,420 | 3,584,418 |
| Supplies | 170,000 | 97,822 |
| Total Support Services | <u>\$ 3,705,991</u> | <u>\$ 3,814,827</u> |
| Provision for Contingencies | <u>\$ 105,410</u> | <u>\$ -</u> |
| TOTAL EXPENDITURES | <u>\$ 3,811,401</u> | <u>\$ 3,814,827</u> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | <u>\$ 8,250,866</u> | <u>\$ 7,883,756</u> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfer Out | <u>\$ (6,000,000)</u> | <u>\$ (6,000,000)</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 2,250,866</u> | <u>\$ 1,883,756</u> |
| FUND BALANCE - JULY 1, 2016 | | <u>2,307,219</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u><u>\$ 4,190,975</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
MUNICIPAL RETIREMENT/SOCIAL SECURITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

| REVENUES | Final Budget | Actual |
|--|--------------|--------------|
| Revenue from Local Sources | | |
| Taxes | \$ 3,488,221 | \$ 3,516,484 |
| Earnings on Investments | 44,000 | 31,098 |
| Other Income | - | 6,772 |
| | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 3,532,221 | \$ 3,554,354 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Employee Benefits | | |
| Instruction | | |
| Regular Programs | \$ 644,623 | \$ 433,820 |
| Special Education Programs | 428,726 | 530,408 |
| Bilingual Programs | 130,792 | 137,907 |
| Interscholastic Programs | 2,290 | 2,790 |
| Summer School Programs | 566 | 6,915 |
| Total Instruction | <hr/> | <hr/> |
| Supporting Services | \$ 1,206,997 | \$ 1,111,840 |
| Guidance Services | \$ 24,779 | \$ 103,986 |
| Health Services | 225,239 | 141,712 |
| Psychological Services | 14,778 | 13,318 |
| Speech Pathology & Audiology Services | 20,448 | 18,667 |
| Improvement of Instruction Services | 44,645 | 43,637 |
| Educational Media Services | 95,344 | 95,658 |
| Assessment & Testing Services | 1,946 | 2,199 |
| Executive Administration Services | 407,631 | 17,594 |
| Special Area Administration Services | 28,180 | 33,646 |
| Office of the Principal Services | 183,141 | 186,811 |
| Direction of Business Support Services | 104,998 | 97,180 |
| Operations and Maintenance Services | 874,907 | 898,535 |
| Pupil Transportation Services | 1,580 | 14,451 |
| Food Service | 4,426 | 20,926 |
| Internal Services | 40,410 | 40,863 |
| Staff Services | 154,617 | 206,255 |
| Total Support Services | <hr/> | <hr/> |
| Community Services | \$ 2,227,069 | \$ 1,935,438 |
| Provision For Contingencies | \$ 11,185 | \$ 19,168 |
| | <hr/> | <hr/> |
| TOTAL EXPENDITURES | \$ 3,495,251 | \$ 3,066,446 |
| | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | \$ 36,970 | \$ 487,908 |
| | <hr/> | <hr/> |
| FUND BALANCE - JULY 1, 2016 | | 2,450,987 |
| | | <hr/> |
| FUND BALANCE - JUNE 30, 2017 | | \$ 2,938,895 |
| | | <hr/> |

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, 2017

| REVENUES | <u>Final Budget</u> | <u>Actual</u> |
|-------------------------------------|-------------------------|----------------------------|
| Revenue from Local Sources | | |
| Earnings on Investments | <u>\$ 21,000</u> | <u>\$ 12,882</u> |
| TOTAL REVENUES | \$ 21,000 | \$ 12,882 |
| EXPENDITURES | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 21,000</u> | \$ 12,882 |
| FUND BALANCE - JULY 1, 2016 | | <u>3,709,404</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u>\$ 3,722,286</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
TORT IMMUNITY FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | <u>Final Budget</u> | <u>Actual</u> |
|-------------------------------------|---------------------|-------------------|
| REVENUES | | |
| Revenue from Local Sources | | |
| Taxes | \$ 765,967 | \$ 760,811 |
| Earnings on Investments | - | 566 |
| Other | - | 14,613 |
| Total Revenue from Local Sources | <u>\$ 765,967</u> | <u>\$ 775,990</u> |
| Revenue from State Sources | | |
| State Transportation Aid | <u>150,000</u> | <u>40,000</u> |
| TOTAL REVENUES | <u>\$ 915,967</u> | <u>\$ 815,990</u> |
| EXPENDITURES | | |
| Support Services | | |
| Tort Immunity | | |
| Purchased Services | <u>\$ 834,015</u> | <u>\$ 706,354</u> |
| TOTAL EXPENDITURES | <u>\$ 834,015</u> | <u>\$ 706,354</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 81,952</u> | <u>\$ 109,636</u> |
| FUND BALANCE - JULY 1, 2016 | | <u>121,520</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u>\$ 231,156</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, 2017

| REVENUES | <u>Final Budget</u> | <u>Actual</u> |
|--|---------------------|---------------------|
| Revenue from Local Sources | | |
| Taxes | \$ 4,838,584 | \$ 4,884,284 |
| Earnings on Investments | 8,000 | 18,717 |
| | <hr/> | <hr/> |
| TOTAL REVENUES | \$ 4,846,584 | \$ 4,903,001 |
| | <hr/> | <hr/> |
| EXPENDITURES | | |
| Debt Service | | |
| Interest on Bonds | \$ 1,249,776 | \$ 1,264,503 |
| Bond Principal Retired | 4,062,147 | 3,569,726 |
| Service Charges | 5,000 | 2,524 |
| | <hr/> | <hr/> |
| TOTAL EXPENDITURES | \$ 5,316,923 | \$ 4,836,753 |
| | <hr/> | <hr/> |
| EXCESS OF REVENUES OVER (UNDER) EXPENDITURES | \$ (470,339) | \$ 66,248 |
| | <hr/> | <hr/> |
| OTHER FINANCING SOURCES (USES) | | |
| Transfers In | \$ 745,777 | \$ 268,913 |
| | <hr/> | <hr/> |
| NET CHANGE IN FUND BALANCE | <u>\$ 275,438</u> | \$ 335,161 |
| | <hr/> | <hr/> |
| FUND BALANCE - JULY 1, 2016 | | 2,351,537 |
| | | <hr/> |
| FUND BALANCE - JUNE 30, 2017 | | <u>\$ 2,686,698</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, 2017

| REVENUES | Final Budget | Actual |
|---|-----------------------|-----------------------|
| Revenue from Local Sources | | |
| Earnings on Investments | \$ 2,000 | \$ 10,587 |
| Contributions from Private Sources | 10,000 | 100 |
| TOTAL REVENUES | \$ 12,000 | \$ 10,687 |
| EXPENDITURES | | |
| Support Services | | |
| Facilities Acquisition and Construction | | |
| Purchased Services | \$ 133,161 | \$ 130,020 |
| Capital Outlay | 2,286,900 | 2,042,282 |
| Provision For Contingencies | \$ 25,000 | \$ - |
| TOTAL EXPENDITURES | \$ 2,445,061 | \$ 2,172,302 |
| NET CHANGE IN FUND BALANCE | \$ (2,433,061) | \$ (2,161,615) |
| FUND BALANCE - JULY 1, 2016 | | 2,857,987 |
| FUND BALANCE - JUNE 30, 2017 | | \$ 696,372 |

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, 2017

| | <u>Final Budget</u> | <u>Actual</u> |
|------------------------------|---------------------|------------------|
| REVENUES | | |
| Revenue from Local Sources | | |
| Earnings on Investments | \$ - | \$ 541 |
| TOTAL REVENUES | <u>\$ -</u> | <u>\$ 541</u> |
| EXPENDITURES | <u>-</u> | <u>-</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ 541</u> |
| FUND BALANCE - JULY 1, 2016 | | <u>63,492</u> |
| FUND BALANCE - JUNE 30, 2017 | | <u>\$ 64,033</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, 2017

| Due to Activity Fund Organizations: | <u>BALANCE</u> <u>JULY 1, 2016</u> | <u>REVENUES</u> | <u>EXPENDITURES</u> | <u>BALANCE</u> <u>JUNE 30, 2017</u> |
|-------------------------------------|---------------------------------------|-------------------|---------------------|--|
| Board of Education | \$ 110,794 | \$ 40,635 | \$ 12,470 | \$ 138,959 |
| Cooper Junior High School | 59,044 | 48,940 | 42,314 | 65,670 |
| Field Elementary School | 8,678 | 10,540 | 11,054 | 8,164 |
| Frost Elementary School | 41,677 | 67,463 | 60,085 | 49,055 |
| Hawthorne | 4,009 | 1,867 | 2,850 | 3,026 |
| Holmes Junior High School | 49,372 | 32,953 | 45,473 | 36,852 |
| Kilmer Elementary School | 8,154 | 33,579 | 32,165 | 9,568 |
| London Junior High School | 34,437 | 36,079 | 36,797 | 33,719 |
| Longfellow Elementary School | 10,486 | 9,284 | 8,648 | 11,122 |
| Poe Elementary School | 12,699 | 21,895 | 21,646 | 12,948 |
| Riley School/Discovery Center | 7,020 | 12,114 | 12,503 | 6,631 |
| Tarkington Elementary School | 7,930 | 14,978 | 14,454 | 8,454 |
| Twain Elementary School | 11,820 | 15,290 | 13,675 | 13,435 |
| Whitman Elementary School | 12,148 | 15,244 | 13,324 | 14,068 |
| | <u>\$ 378,268</u> | <u>\$ 360,861</u> | <u>\$ 327,458</u> | <u>\$ 411,671</u> |

| | |
|--|-------------------|
| REPRESENTED BY: Harris Bank | \$ 181,554 |
| Illinois School District Liquid Asset Fund | <u>230,117</u> |
| | <u>\$ 411,671</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, 2017

| | | |
|-------------------------|----|-----------------------|
| BALANCE - JULY 1, 2016 | \$ | 191,554 |
| REVENUES | | 301,604 |
| EXPENDITURES | | <u>(384,179)</u> |
| BALANCE - JUNE 30, 2017 | \$ | <u><u>108,979</u></u> |
| | | |
| REPRESENTED BY: | | |
| Cash in Harris Bank | \$ | <u><u>108,979</u></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, 2017**

| | | | |
|---|--------------------------------------|--|-----------------------------------|
| DISTRICT/JOINT AGREEMENT NAME Wheeling Community Consolidated | 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 <i>(Street and/or P.O. Box, City, State, Zip Code)</i> 999 West Dundee Road Wheeling 60090 | | E-MAIL ADDRESS: jaceto@ekjllp.com | |
| | | 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 SINGLE AUDIT REPORT:

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

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

- A Copy of the Federal Data Collection Form (Title 2 CFR §200.512 (b))
- A Copy of each Management Letter

IF THE PAPER COPY OF THE AFR IS NOT THE SAME AS THE ELECTRONIC VERSION, PLEASE NOTIFY LESLIE CLAY AT LCLAY@ISBE.NET.

Wheeling Community Consolidated School District No. 21
05-016-0210-04
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2017

| Federal Grantor/Pass-Through Grantor Subrecipients* Program or Cluster Title and Major Program Designation | CFDA Number ² (A) | ISBE Project # (1st 8 digits) or Contract # ³ (B) | Receipts/Revenues | | Expenditures/Disbursements ⁴ | | Obligations/Encumb. (G) | Final Status (E)-(F)-(G) (H) | Budget (I) |
|---|---------------------------------|--|-------------------------------|-------------------------------|---|-------------------------------|----------------------------|------------------------------------|---------------|
| | | | Year 7/1/15-6/30/16 (C) | Year 7/1/16-6/30/17 (D) | Year 7/1/15-6/30/16 (E) | Year 7/1/16-6/30/17 (F) | | | |
| US DEPARTMENT OF AGRICULTURE | | | | | | | | | |
| Passed Through ISBE | | | | | | | | 0 | |
| Child Nutrition Cluster | | | | | | | | 0 | |
| National School Lunch | 10.555 | 4210-2016 | 1,285,634 | 245,438 | 1,285,634 | 245,438 | | 0 | N/A |
| National School Lunch | 10.555 | 4210-2017 | | 1,326,435 | | 1,326,435 | | 1,531,072 | N/A |
| School Breakfast Program | 10.553 | 4220-2016 | 170,695 | 27,887 | 170,695 | 27,887 | | 1,326,435 | N/A |
| School Breakfast Program | 10.553 | 4220-2017 | | 169,408 | | 169,408 | | 198,582 | N/A |
| Nat'l School Lunch ISBE Lanter Commod | 10.555 | 4210-2017 | | 90,297 | | 90,297 | | 169,408 | N/A |
| Nat'l School Lunch DoD Fresh Fruits & Veg | 10.555 | 4210-2017 | | 132,118 | | 132,118 | | 90,297 | N/A |
| TOTALCHILD NUTRITION CLUSTER | | | 1,456,329 | 1,991,583 | 1,456,329 | 1,991,583 | | 132,118 | N/A |
| Child & Adult Care Food Program | 10.558 | 4226-2016 | 8,081 | 1,727 | 8,081 | 1,727 | | 3,447,912 | N/A |
| Child & Adult Care Food Program | 10.558 | 4226-2017 | | 12,737 | | 12,737 | | 9,808 | N/A |
| Sub Total | | | 8,081 | 14,464 | 8,081 | 14,464 | | 12,737 | N/A |
| TOTAL US DEPARTMENT OF AGRICULTURE | | | 1,464,410 | 2,006,047 | 1,464,410 | 2,006,047 | | 22,545 | |
| | | | | | | | | 0 | |
| | | | | | | | | 3,470,457 | |
| | | | | | | | | 0 | |
| | | | | | | | | 0 | |

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

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

The accompanying notes are an integral part of this schedule.

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

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

³ When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

⁴ The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2017

| Federal Grantor/Pass-Through Grantor Subrecipients* Program or Cluster Title and Major Program Designation US DEPARTMENT OF HEALTH & HUMAN SERVICES Passed Through IL Depart of Healthcare & Family Services Medicaid Outreach Total US Department of Health & Human Services | CFDA Number ² (A) | ISBE Project # (1st 8 digits) or Contract # ³ (B) | Receipts/Revenues | | Expenditure/Disbursements ⁴ | | Obligations/ Encumb. (G) | Final Status (E)+(F)+(G) (H) | Budget (I) |
|--|---------------------------------|--|-------------------------------|-------------------------------|--|--|-----------------------------|------------------------------------|---------------|
| | | | Year 7/1/15-6/30/16 (C) | Year 7/1/16-6/30/17 (D) | Year 7/1/15-6/30/16 (E) | Year 7/1/15-6/30/16 Pass through to Subrecipients (F) | | | |
| | 93.778 | 4991-2017 | | 87,295 | | 90,932 | | 0 | |
| | | | | 87,295 | | 90,932 | | 0 | N/A |
| US DEPARTMENT OF EDUCATION Passed Through NSSEO Special Education Cluster | | | | | | | | 0 | |
| (M) IDEA - Preschool | 84.173A | 4600-2017 | | 48,488 | | 48,488 | | 0 | 52,708 |
| (M) IDEA, Part B Flow-Through | 84.027A | 4620-2017 | | 1,320,423 | | 1,320,423 | | 0 | 1,294,731 |
| Total US Department of Education Passed Through NSSEO, Special Education Cluster | | | | 1,368,911 | | 1,368,911 | | 0 | 1,368,911 |
| Passed Through ISBE | | | | | | | | 0 | |
| Title I - Low Income | 84.010A | 4300-2016 | 1,353,562 | 98,821 | 1,353,562 | 98,821 | | 0 | 1,452,383 |
| Title I - Low Income | 84.010A | 4300-2017 | | 1,234,487 | | 1,234,487 | | 0 | 1,731,754 |
| IDEA, Room & Board | 84.027A | 4625-2016 | | 29,394 | 29,394 | | | 0 | 1,700,595 |
| Title III - IEP | 84.365A | 4905-2017 | | 30,615 | | 30,615 | | 0 | N/A |
| | | | | | | | | 0 | 56,265 |

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

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

The accompanying notes are an integral part of this schedule.

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

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

3 When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

4 The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2017

| Federal Grantor/Pass-Through Grantor Subrecipients * Program or Cluster Title and Major Program Designation | CFDA Number ² (A) | ISBE Project # (1st 8 digits) or Contract # ³ (B) | Receipts/Revenues | | Expenditure/Disbursements ⁴ | | | Obligations/ Encumb. (G) | Final Status (E)+(F)+(G) (H) | Budget (I) |
|--|------------------------------------|---|-------------------------------|-------------------------------|--|--|-------------------------------|--------------------------------|---------------------------------------|---------------|
| | | | Year 7/1/15-6/30/16 (C) | Year 7/1/16-6/30/17 (D) | Year 7/1/15-6/30/16 (E) | Year 7/1/15-6/30/16 Pass through to Subrecipients | Year 7/1/16-6/30/17 (F) | | | |
| US DEPARTMENT OF EDUCATION PASSED Through ISBE Continued | | | | | | | | | | |
| Title III - LI/LEP | 84.365A | 4909-2016 | 307,306 | 50,393 | 307,306 | | 50,393 | | 0 | |
| Title III - LI/LEP | 84.365A | 4909-2017 | | 224,401 | | | 224,401 | | 357,689 | 395,591 |
| Other Programs | 84.330B | 4998-2016 | | 6,317 | | | 6,317 | | 224,401 | 390,413 |
| Title II - Teacher Quality | 84.367A | 4932-2016 | 92,288 | 50,954 | 92,288 | | 50,954 | | 6,317 | 10,000 |
| Title II - Teacher Quality | 84.367A | 4932-2017 | | 82,427 | | | 82,427 | | 143,242 | 182,247 |
| Total Passed Through ISBE | | | 1,763,156 | 1,807,809 | 1,782,550 | | 1,778,415 | | 0 | |
| TOTAL US DEPARTMENT OF EDUCATION | | | 1,763,156 | 3,176,720 | 1,782,550 | | 3,147,326 | | 3,560,965 | |
| TOTAL FEDERAL FINANCIAL ASSISTANCE | | | 3,217,566 | 5,270,062 | 3,246,980 | | 5,244,305 | | 4,929,876 | |
| | | | | | | | | | 8,491,265 | |
| | | | | | | | | | 0 | |
| | | | | | | | | | 0 | |
| Value of Federal Awards in the Form of Non-Cash Assistance During the Year | N/A | N/A | 0 | 222,415 | 0 | | 222,415 | | 0 | |
| Federal Insurance in Effect During the Year | N/A | N/A | 0 | 0 | 0 | | 0 | | 0 | |
| Federal Loans or Loan Guarantees Including Interest Subsides, Outstanding at Year End | N/A | N/A | 0 | 0 | 0 | | 0 | | 0 | |
| Amount Provided to Subrecipients | N/A | N/A | 0 | 0 | 0 | | 0 | | 0 | |
| | | | | | | | | | 0 | |
| | | | | | | | | | 0 | |

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

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

The accompanying notes are an integral part of this schedule.

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

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

3. When awards are received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included in the schedule. §200.510 (b)(2)

4. The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 and have issued an unmodified 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 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.
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 the Uniform Guidance.
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) Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017, and have issued our unmodified opinion thereon dated December 1, 2017.
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 tested as major programs were:

| | |
|-----------------------------|---------------|
| IDEA, Preschool | <u>CFDA #</u> |
| | 84.173A |
| IDEA, Part B – Flow Through | 84.027A |
8. The threshold used to distinguish between Type A and Type B programs was \$750,000.
9. Community Consolidated School District No. 2 qualified as a "low-risk auditee."

Summary Schedule of Prior Audit Findings

There were No 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, 2017

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, 2017, with the Illinois State Board of Education.

Non-Cash Assistance, Insurance and Loans

For the year ended June 30, 2017, the fair market value of federal awards received in the form of non-cash assistance was \$222,415. 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, 2017 was \$-0-.

The amount of federal loans or loan guarantees, including interest subsidies, outstanding at June 30, 2017 was \$-0-.

Subrecipient Reporting

No amounts were provided to a Sub recipient.

Indirect Facilities & Administrative Costs

The Auditee did not elect to use a 10% de minimis cost rate.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21

ADDITIONAL SUPPLEMENTARY INFORMATION

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 ADDITIONAL SUPPLEMENTAL INFORMATION
 SCHEDULE OF ASSESSED VALUATIONS, TAX RATES, AND EXTENSIONS
 FOR THE YEARS 2016, 2015, 2014, AND 2013

| | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|----------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <u>ASSESSED VALUATION</u> | <u>\$ 1,793,763,130</u> | <u>\$ 1,554,043,811</u> | <u>\$ 1,598,696,936</u> | <u>\$ 1,571,829,307</u> |
| <u>TAX RATES</u> | | | | |
| Educational | \$ 3.056 | \$ 3.500 | \$ 3.457 | \$ 3.500 |
| Special Education | 0.349 | 0.400 | 0.395 | - |
| Tort Immunity | 0.046 | 0.046 | 0.032 | - |
| Operations and Maintenance | 0.390 | 0.530 | 0.543 | 0.550 |
| Bond and Interest | 0.285 | 0.313 | 0.301 | 0.336 |
| Transportation | 0.667 | 0.597 | 0.430 | 0.192 |
| Municipal Retirement | 0.052 | 0.056 | 0.052 | 0.049 |
| Social Security | 0.121 | 0.199 | 0.219 | 0.213 |
| | <u>\$ 4.965</u> | <u>\$ 5.642</u> | <u>\$ 5.430</u> | <u>\$ 4.841</u> |
| <u>TAX EXTENSIONS</u> | | | | |
| Educational | \$ 54,808,506 | \$ 54,391,533 | \$ 55,262,606 | \$ 55,014,026 |
| Special Education | 6,263,829 | 6,216,175 | 6,315,726 | - |
| Tort Immunity | 824,000 | 721,000 | 515,000 | - |
| Operations and Maintenance | 7,000,000 | 8,240,000 | 8,684,124 | 8,645,061 |
| Bond and Interest | 5,111,291 | 4,865,650 | 4,818,298 | 5,285,628 |
| Transportation | 11,965,650 | 9,277,899 | 6,880,375 | 3,023,565 |
| Municipal Retirement | 927,000 | 875,500 | 824,000 | 772,500 |
| Social Security | 2,163,000 | 3,090,000 | 3,502,000 | 3,347,500 |
| | <u>\$ 89,063,276</u> | <u>\$ 87,677,757</u> | <u>\$ 86,802,129</u> | <u>\$ 76,088,280</u> |
| <u>TAX COLLECTIONS</u> | <u>\$ 46,100,996</u> | <u>\$ 87,122,195</u> | <u>\$ 85,676,984</u> | <u>\$ 75,453,832</u> |
| <u>PERCENT COLLECTED</u> | <u>51.76%</u> | <u>99.37%</u> | <u>98.70%</u> | <u>99.17%</u> |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 ADDITIONAL SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING EXPENDITURES PER STUDENT
 FOR THE YEAR ENDED JUNE 30, 2017

TOTAL EXPENDITURES

| | | |
|---------------------------------|----------------|----------------|
| Educational Fund | \$ 125,997,791 | |
| Operations and Maintenance Fund | 8,159,268 | |
| Bond and Interest Fund | 4,836,753 | |
| Transportation Fund | 3,814,827 | |
| IMRF/Social Security Fund | 3,066,446 | |
| Tort Immunity Fund | 706,354 | |
| | 146,581,439 | \$ 146,581,439 |

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

| | | |
|---|------------|------------|
| Educational Fund | | |
| Summer School | \$ 230,832 | |
| Community Service | 269,039 | |
| Pre-K Programs | 91,147 | |
| Capital Outlay | 277,182 | |
| TRS "On Behalf" Payments | 41,812,415 | |
| Non-Programmed Charges | 189,117 | |
| Special Education Programs Pre K | 1,655,304 | |
| Principal On Equipment Installment Notes | - | |
| | | |
| Operations and Maintenance Fund | | |
| Capital Outlay | 129,869 | |
| | | |
| Bond and Interest Fund | | |
| Bond Principal | 3,569,726 | |
| | | |
| Transportation Fund | | |
| Summer School Transportation Fees | 435 | |
| | | |
| Municipal Retirement/Social Security Fund | | |
| Pre-K Programs | 65,093 | |
| Community Services | 19,168 | |
| Summer School | 6,915 | |
| | 48,316,242 | 48,316,242 |

| | | |
|------------------------------------|--|---------------|
| NET OPERATING EXPENDITURES | | \$ 98,265,197 |
| AVERAGE DAILY ATTENDANCE | | 5,885 |
| OPERATING EXPENDITURES PER STUDENT | | \$ 16,697 |

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 SUPPLEMENTAL INFORMATION
 SCHEDULE OF PER CAPITA TUITION CHARGE
 FOR THE YEAR ENDED JUNE 30, 2017

| | | |
|--|--------------|---------------|
| NET OPERATING EXPENDITURES | | \$ 98,265,197 |
| LESS: Offsetting Revenues of All or Part of the Expenditures of a Specific Activity | | |
| Educational Fund | | |
| Special Education | \$ 1,791,285 | |
| Bilingual Education | 366,622 | |
| Payments from other LEA's | 27,232 | |
| State Free Lunch and Breakfast Aid | 6,841 | |
| Other Federal Grants-In-Aid | 6,317 | |
| Title I Programs | 1,333,308 | |
| Title II | 133,381 | |
| Food Services | 502,578 | |
| Federal Lunch Aid | 1,783,632 | |
| Textbooks | 208,920 | |
| Special Education - Federal | 1,349,817 | |
| Medicaid Matching Funds | 194,796 | |
| Title III - English Language Acquisition | 305,409 | |
| Local Fees | 71,487 | |
| Operations and Maintenance Fund | | |
| Rentals | 172,785 | |
| Transportation Fund | | |
| State Transportation Aid | 1,130,362 | 9,384,772 |
| NET OPERATING EXPENDITURES FOR TUITION COMPUTATION | | \$ 88,880,425 |
| ADD: Depreciation Allowance | | 2,924,125 |
| TOTAL ALLOWANCE FOR TUITION COMPUTATION | | \$ 91,804,550 |
| AVERAGE DAILY ATTENDANCE | | 5,885 |
| PER CAPITA TUITION CHARGE | | \$ 15,600 |