

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
WHEELING, ILLINOIS

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2018

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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, 2018, 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, 2018, 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, 2018, 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, 2018, 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 63 through 69, and the Schedules and Notes pertaining to the pensions and other postemployment benefits on pages 70 through 79 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 6, 2018, 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 6, 2018
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, 2018, 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 6, 2018.

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 6, 2018.

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 6, 2018
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, 2018. 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, 2018.

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Report on Internal Control over Compliance

Management of Wheeling Community Consolidated School District No. 21 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Wheeling Community Consolidated School District No. 21's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 6, 2018
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, 2018

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, 2018. 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 2018, total net position decreased by \$40.7 million. This represents a decrease of 410.7 % over the prior year. This large decrease is due in most part to the implementation of GASBS 75, which requires the reporting of Other Postemployment Benefits on the District's financial statements.
- General revenues accounted for \$102.9 million in revenue, or 67.2 % of all fiscal year 2018 revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$ 50.3 million or 32.8 % of total revenues of \$153.2 million.
- The District had \$145.0 million in expenses related to governmental activities, of which \$50.3 million were offset by program specific charges for services or operating grants and contributions. General revenues of \$102.9 million provided for the remaining costs of these programs.
- The Educational Fund had \$134.9 million in revenues and other financing sources and \$121.1 million in expenditures and other financing uses. This excess of revenues over expenditures of \$13.8 million increased the fund balance from (\$0.1) million to \$13.7 million in fiscal year 2018. 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 \$4.7 million.
- During fiscal year 2018, the District completed various construction/renovation projects at Twain, Longfellow, Tarkington and Frost elementary schools including general construction, asphalt, flooring and masonry.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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 and Demographic populations. Significant trends representing either increases or decreases in student enrollment in pocket areas could necessitate programmatic changes in the future.

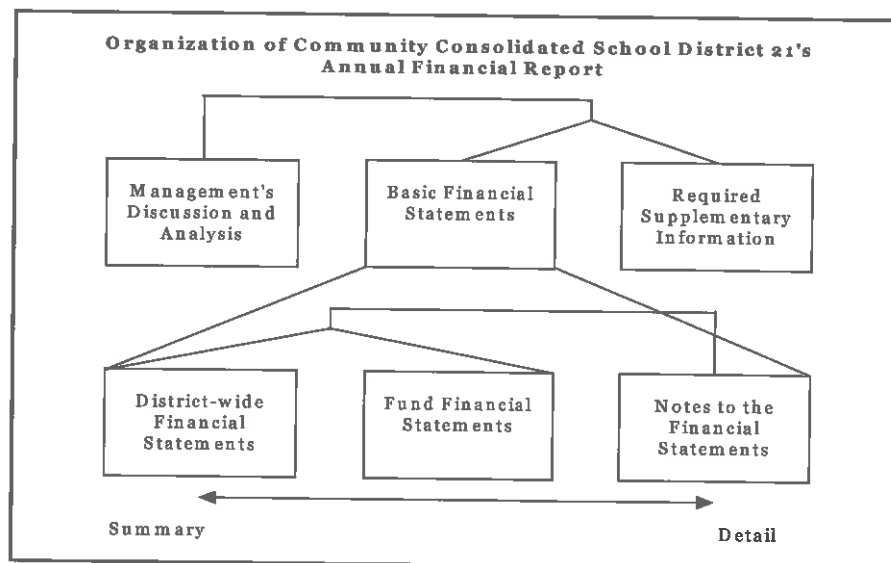
Overview of the Financial Statements

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

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

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

Figure A-1



Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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, 2018

-
- 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, 2018

Financial Analysis of the District as a Whole

Net Position: The District's combined net position decreased to (\$40.7) million this was due to the implementation of GASBS 75 for Other Postemployment Benefits, which required a prior period adjustment of (\$56.4) million to record the beginning of the year liability (see Figure A-3).

Figure A-3

Condensed Statement of Net Position (in millions of dollars)			
	<u>2018</u>	<u>2017</u>	<u>Percentage</u> <u>Change</u>
Current and other assets	\$90.4	\$77.6	16.5
Capital assets	52.7	52.7	0.0
Deferred Outflows	<u>4.9</u>	<u>8.4</u>	(41.7)
Total assets	148.0	138.7	6.7
Current liabilities	21.7	19.9	9.0
Long-term liabilities	105.4	61.9	70.3
Deferred Inflows	<u>61.6</u>	<u>43.7</u>	41.0
Total liabilities	188.7	125.5	50.4
Net position			
Net investment in capital assets	28.4	27.0	5.2
Restricted	16.9	19.7	(14.2)
Unrestricted	<u>(86.0)</u>	<u>(33.6)</u>	156.0
Total net position	(\$40.7)	\$13.1	(410.7)

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Changes in net position: Total operating Revenues surpassed Expenditures resulting in net position increasing by \$8.5 million over last year, but a prior period adjustment was made in the amount of (\$56.4) million implementing GASB 75 dealing with other postemployment benefits related to the THIS health insurance provided to TRS employees. 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>2018</u>	<u>2017</u>	<u>Percentage Change</u>
<u>Revenues</u>			
Program Revenues			
Charges for Services	\$0.6	\$0.7	(14.3)
Operating Grants and Contributions	49.7	50.3	(1.2)
Capital Grants	0.0	0.0	0.0
General Revenue			
Taxes	88.1	87.6	0.6
State Formula Aid & Formula Grants	12.1	8.7	39.1
Other	<u>2.7</u>	<u>3.1</u>	(12.9)
Total Revenue	153.2	150.4	1.9
<u>Expenses</u>			
Instruction	103.8	107.8	(3.7)
Pupil & Instructional Services	13.7	13.6	0.7
Administration & Business	6.0	6.2	(3.2)
Maintenance & Operations	12.7	12.6	0.8
Transportation	4.2	3.8	10.5
Other	<u>4.6</u>	<u>4.9</u>	(6.1)
Total Expenses	\$145.0	\$148.9	(2.6)
Increase (Decrease) in net position	\$8.2	\$1.5	

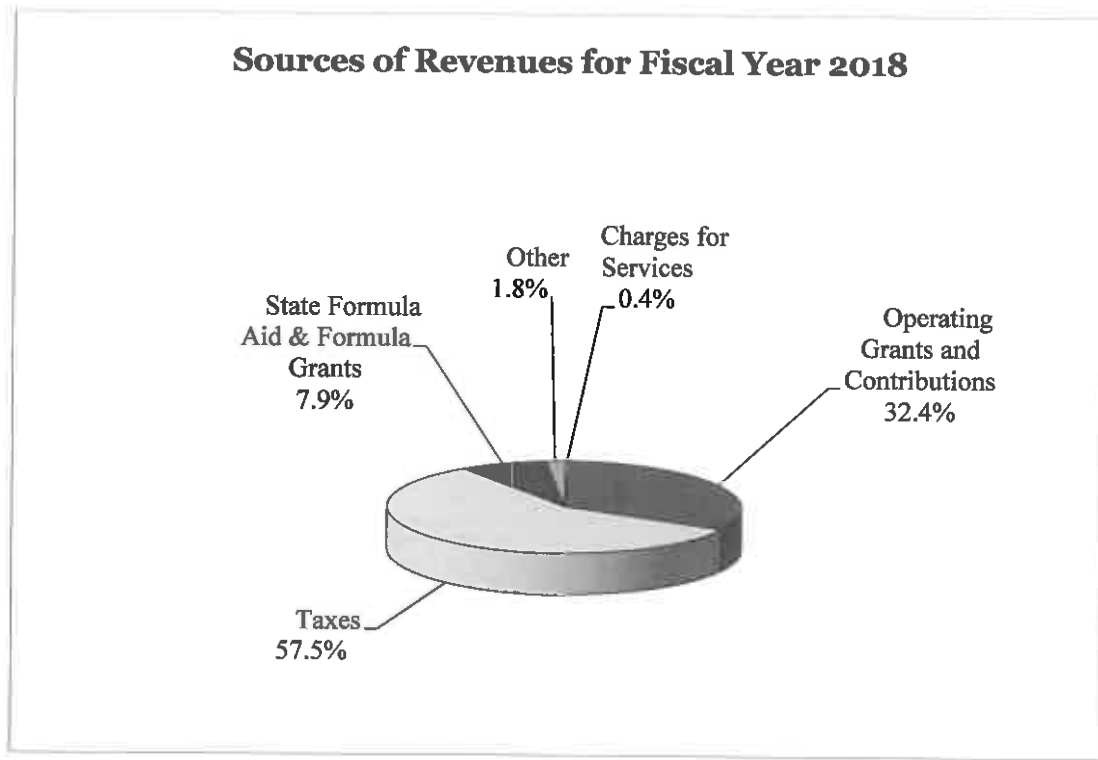
In fiscal 2018, the District's total revenues were \$153.2 million. Property tax revenue increased by 0.6 % and accounted for most of the District's revenue, contributing about 57.5 cents of every dollar raised (see Figure A-5). Charges for services remained similar, as there was no increase in student fees for instructional materials. The remaining revenue came from state and federal aid for specific programs and

Community Consolidated School District 21 Management's Discussion and Analysis For the Year Ended June 30, 2018

miscellaneous sources.

The total cost for all programs and services was \$145.0 million. 71.6 % of the District's expenses are related to instructing; caring for (pupil services) and transporting students (see Figure A-6)

Figure A-5

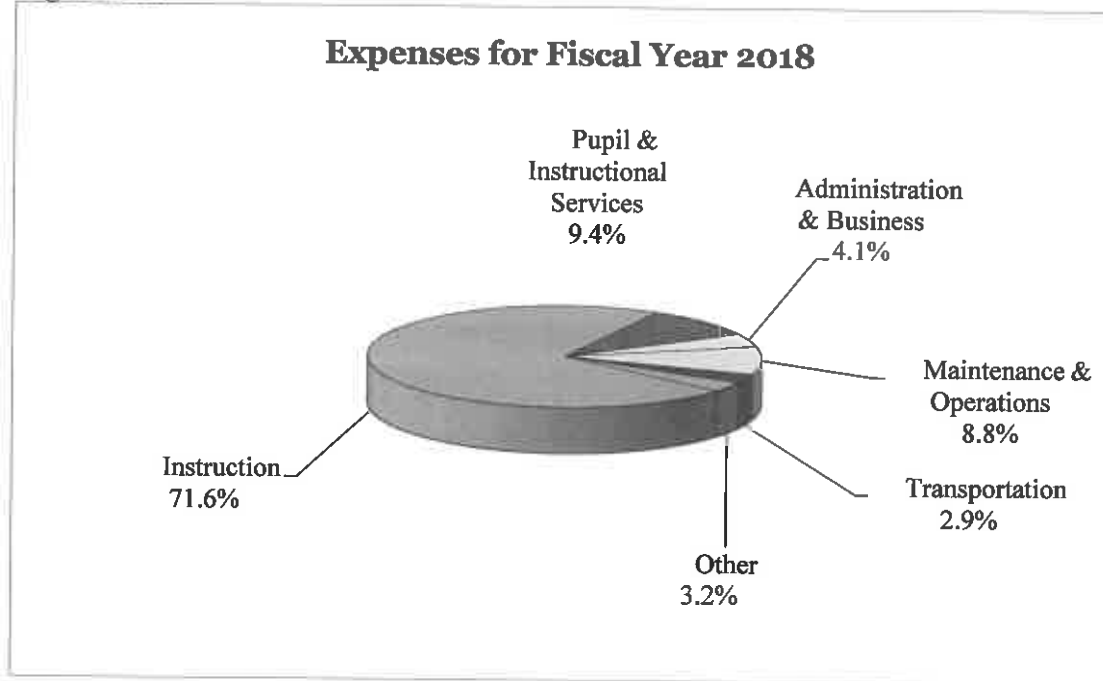


Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Figure A-6



Instruction and related student services costs decreased by \$4.0 million or 3.7%. An increase in On-Behalf TRS cost accounts for this year over year change.

The Administration and Business expenditures remained relatively flat during the year.

The District's Transportation costs increased from the 2017 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 \$153.2 million and total expenses were \$145.0 million, resulting in net position increasing \$8.2 million in fiscal 2018 prior to the prior period adjustment of (\$62.0) million required by the prior period adjustment for the THIS OPEB liability.

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

Figure A-7 presents the cost of six major District activities: instruction, pupil and instructional services, administration and business, operations and maintenance, transportation, and other. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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 2018 was \$145.0 million.
- A portion of this cost (\$0.6 million) was financed by the users of the District's programs.
- The federal and state governments subsidized certain programs with grants and contributions (\$49.7 million).
- Most of the District's costs, however, were financed by District taxpayers (\$88.1 million).

Figure A-7

Net Cost of Governmental Activities (in millions of dollars)		
	Total Cost of Services <u>2018</u>	Total Cost of Services <u>2017</u>
Instruction	103.8	107.8
Pupil & Instructional Services	13.7	13.6
Administration & Business	6.0	6.2
Maintenance & Operations	12.7	12.6
Transportation	4.2	3.8
Other	<u>4.6</u>	<u>4.9</u>
Total	\$145.0	\$148.8

Financial Analysis of the District's Funds

As the District closed the year, its governmental funds reported a combined fund balance of \$30.7 million, which was above last year's ending fund balance of \$19.7 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 \$17.5 million higher than anticipated. The positive budgetary variance is largely attributed to the under-budgeting of On-Behalf pension revenue.
- Actual expenditures were 10.8 million over budget due to On-Behalf pension expenditures.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Operations Fund Budgetary Highlights

- Actual revenues were \$0.3 million higher than anticipated.
- Actual expenditures were \$1.0 million under budget due to more conservative spending.

Capital Assets and Debt Administration

Capital Assets

By the end of 2018, 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 no change from last year. Total depreciation expense for the year exceeded \$2.2 million. Additional, information regarding capital asset activity for fiscal year 2018 is available in Note #5- Capital Assets.

Figure A-8

Capital Assets (net of depreciation) (in millions of dollars)			
	<u>2018</u>	<u>2017</u>	<u>Percentage Change</u>
Land	\$2.0	\$2.0	0.0
Depreciable buildings, property and equipment, net	<u>50.7</u>	<u>50.7</u>	<u>0.0</u>
Total	\$52.7	\$52.7	0.0

The successful outcome of the November 6, 2018 referendum for \$69 million in building bonds affords the District the opportunity to address facility needs in a more comprehensive fashion. In addition to routine repair and maintenance of existing facilities, the District will secure and air condition all schools during the summer of 2019. Future projects will include preparing classrooms for full-day Kindergarten programming and creating 21st century designed instructional spaces.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

Long –Term Debt

At year-end, the District had \$105.4 million in general obligation bonds and other long-term debt outstanding, as shown in Figure A-9. The change in the prior years Compensated Absences was due to the implementation of GASBS 75 for other postemployment benefits which required a (\$56.4) increase in liability, which is reflected in the \$62.8 million amount in the 2017 column below. (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>2018</u>	<u>2017</u>	<u>Percentage Change</u>
General Obligation Bonds	\$30.3	\$33.9	(10.6)
Capital Leases	0.9	0.4	125.0
Pension Obligations	13.4	25.7	(48.2)
Compensated Absences	<u>60.8</u>	<u>62.8</u>	(3.2)
Total	\$105.4	\$122.8	(14.3)

- The District's bond rating from Moody's Investors Service on general obligation bond issues is Aa3. Due to strong financial performance, in August 2018 Moody's removed the negative outlook. 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, 2018, the District's net general obligation bonded debt of \$30.3 million was well below the legal limit of \$124.9 million.
- The District continued to pay down its debt, retiring \$3.1 million of outstanding bonds, loans, and leases in fiscal year 2017-18.

Community Consolidated School District 21

Management's Discussion and Analysis

For the Year Ended June 30, 2018

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.
- Fiscal year 2019 is the second year of the State of Illinois Evidenced-based funding formula. The District is currently Tier 2 status.
- As limited growth in revenues is projected over the next five years, the District continues to realign expenditure levels in order to maintain a balance budget.
- Improvements in employee health care costs have a favorable impact in financial performance.

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, 2018

ASSETS	Governmental Activities
Current Assets	
Cash and Cash Equivalents	\$ 45,584,669
Accrued Interest Income	224,099
Accounts Receivable	
Taxes	
2017 Levy, Net of 1% Allowance for Losses	42,515,992
Personal Property Replacement	165,832
Governmental Claims	1,624,221
Inventory	35,654
Prepaid Expenses	291,096
Total Current Assets	<u>\$ 90,441,563</u>
Noncurrent Assets	
Capital Assets	
Land	\$ 1,965,066
Land Improvements	3,764,581
Buildings	97,038,304
Furniture and Equipment	23,411,426
Less: Accumulated Depreciation	(73,511,699)
Total Capital Assets, Net	<u>\$ 52,667,678</u>
TOTAL ASSETS	<u>\$ 143,109,241</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Outflows & Adjustments	\$ 4,897,239
	<u>\$ 4,897,239</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 566,213
Accrued Salaries	5,056,180
Payroll Deductions Payable	10,704,615
Accrued Health Claims Liability	624,609
Current Portion of Long-Term Liabilities	
Capital Leases	512,546
Compensated Absences	452,455
Bonds	3,835,558
Total Current Liabilities	<u>\$ 21,752,176</u>
Long-Term Liabilities	
Accrued OPEB Obligation	\$ 65,125,758
Pension Obligations	13,326,845
Capital Leases	417,467
Compensated Absences	57,850
Bonds	26,440,000
Total Long-Term Liabilities	<u>\$ 105,367,920</u>
TOTAL LIABILITIES	<u>\$ 127,120,096</u>
DEFERRED INFLOWS OF RESOURCES	
Property Taxes Levied for Subsequent Years	\$ 42,515,992
Pension Inflows & Adjustments	19,076,792
	<u>\$ 61,592,784</u>
NET POSITION	
Net Investment in Capital Assets	\$ 28,436,890
Restricted	
Operations & Maintenance	4,717,076
Transportation	1,833,453
Municipal Retirement/Social security	3,099,043
Debt Service	2,851,126
Working Cash	3,743,788
Tort Insurance	422,360
Capital Projects	280,820
Unrestricted	<u>(86,090,956)</u>
TOTAL NET POSITION	<u>\$ (40,706,400)</u>

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

FUNCTION/PROGRAMS	Program Revenues			Net (Expenses) Revenues and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities Total
Governmental Activities				
Instruction				
Regular	\$ 79,470,207	\$ 223,381	\$ 41,477,955	\$ (37,768,871)
Special Education	13,047,640	-	3,589,077	(9,458,563)
Interscholastic	194,729	-	-	(194,729)
Summer School	222,003	-	-	(222,003)
Bilingual	10,828,773	-	-	(10,828,773)
Support Services				
Pupils	7,523,888	-	-	(7,523,888)
Instructional Staff	6,180,129	-	-	(6,180,129)
General Administration	2,152,904	-	-	(2,152,904)
School Administration	3,695,205	-	-	(3,695,205)
Business	17,070,766	379,858	4,658,231	(12,032,677)
Central	3,123,879	-	-	(3,123,879)
Community Services	260,462	-	-	(260,462)
Interest and Other Charges	1,218,432	-	-	(1,218,432)
Total Governmental Activities	\$ 144,989,017	\$ 603,239	\$ 49,725,263	\$ (94,660,515)
GENERAL REVENUES				
Taxes				
Property Taxes, levied for general purposes				\$ 70,218,595
Property Taxes, levied for debt service				4,927,610
Property Taxes, levied for other specific purposes				12,018,195
Personal Property Replacement				973,270
Unrestricted Earnings on Investments				680,306
General State Aid				12,092,303
Tax Increment Finance Authority Refund				1,152,952
Other				843,843
TOTAL GENERAL REVENUES				\$ 102,907,074
CHANGE IN NET POSITION				\$ 8,246,559
NET POSITION - BEGINNING				13,112,009
Prior Period Adjustment				(62,064,968)
NET POSITION - ENDING				\$ (40,706,400)

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, 2018

	General Fund	Special Revenue Funds					Debt Service Fund	Capital Projects Funds			Total Governmental Funds
		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	
ASSETS											
Cash and Cash Equivalents	\$ 30,394,445	\$ 5,049,432	\$ 1,963,557	\$ 3,224,531	\$ 1,536,430	\$ 297,764	\$ 2,839,691	\$ 214,191	\$ 64,628	\$ 45,584,669	
Accrued Interest Income	126,390	28,040	28,137	20,856	7,358	719	10,798	1,692	309	224,099	
Due from Other Funds					2,200,000					2,200,000	
Accounts Receivable											
Taxes											
2017 Levy, Net of 1% Allowance for Losses	32,152,484	3,612,118	2,408,079	1,541,170		433,454	2,368,687		-	42,515,992	
Personal Property Replacement	165,832									165,832	
Inventory	35,654									35,654	
Governmental Claims	1,624,221									1,624,221	
Prepaid Expenses	158,417	8,165	-	-	-	123,877	637	-	-	291,096	
TOTAL ASSETS	\$ 64,657,443	\$ 8,697,755	\$ 4,399,773	\$ 4,786,357	\$ 3,743,788	\$ 855,814	\$ 5,219,813	\$ 215,883	\$ 64,937	\$ 92,641,563	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ 194,549	\$ 72,773	\$ 152,747	\$ 146,144	\$ -		\$ -	\$ -	\$ -	586,213	
Accrued Salaries	5,052,933		3,247							5,056,180	
Accrued Compensated Absences	225,516	11,577								237,093	
Payroll Deductions Payable	10,418,157	284,211	2,247							10,704,615	
Accrued Health Claims Liability	624,609									624,609	
Due to Other Funds	2,200,000	-	-	-	-	-	-	-	-	2,200,000	
TOTAL LIABILITIES	\$ 18,715,764	\$ 368,561	\$ 158,241	\$ 146,144	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,388,710	
DEFERRED INFLOWS OF RESOURCES											
Property Taxes Levied for Subsequent Years	\$ 32,152,484	\$ 3,612,118	\$ 2,408,079	\$ 1,541,170	\$ -	\$ 433,454	\$ 2,368,687	\$ -	\$ -	\$ 42,515,992	
FUND BALANCES											
Nonspendable	\$ 194,071	\$ 8,165	\$ -	\$ -	\$ -	\$ 123,877	\$ 637	\$ -	\$ -	326,750	
Restricted											
Operations & Maintenance Services		4,425,453								4,425,453	
Transportation Services	-		1,831,884							1,831,884	
Employee Benefits Payments	-			3,099,043						3,099,043	
Interfund Borrowing					3,743,788					3,743,788	
Liability Insurance						298,483				298,483	
Bond Principal and Interest Payments							2,850,489			2,850,489	
Future Construction								215,883	64,937	260,820	
Assigned	8,012,039	283,458	1,569							8,297,066	
Unassigned	5,583,085	-								5,583,085	
TOTAL FUND BALANCES	\$ 13,789,195	\$ 4,717,076	\$ 1,833,453	\$ 3,099,043	\$ 3,743,788	\$ 422,360	\$ 2,851,126	\$ 215,883	\$ 64,937	\$ 30,736,861	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 64,657,443	\$ 8,697,755	\$ 4,399,773	\$ 4,786,357	\$ 3,743,788	\$ 855,814	\$ 5,219,813	\$ 215,883	\$ 64,937	\$ 92,641,563	

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, 2018

Total Fund Balances - Governmental Funds	\$	30,736,861
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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 \$126,179,377 and the accumulated depreciation is \$73,511,699.

52,667,678

Other Deferred Outflows of Resources reported in the statement of net position not reported on the Balance Sheet

Teacher Retirement System Outflows

\$ 1,490,688

Other Postemployment Benefits

1,198,055

Illinois Municipal Retirement Fund Outflows

2,208,496

4,897,239

Other Deferred Inflows of Resources reported in the statement of net position not reported in the Balance Sheet

Teacher Retirement System Inflows

\$ (5,274,693)

Other Postemployment Benefits Inflows

(7,515,409)

Illinois Municipal Retirement Fund Inflows

(6,286,690)

(19,076,792)

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, 2018 are:

Bonds and capital leases payable

(31,205,571)

Accrued OPEB Obligation

(65,125,758)

Compensated absences

(273,212)

Net TRS & IMRF pension liability

(13,326,845)

Total Net Position of Governmental Activities

\$ (40,706,400)

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, 2018

	General Fund	Special Revenue Funds					Debt Service Fund	Capital Projects Funds			Total Governmental Funds
		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		
REVENUES											
Taxes	\$ 63,974,566	\$ 7,113,169	\$ 8,093,392	\$ 3,175,042	\$ -	\$ 853,891	\$ 4,927,610	\$ -	\$ -	\$ -	\$ 88,137,670
Tuition	6,580	-	-	-	-	-	-	-	-	-	6,580
Transportation Fees	-	-	47,487	-	-	-	-	-	-	-	47,487
Earnings on Investments	390,155	80,669	87,920	61,604	21,502	2,364	31,629	3,559	904	904	680,306
Food Service Fees	332,371	-	-	-	-	-	-	-	-	-	332,371
Textbook Fees	216,801	-	-	-	-	-	-	-	-	-	216,801
Rentals	-	49,796	-	-	-	-	-	-	-	-	49,796
Refund of Prior Year Expenditures	689,238	9,763	-	-	-	-	-	-	-	-	679,001
Other	82,625	2,330	-	6,369	-	-	-	-	-	-	91,324
Tax Increment Finance Authority Refund	1,152,952	-	-	-	-	-	-	-	-	-	1,152,952
State Aid	53,221,422	-	1,788,740	-	-	-	-	-	-	-	55,010,162
Federal Aid	6,807,404	-	-	-	-	-	-	-	-	-	6,807,404
TOTAL REVENUES	\$ 126,854,114	\$ 7,255,727	\$ 10,017,539	\$ 3,243,015	\$ 21,502	\$ 856,255	\$ 4,959,239	\$ 3,559	\$ 904	\$ -	\$ 153,211,854
EXPENDITURES											
Current											
Instruction											
Regular	\$ 71,596,250	\$ -	\$ -	\$ 389,516	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,985,766
Special Education	12,118,527	-	-	544,608	-	-	-	-	-	-	12,664,135
Interscholastic	190,867	-	-	3,862	-	-	-	-	-	-	194,729
Summer School	215,335	-	-	6,868	-	-	-	-	-	-	222,003
Bilingual	10,517,684	-	-	137,319	-	-	-	-	-	-	10,655,003
Support Services											
Pupils	7,221,149	-	-	300,404	-	-	-	-	-	-	7,521,553
Instructional Staff	6,017,397	-	-	154,762	-	-	-	-	-	-	6,172,159
General Administration	1,374,975	-	-	57,014	-	665,051	-	-	-	-	2,097,040
School Administration	3,484,283	-	-	180,151	-	-	-	-	-	-	3,664,434
Business	4,082,282	7,507,139	4,260,427	1,102,807	-	-	-	6,327	-	-	16,938,982
Central	2,897,450	-	-	186,649	-	-	-	-	-	-	3,084,099
Community Service	241,355	-	-	19,107	-	-	-	-	-	-	260,462
Nonprogrammed charges	213,858	-	-	-	-	-	-	-	-	-	213,858
Debt Service											
Principal	-	-	-	-	-	-	4,375,157	-	-	-	4,375,157
Interest and Other Charges	-	-	-	-	-	-	1,108,431	-	-	-	1,108,431
Capital Outlay	324,004	134,704	114,634	-	-	-	-	477,721	-	-	1,051,063
TOTAL EXPENDITURES	\$ 120,476,416	\$ 7,641,843	\$ 4,375,061	\$ 3,082,867	\$ 21,502	\$ 665,051	\$ 5,483,588	\$ 484,048	\$ -	\$ -	\$ 142,208,874
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 6,377,698	\$ (386,116)	\$ 5,642,478	\$ 160,148	\$ 191,204	\$ 191,204	\$ (524,349)	\$ (480,489)	\$ 904	\$ 11,002,980	
OTHER FINANCING SOURCES (USES)											
Sale of Fixed Assets	-	-	-	-	-	-	-	-	-	-	-
Transfers In	8,000,000	-	-	-	-	-	-	-	-	-	8,000,000
Transfers Out	(568,877)	(119,900)	(8,000,000)	-	-	-	688,777	-	-	-	(8,688,777)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 7,431,123	\$ (96,178)	\$ (8,000,000)	\$ -	\$ -	\$ -	\$ 688,777	\$ -	\$ -	\$ 23,722	
NET CHANGE IN FUND BALANCE	\$ 13,808,821	\$ (482,294)	\$ (2,357,522)	\$ 160,148	\$ 21,502	\$ 191,204	\$ 164,428	\$ (480,489)	\$ 904	\$ 11,026,702	
FUND BALANCE - JULY 1, 2017	(19,626)	5,199,370	4,190,975	2,938,895	3,722,286	231,156	2,686,688	696,372	64,033	19,710,159	
FUND BALANCE - JUNE 30, 2018	\$ 13,789,195	\$ 4,717,076	\$ 1,833,453	\$ 3,099,043	\$ 3,743,788	\$ 422,360	\$ 2,851,126	\$ 215,883	\$ 64,937	\$ 30,736,861	

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, 2018

Net Change in Fund Balance - Governmental Funds	\$	11,026,702
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation expense (\$2,269,730) exceeds capital outlay (\$1,051,063) in the period.		(1,218,667)
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Change in Deferred Outflows of Resources due to pension assets		(3,490,831)
--	--	-------------

Change in Deferred Inflows of Resources due to pension obligations		(17,457,673)
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Net increase in net TRS and IMRF pension liabilities		12,350,683
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In the Statement of Activities, certain operating expenses - compensated absences and interest - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources that are used (essentially, the amounts actually paid). The differences in these amounts are:

Compensated absences		54,188
Accrued OPEB Obligation		2,717,001
Amortization of premiums and discounts		(110,001)

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

Principal Paid on Long-Term Debt		4,375,157
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Change in Net Position of Governmental Activities	\$	8,246,559
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The accompanying Notes are an integral part of the basic financial statements.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2018

ASSETS

Cash and Investments	\$ 451,554
	<hr/>
TOTAL ASSETS	\$ 451,554
	<hr/> <hr/>

LIABILITIES

Due to Student Groups	\$ 353,480
Due to Employee's Benefits Fund	98,074
	<hr/>
TOTAL LIABILITIES	\$ 451,554
	<hr/> <hr/>

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, 2018

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 2018, the District adopted or considered the following GASB statements:

- *GASBS 75, accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*
- *GASBS 80, Blending Requirements for Certain Component Units.*
- *GASBS 81, Irrevocable Split-Interest Arrangements.*
- *GASBS 82, Pension Issues—an Amendment of GASB Statement No. 67, 68 & 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
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(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, 2018
(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, 2018
(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, 2018
(Continued)

1. Summary of Significant Accounting Policies (continued)

Property Tax Revenues (continued)

A portion of the 2017 property tax levy is recorded as a receivable in fiscal year 2018, net of estimated uncollectible amounts approximating 1%. As the District intends to use the second installment of collections to pay for fiscal year 2019 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:

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

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018
(Continued)

2. Stewardship, Compliance and Accountability

Budget vs Actual Expenditures

For the year ended June 30, 2018, expenditures exceeded the budgeted expenditures in the following funds:

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
Educational	\$ 120,476,416	\$ 109,354,568	\$ 11,121,848

3. Deposits and Investments

At June 30, 2018, the District's deposits and investments consisted of the following:

	<u>Governmental Activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits	\$ 50,070	\$ 218,705	\$ 268,775
Petty Cash	1,200	-	1,200
Investments	45,533,399	232,849	45,766,248
Total	<u>\$ 45,584,669</u>	<u>\$ 451,554</u>	<u>\$ 46,036,223</u>

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

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

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018. As of the same date, the fair value of all investments held by the Treasurer's Office was \$304,482,976 and the fair value of the District's proportionate share of the pool was \$43,210,615.

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, 2018
(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, 2018, the carrying amount of the District's Agency and Imprest deposit accounts was \$501,624; the bank balance was \$514,159. Of the total carrying amount, \$281,310 was deposits with financial institutions, and \$232,849 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, 2018 the District had the following inter-fund receivable/payable balances. The inter-fund loans were made to improve cash flow in the borrowing fund.

	<u>Borrowing Fund</u>	<u>Lending Fund</u>
Special Revenue Funds		
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.

	<u>Transferred To</u>	<u>Transferred From</u>
General Fund		
Educational	\$ -	\$ 568,877
Special Revenue Fund		
Operations & Maintenance Fund	-	119,900
Debt Service		
Bond & Interest Fund	688,777	-
	<u>\$ 688,777</u>	<u>\$ 688,777</u>

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.

	<u>Transferred To</u>	<u>Transferred From</u>
General Fund		
Educational	\$ 8,000,000	\$ -
Special Revenue Fund		
Transportation Fund	-	8,000,000
	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

5. Capital Assets and Depreciation

	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018
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	96,482,896	55,408	-	96,538,304
Equipment	21,692,869	1,718,557	-	23,411,426
Total Capital Assets Being Depreciated	<u>\$ 121,940,346</u>	<u>\$ 1,773,965</u>	<u>\$ -</u>	<u>\$ 123,714,311</u>
Less Accumulated Depreciation for:				
Land Improvements	\$ (3,902,226)	\$ 137,645	\$ -	\$ (3,764,581)
Building and Improvements	(45,932,507)	(1,936,561)	-	(47,869,068)
Equipment	(21,407,236)	(470,814)	-	(21,878,050)
Total Accumulated Depreciation	<u>\$ (71,241,969)</u>	<u>\$ (2,269,730)</u>	<u>\$ -</u>	<u>\$ (73,511,699)</u>
Total Capital Assets being Depreciated, net of Accumulated Depreciation	<u>\$ 50,698,377</u>	<u>\$ (495,765)</u>	<u>\$ -</u>	<u>\$ 50,202,612</u>
Capital Assets, net of Accumulated Depreciation	<u><u>\$ 52,663,443</u></u>	<u><u>\$ (495,765)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 52,167,678</u></u>

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

Governmental Activities

Regular Programs	\$ 1,603,621
Special Programs	169,647
Other Instructional	173,770
Pupil Services	2,335
Instructional Staff Services	7,970
General Administrative Services	55,864
School Administrative Services	84,959
Business Services	131,784
Central Services	39,780
	<u>39,780</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,269,730</u></u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, \$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, 2018 general obligation bonds outstanding were as follows:

	Interest Rates	Face Amount	Carrying Amount
2005A Refunding Bonds	5.00% - 5.36%	13,525,000	8,575,000
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	240,000
		<u>\$ 46,360,000</u>	<u>\$ 30,255,000</u>

At June 30, 2018, the annual debt service requirements of general obligation bond principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
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	4,970,000	298,460	5,268,460
2024-2028	3,945,000	881,975	4,826,975
2029-2033	3,995,000	325,675	4,320,675
	<u>\$ 30,255,000</u>	<u>\$ 3,951,014</u>	<u>\$ 34,206,014</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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 \$1,810,938,671, the most recent available equalized assessed valuation of the District. As of June 30, 2018, the statutory debt limit of the District was \$124,954,768, providing a debt margin of \$93,769,755, which is 75 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, 2018, 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, 2018 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, 2018, \$27,700,000 of the face amount of capital appreciation bonds outstanding are considered defeased, which had a carrying amount of \$25,225,066 at June 30, 2018.

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, 2018, \$6,485,289 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, 2018 are as follows:

	Year Ending June 30,	Amount
	2019	\$ 539,764
	2020	424,919
Total minimum lease payments		\$ 964,683
Less: amount representing interest		(34,670)
Present value of minimum lease payments		\$ 930,013

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

6. Long-Term Liabilities (continued)

Changes in Long-Term Liabilities

For the year ending June 30, 2018, changes in long-term liabilities were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Bonds Payable:					
General obligation bonds	\$ 33,950,000	\$ -	\$ 3,695,000	\$ 30,255,000	\$ 3,815,000
Unamortized premiums, & discounts	(89,443)	-	(110,001)	20,558	20,558
Total bonds payable	\$ 33,860,557	\$ -	\$ 3,584,999	\$ 30,275,558	\$ 3,835,558
Capital Leases	387,268	1,222,902	680,157	930,013	512,546
Accrued OPEB Obligations	62,202,323	-	1,928,241	60,274,082	-
Compensated absences	593,885	476,849	560,429	510,305	452,455
Total Long-Term Liabilities - Governmental Activities	\$ 97,044,033	\$ 1,699,751	\$ 6,753,826	\$ 91,989,958	\$ 4,800,559

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 \$35,654 and are reported in the Educational Fund portion of the General Fund; and the prepaid expenses account for \$158,417 reported in the Educational Fund portion of the General Fund, \$8,165 is reported in the Operations and Maintenance Fund and \$123,877 is reported in the Tort Immunity Fund Portion of the Special Revenue Fund, and \$637 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, 2018
(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 \$8,012,039, \$283,458 and \$1,569 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.

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, 2018, the cumulative Tort Immunity revenues had exceeded related cumulative expenditures in the Special Revenue (Tort Immunity) Fund by \$422,360. Of this amount, \$123,877 is currently nonspendable for prepaid insurance purposes, and \$298,483 of the June 30, 2018 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, 2018
(Continued)

7. Fund Balance Reporting (Continued)

Tort Immunity (Continued)

During the year ended June 30, 2018, the District made the following disbursements for tort immunity purposes:

Property and Liability Insurance	\$ 356,796
Unemployment Compensation Insurance	38,143
Risk Management	5,060
Settlements	30,000
Workers Compensation Insurance	235,052
	<u>\$ 665,051</u>

Net Position Restrictions

The district-wide statement of net position reports \$16,947,666 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://trs.illinois.gov/pubs/cafr>; by writing to Teachers' Retirement System of the State of Illinois, P.O. Box 19253, 2815 W. Washington, PO Box 19253, Springfield, IL 62794-9253; or by calling (888) 877-0890, option 2.

Benefits Provided

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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.

Public Act 100-0023, enacted in 2017, created an optional Tier 3 hybrid retirement plan, but it has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

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 beginning with the year ended June 30, 2017 was 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-Behalf Contributions to TRS: The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2018, 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 \$38,335,002 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, 2018 were \$296,796, and are deferred because they were paid after the June 30, 2017 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 Public Act 100-0340, the federal and special trust fund contribution rate is the total employer normal cost beginning with the year ended June 30, 2018.

Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal trust funds. For the year ended June 30, 2018, salaries totaling \$872,623 were paid from Federal and Trust funds that required employer contributions of \$88,135. These contributions are deferred because they were paid after the June 30, 2017 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, 2018, the employer paid \$-0- to TRS for employer ERO contributions.

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, 2018, 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, 2018, 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	\$ 6,011,619
State's proportionate share of the net pension liability associated with the employer	389,523,152
Total	<u>\$ 395,534,771</u>

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. 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, 2017, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2017, the District's proportion was 0.0078688022 percent, which is an increase (decrease) of (0.00753395) from its proportion measured as of June 30, 2016.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, the District recognized pension expense of \$38,335,002 and revenue of \$38,335,002 for support provided by the state. At June 30, 2018, 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	\$ 65,293	\$ 2,775
Net difference between projected and actual earnings on pension plan investments	4,124	
Changes of assumptions	401,232	172,746
Changes in proportion and differences between employer contributions & proportionate share of contributions	1,020,039	5,099,172
SubTotal	\$ 1,490,688	\$ 5,274,693
Employer contributions subsequent to the measurement date	384,931	
Total	\$ 1,875,619	\$ 5,274,693

\$384,931 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, 2019. 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:

2019	\$ (934,793)
2020	(562,282)
2021	(1,047,061)
2022	(1,092,550)
2023	(147,319)
	\$ (3,784,005)

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2017 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. The same assumptions were used in the June 30, 2016 actuarial valuation.

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%	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was a blended rate of 7.00 percent, which was a change from the June 30, 2016 rate of 6.83 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.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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 (Continued)

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 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, 2016, the discount rate used to measure the total pension liability was 6.83 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 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
District's proportionate share of the Net Pension Liability	\$ 7,386,059	\$ 6,011,619	\$ 4,885,838

TRS Fiduciary Net Position

Detailed information about the TRS's fiduciary net position as of June 30, 2017 is available in the separately issued TRS *Comprehensive Annual Financial Report*.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, the administrator of an agent multi-employer public pension fund that acts as a common investment and administrative agent for local governments and school districts in Illinois. 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 or by writing to the Illinois Municipal Retirement Fund, 2211 York Road, Suite 500, Oak Brook, Illinois 60523.

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, 2018
(Continued)

8. Retirement Fund Commitments (Continued)

Illinois Municipal Retirement Fund (Continued)

3. Employees Covered by Benefit Terms

As of December 31, 2017, the following employees were covered by the benefit terms:

	<u>IMRF</u>
Retirees and Beneficiaries Currently receiving benefits	301
Inactive Plan Members entitled to but not yet receiving benefits	209
Active Plan Members	<u>217</u>
Total	727

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 2017 was 13.89%. For the fiscal year ended June 30, 2018, the District contributed \$1,571,169 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, 2017. 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, 2017: 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 2.50%. 4) Salary Increases were expected to be 3.39% to 14.25%, including inflation. 5) The Investment Rate of Return was assumed to be 7.00%. 6) Projected Retirement Age was from the Experience-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation according to an experience study from years 2014 to 2016. 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-2017 (base year 2015). 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-2017 (base year 2015). 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, 2018
(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, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	18%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	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 3.31%, and the resulting single discount rate is 7.50%.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2016	\$ 63,961,491	\$ 50,446,711	\$ 13,514,780
Changes for the year			
Service Costs	1,154,282	-	1,154,282
Interest on the Total Pension Liability	4,700,510	-	4,700,510
Changes of Benefit Terms	-	-	-
Difference between Expected & Actual Exper.	(531,246)	-	(531,246)
Assumption Changes	(2,006,175)	-	(2,006,175)
Contributions Employee	-	1,498,396	(1,498,396)
Contributions Employer	-	498,055	(498,055)
Net Investment Income	-	9,230,738	(9,230,738)
Benefit Payments & Refunds	(3,730,334)	(3,730,334)	-
Other (Net Transfer)	-	(1,710,264)	1,710,264
Net Changes	(412,963)	5,786,591	(6,199,554)
Balance at December 31, 2017	<u>\$ 63,548,528</u>	<u>\$ 56,233,302</u>	<u>\$ 7,315,226</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	\$ 70,798,694	\$ 63,548,528	\$ 57,476,659
Plan Fiduciary Net Position	56,233,302	56,233,302	56,233,302
Net Pension Liability	<u>\$ 14,565,392</u>	<u>\$ 7,315,226</u>	<u>\$ 1,243,357</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, the District recognized pension expense of \$3,159,235. At June 30, 2018, 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	\$ 532,763	\$ 361,524
Changes of assumptions	2,533	1,464,054
Net difference between projected and actual earnings on pension plan investments	<u>1,673,200</u>	<u>4,461,112</u>
Total Deferred Amounts to be recognized in pension expense in future periods	<u>\$ 2,208,496</u>	<u>\$ 6,286,690</u>
<i>Pension Contributions made subsequent to the Measurement Date</i>	<u>858,120</u>	<u>-</u>
Total Deferred Amounts Related to Pensions	<u><u>\$ 3,066,616</u></u>	<u><u>\$ 6,286,690</u></u>

\$858,120 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:

Year Ending December 31,	Net Deferred Outflows of Resources	Net Deferred Inflows of Resources
2018	\$ -	\$ (653,899)
2019	-	(1,160,136)
2020	-	(1,148,881)
2021	-	(1,115,278)
2022	-	-
Thereafter	-	-
Total	<u><u>\$ -</u></u>	<u><u>\$ (4,078,194)</u></u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018 is as follows:

	Net Pension Liability	Pension Expense
Teachers' Retirement System (TRS)	\$ 6,011,619	\$ 38,335,002
Illinois Municipal Retirement Fund (IMRF)	7,315,226	3,159,235
	<u>\$ 13,326,845</u>	<u>\$ 41,494,237</u>

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 \$650,058, the total required contribution for the current fiscal year.

9. 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, 2018
(Continued)

9. 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.

	<u>OPEB</u>
Inactive Employees currently receiving benefits	23
Inactive Employees entitled to but not yet receiving benefits	0
Active Plan Members	<u>762</u>
Total	<u>785</u>

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, 2018

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, 2018
(Continued)

9. 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	770,492	-	770,492
Balance at June 30, 2017	\$ 5,777,791	\$ -	\$ 5,777,791

9. 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, 2018
(Continued)

9. 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, 2018, the District recognized OPEB expense of \$588,331. At June 30, 2018, 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><u>\$ 839,193</u></u>	<u><u>\$ 414,982</u></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><u>\$ 424,211</u></u>	<u><u>\$ -</u></u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

9. Postemployment Benefits – Teachers' Health Insurance Security Fund (THIS)

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.

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

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 members of TRS, including substitute and part-time non-contractual teachers, who are not employees of a state agency covered by the state employees' health plan, to make a contribution to the THIS Fund. The member contribution rate for the ended June 30, 2018 was 1.18 percent of earnings. 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 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 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$603,826 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 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the district paid \$450,311 to the THIS Fund, which was 100 percent of the required contribution.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

9. Postemployment Benefits – Teachers' Health Insurance Security Fund (THIS)

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2017. The total net OPEB liability is the System's total OPEB liability less the fiduciary net position. The net OPEB liability was determined by an actuarial valuation as of June 30, 2017. At June 30, 2017, the most recent actuarial valuation date, the District's proportionate share of the net OPEB liability was \$59,347,967. The District's proportion of the net pension liability was based on the District's share of contributions to THIS for the measurement year ended June 30, 2017, relative to the contributions of all participating THIS employers and the state during that period. At June 30, 2017 the District's proportionate share was 0.228705 percent, which was an increase (decrease) of 0.001659 from its proportion measured as of June 30, 2016

Actuarial Assumptions and Discount Rate

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement: the Inflation Rate was assumed to be 2.75%; Salary Increases were expected to be varied by amount of service credit and ranges from 9.25 at 1 year of service to 3.25% at 20 or more years of service, including a 3.25% wage inflation assumption; the Investment Rate of Return, net of pension plan investment expense, and including inflation, was assumed to be 0.00%; the Healthcare Cost Trend Rates were actual trend used for fiscal year 2017, and for fiscal years on and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-Medicare costs on and after 2020 to account for the Excise Tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant Table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014. The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2014.

Projected benefit payments were discounted to their actual present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with long-term expected rate of return are not met). Since THIS is financed on a pay-as-you-go basis, a discount rate consistent with 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The increase in the single discount rate from 2.85% to 3.56% caused the total OPEB liability to decrease by approximately \$3.564 billion from 2016 to 2017.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

9. Postemployment Benefits – Teachers' Health Insurance Security Fund (THIS)

Actuarial Assumptions and Discount Rate (Continued)

During plan year ending June 30, 2017, the trust earned \$357,000 in interest, and due to a significant benefit payable, the market value of assets at June 30, 2017 was a negative \$43 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

Changes in the Net OPEB Liability (Asset):

	OPEB Liability (A)	Fiduciary Net Position (B)	OPEB Liability(Asset) (A)-(B)
Balance at June 30, 2016	\$ 61,929,948	\$ (135,020)	\$ 62,064,968
Changes for the year			
Service Costs	3,853,368	-	3,853,368
Interest on the Total OPEB Liability	1,877,578	-	1,877,578
Changes of Benefit Terms	-	-	-
Difference between Expected & Actual Exper.	(38,778)	-	(38,778)
Changes of Assumptions & Other Inputs	(7,698,204)	-	(7,698,204)
Contributions Employer & Employee	-	736,887	(736,887)
Net Investment Income	-	816	(816)
Benefit Payments & Refunds	(678,065)	(678,065)	-
Other Changes	-	(26,738)	26,738
Net Changes	(2,684,101)	32,900	(2,717,001)
Balance at June 30, 2017	\$ 59,245,847	\$ (102,120)	\$ 59,347,967

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

The following presents the District's proportionate share of the net OPEB liability calculated using the discount rate of 3.56%, 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 (2.56%) or 1-percentage-point higher (4.56%) than the current rate.

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
District's Proportionate Share of the Net OPEB Liability	\$ 71,217,249	\$ 59,347,967	\$ 49,850,660

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the District's proportionate share of the net OPEB liability calculated using the healthcare cost trend rates as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.09% in 2025, for non-Medicare coverage, and 9.00% decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

9. Postemployment Benefits – Teachers' Health Insurance Security Fund (THIS)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)

	1% Decrease (a)	Healthcare Cost Trend Rate Assumption	1% Increase (b)
District's Proportionate Share of the Net OPEB Liability	\$ 47,899,888	\$ 59,347,967	\$ 75,779,748

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)

(a) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.09% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.09% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

For the year ended June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to other postemployment benefits through the THIS Fund.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected & actual experience	\$ -	\$ 33,615
Net difference between projected and actual earnings on OPEB plan investments	-	653
Changes of assumptions	-	7,066,159
Changes in proportion and differences between employer contributions & proportionate share of contributions	358,862	-
	\$ 358,862	\$ 7,100,427
Employer contributions subsequent to the measurement date	603,826	-
Total	\$ 962,688	\$ 7,100,427

Further Information on the THIS Fund

Detailed information about THIS's fiduciary net position as of June 30, 2017 is available in the separately issued *THIS Financial Audit*.

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(Continued)

10. 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 2017 Levy was passed by the Board on December 14, 2017. 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 2017 and 2016 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	
		2017 Levy	2016 Levy
Education	*	3.4274	3.0555
Tort Immunity	*	0.0512	0.0459
Special Education	0.4000	0.3697	0.3492
Operations and Maintenance	0.5500	0.4266	0.3902
Bond and Interest	*	0.2798	0.2850
Transportation	*	0.2844	0.6671
Municipal Retirement	*	0.0569	0.0517
Social Security	*	0.1251	0.1206
		<u>5.0211</u>	<u>4.9652</u>
* As Needed			

11. 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.

12. 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, 2018
(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 \$49,796 in rental revenue for the fiscal year ended June 30, 2018. The District records rental revenue in the Operations and Maintenance Fund.

13. Lease Obligations

During the year ended June 30, 2018, the District entered into an operating lease agreement to lease Student Chrome Books with three equal payments of \$74,209. The District also entered into an operating lease agreement to lease staff Laptop computers over a four year period with total lease payments of \$648,074. The first payments were made during the current fiscal year.

For the year ended June 30, 2018, the District had combined lease payments in the amount of \$616,486.

Minimum Future rental payments with respect to the operating leases as of June 30, 2018, in the aggregate, are as follows:

Year ended:	June 30, 2019	\$	528,474
	June 30, 2020		236,227
	June 30, 2021		162,019
	June 30, 2022		10,832
		\$	<u>937,552</u>

14. Litigation

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

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, which is based on factors determined by Blue Cross Blue Shield of Illinois. The aggregate claims liability for June 30, 2018 and June 30, 2017, was \$624,609 and \$642,940 respectively. The aggregate claims incurred during the year ended June 30, 2018 were \$12,004,503, and the aggregate claims paid during the period were \$12,022,834. 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, 2018	\$ 642,940	\$ 12,004,503	\$ 12,022,834	\$ 624,609
June 30, 2017	\$ -	\$ 16,717,058	\$ 16,074,118	\$ 642,940

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 THIS 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 \$62,064,968 as of July 1, 2017, which requires a prior period adjustment in the amount as represented below:

	Amount
Adjustment to OPEB Liability	
Prior period adjustment required	\$ (62,064,968)
OPEB Liability at the beginning of the year	<u>\$ (62,064,968)</u>

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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 60,375,688	\$ 62,706,229	\$ 63,974,566
Tuition	5,000	5,000	6,580
Earnings on Investments	102,000	210,000	390,155
Food Service Fees	433,000	317,000	332,371
Textbook Fees	235,000	240,000	216,801
Refund of Prior Year Expenditures	490,390	670,000	669,238
Other	160,895	90,000	82,625
Tax Increment Finance Authority Refund	1,110,000	1,110,000	1,152,952
Total Revenues from Local Sources	\$ 62,911,973	\$ 65,348,229	\$ 66,825,288
State Aid	12,077,780	14,255,866	14,282,594
Federal Aid	5,449,554	6,128,464	6,807,404
Total Direct Revenues	80,439,307	85,732,559	87,915,286
"On-Behalf" Revenue for Retirement Benefits	23,553,000	23,553,000	38,938,828
TOTAL REVENUES	\$ 103,992,307	\$ 109,285,559	\$ 126,854,114
EXPENDITURES			
Current			
Instruction			
Regular	\$ 34,386,185	\$ 34,681,871	\$ 32,657,422
Special Education	12,501,895	12,654,776	12,119,527
Interscholastic	144,482	167,570	190,867
Summer School	211,000	239,495	215,335
Bilingual	11,270,912	10,496,281	10,517,684
Support Services			
Pupils	7,543,328	7,350,564	7,221,149
Instructional Staff	6,281,960	6,237,998	6,017,397
General Administration	1,377,513	1,410,348	1,374,975
School Administration	3,587,130	3,586,214	3,484,283
Business	3,745,807	4,240,914	4,062,282
Central	3,452,267	3,415,617	2,897,450
Other Support Services	18,000	28,217	-
Community Services	267,167	273,678	241,355
Payments to Other Governments			
Special Education	152,000	152,000	213,858
Capital Outlay	311,366	276,685	324,004
Provision for Contingencies	200,000	589,340	-
Total Direct Expenditures	85,451,012	85,801,568	81,537,588
"On-Behalf" Expenditures for Retirement Benefits	23,553,000	23,553,000	38,938,828
TOTAL EXPENDITURES	\$ 109,004,012	\$ 109,354,568	\$ 120,476,416
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (5,011,705)	\$ (69,009)	\$ 6,377,698
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ 8,000,000	8,000,000	\$ 8,000,000
Transfers Out	(571,417)	(571,417)	(568,877)
TOTAL OTHER FINANCING SOURCES (USES)	\$ 7,428,583	\$ 7,428,583	\$ 7,431,123
NET CHANGE IN FUND BALANCE	\$ 2,416,878	\$ 7,359,574	\$ 13,808,821
FUND BALANCE - JULY 1, 2017			(19,626)
FUND BALANCE - JUNE 30, 2018			\$ 13,789,195

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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 6,807,655	\$ 6,932,811	\$ 7,113,169
Earnings on Investments	50,000	50,000	80,669
Rentals	150,000	50,000	49,796
Other	201,000	11,000	12,093
TOTAL REVENUES	\$ 7,208,655	\$ 7,043,811	\$ 7,255,727
EXPENDITURES			
Current			
Support Services			
Salaries	\$ 4,505,782	\$ 4,505,782	\$ 4,383,089
Employee Benefits	1,324,115	1,324,625	1,236,089
Purchased Services	1,003,197	1,038,624	597,657
Supplies	1,266,752	1,396,045	1,282,693
Other	8,730	9,085	7,611
Termination Benefits	28,563	28,563	-
Capital Outlay	279,000	113,416	134,704
Provision for Contingencies	150,000	150,000	-
TOTAL EXPENDITURES	\$ 8,566,139	\$ 8,566,140	\$ 7,641,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,357,484)	\$ (1,522,329)	\$ (386,116)
OTHER FINANCING SOURCES (USES)			
Transfers In	\$ -	\$ -	\$ 23,722
Transfers Out	(119,900)	(119,900)	(119,900)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (119,900)	\$ (119,900)	\$ (96,178)
NET CHANGE IN FUND BALANCE	\$ (1,477,384)	\$ (1,642,229)	\$ (482,294)
FUND BALANCE - JULY 1, 2017			5,199,370
FUND BALANCE - JUNE 30, 2018			\$ 4,717,076

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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 11,785,361	\$ 8,027,694	\$ 8,093,392
Local Fees	-	25,000	47,487
Earnings on Investments	17,000	40,000	87,920
Other Revenue	40,000	40,000	-
Total Revenues from Local Sources	\$ 11,842,361	\$ 8,132,694	\$ 8,228,799
State Aid	2,353,855	2,250,660	1,788,740
TOTAL REVENUES	\$ 14,196,216	\$ 10,383,354	\$ 10,017,539
EXPENDITURES			
Current			
Support Services			
Salaries	\$ 127,254	\$ 127,254	\$ 126,880
Employee Benefits	19,101	19,101	10,498
Purchased Services	4,095,915	4,095,915	3,961,238
Supplies	120,000	120,000	161,811
Capital Outlay	123,120	123,120	114,634
Provision for Contingencies	75,000	75,000	-
TOTAL EXPENDITURES	\$ 4,560,390	\$ 4,560,390	\$ 4,375,061
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 9,635,826	\$ 5,822,964	\$ 5,642,478
OTHER FINANCING SOURCES (USES)			
Transfers Out	\$ (8,000,000)	\$ (8,000,000)	\$ (8,000,000)
TOTAL OTHER FINANCING SOURCES (USES)	\$ (8,000,000)	\$ (8,000,000)	\$ (8,000,000)
NET CHANGE IN FUND BALANCE	\$ 1,635,826	\$ (2,177,036)	\$ (2,357,522)
FUND BALANCE - JULY 1, 2017			4,190,975
FUND BALANCE - JUNE 30, 2018			<u>\$ 1,833,453</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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 3,090,722	\$ 3,123,551	\$ 3,175,042
Earnings on Investments	30,000	30,000	61,604
Other	-	-	6,369
TOTAL REVENUES	<u>\$ 3,120,722</u>	<u>\$ 3,153,551</u>	<u>\$ 3,243,015</u>
EXPENDITURES			
Current			
Instruction			
Regular	\$ 502,198	\$ 526,691	\$ 389,516
Special Education	585,536	576,786	544,608
Bilingual	167,077	151,335	137,319
Interscholastic	-	-	3,862
Summer School	-	-	6,668
Support Services			
Pupils	344,023	344,023	300,404
Instructional Staff	161,503	160,774	154,762
General Administration	37,960	38,689	57,014
School Administration	205,945	205,945	180,151
Business	1,148,358	1,148,358	1,102,807
Central	215,175	84,823	186,649
Community Service	-	-	19,107
Provision for Contingencies	50,000	50,000	-
TOTAL EXPENDITURES	<u>\$ 3,417,775</u>	<u>\$ 3,287,424</u>	<u>\$ 3,082,867</u>
NET CHANGE IN FUND BALANCE	<u>\$ (297,053)</u>	<u>\$ (133,873)</u>	<u>\$ 160,148</u>
FUND BALANCE - JULY 1, 2017			<u>2,938,895</u>
FUND BALANCE - JUNE 30, 2018			<u>\$ 3,099,043</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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Earnings on Investments	\$ 21,000	\$ 10,000	\$ 21,502
TOTAL REVENUES	\$ 21,000	\$ 10,000	\$ 21,502
EXPENDITURES	-	-	-
NET CHANGE IN FUND BALANCE	\$ 21,000	\$ 10,000	\$ 21,502
FUND BALANCE - JULY 1, 2017			3,722,286
FUND BALANCE - JUNE 30, 2018			\$ 3,743,788

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, 2018

REVENUES	Original Budget	Final Budget	Actual
Revenues from Local Sources			
Taxes	\$ 810,193	\$ 842,747	\$ 853,891
Earnings on Investments			2,364
Other			-
Total Revenues from Local Sources	\$ 810,193	\$ 842,747	\$ 856,255
State Aid			-
TOTAL REVENUES	\$ 810,193	\$ 842,747	\$ 856,255
EXPENDITURES			
Current			
Support Services			
Purchased Services	\$ 838,923	\$ 838,923	\$ 665,051
TOTAL EXPENDITURES	\$ 838,923	\$ 838,923	\$ 665,051
NET CHANGE IN FUND BALANCE	\$ (28,730)	\$ 3,824	\$ 191,204
FUND BALANCE - JULY 1, 2017			231,156
FUND BALANCE - JUNE 30, 2018			\$ 422,360

See accompanying Independent Auditor's Report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION ON BUDGETARY ACCOUNTING
JUNE 30, 2018

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, 2017 to June 30, 2018 budget was approved by the Board of Education on September 14, 2017, and was amended on June 21, 2018. 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, 2018, actual expenditures exceeded the budgeted expenditures in the following funds because of On-Behalf TRS payments:

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
General Fund			
Educational	\$ 120,476,416	\$ 109,354,568	\$ 11,121,848
Less: On-Behalf Amounts	\$ (38,938,828)	\$ (23,553,000)	\$ (15,385,828)
	<u>\$ 81,537,588</u>	<u>\$ 85,801,568</u>	<u>\$ (4,263,980)</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS**

<u>Fiscal Year Ending June 30</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.7868800%	0.0154084%	0.0164916%	0.0124130%
District's proportionate share of the net pension liability	\$ 6,011,619	\$ 12,162,748	\$ 10,803,651	\$ 7,554,340
State's proportionate share of the net pension liability associated with the District	389,523,152	419,762,066	346,392,354	322,117,432
Total	<u>\$ 395,534,771</u>	<u>\$ 431,924,814</u>	<u>\$ 357,196,005</u>	<u>\$ 329,671,772</u>
District's covered-employee payroll				
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	14.0%	23.0%	20.0%	14.5%
Plan fiduciary net position as a percentage of the total pension liability	39.3%	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>Fiscal Year Ending June 30</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually-required contribution	\$ 381,866	\$ 702,851	\$ 675,864	\$ 507,937
Contributions in relation to the contractually-required contribution	(324,192)	(596,721)	(577,864)	(442,890)
Contribution deficiency (excess)	<u>\$ 57,674</u>	<u>\$ 106,130</u>	<u>\$ 98,000</u>	<u>\$ 65,047</u>
District's covered-employee payroll				
Contributions as a percentage of covered-employee payroll	0.63%	1.30%	1.30%	1.00%
* The amounts presented were determined as of the prior fiscal-year end.				

WHEELING COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018

TRS NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in Assumptions

For the 2017 measurement year, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real rate of return of 4.5 percent. Salary increases were 9.25% at one year of service to 3.25% at 20 and more years of service.

For the 2016 measurement year, the assumed investment rate of return was 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 of 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 three-year period ended June 30, 2014.

For 2014 measurer year, the assumed investment rate of return of 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, 2018

<u>Calendar Year Ending December 31,</u>	2017	2016	2015	2014
Total Pension Liability				
Service Costs	\$ 1,154,282	\$ 1,247,418	\$ 1,230,109	\$ 1,274,794
Interest on the Total Pension Liability	4,700,510	4,440,195	4,226,464	3,792,798
Benefit Changes	-	-	-	-
Difference between Expected and Actual Experience	(531,246)	1,449,158	685,998	1,353,799
Assumption Changes	(2,006,175)	(282,263)	68,179	2,445,596
Benefit Payments & Refunds	(3,730,334)	(3,578,687)	(2,978,381)	(2,828,900)
Net Change in Total Pension Liability	(412,963)	3,275,821	3,232,369	6,038,087
Total Pension Liability - Beginning	63,961,491	60,685,670	57,453,301	51,415,214
Total Pension Liability - Ending (a)	\$ 63,548,528	\$ 63,961,491	\$ 60,685,670	\$ 57,453,301
Plan Fiduciary Net Position				
Employer Contributions	\$ 1,498,396	\$ 1,611,703	\$ 1,531,512	\$ 1,503,307
Employee Contributions	498,055	510,398	518,064	499,239
Pension Plan Net Investment Income	9,230,738	3,203,247	234,423	2,719,312
Benefit Payments & Refunds	(3,730,334)	(3,578,687)	(2,978,381)	(2,828,900)
Other	(1,710,264)	942,220	1,103,221	463,965
Net Change in Plan Fiduciary Net Position	5,786,591	2,688,881	408,839	2,356,923
Plan Fiduciary Net Position - Beginning	50,446,711	47,757,830	47,348,991	44,992,068
Plan Fiduciary Net Position - Ending (b)	\$ 56,233,302	\$ 50,446,711	\$ 47,757,830	\$ 47,348,991
Net Pension Liability/(Asset) -Ending (a-b)	\$ 7,315,226	\$ 13,514,780	\$ 12,927,840	\$ 10,104,310
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.49%	78.87%	78.70%	82.41%
Covered Valuation Payroll	\$ 10,738,771	\$ 10,932,153	\$ 11,244,588	\$ 10,909,342
Net Pension Liability as a Percentage of Covered Valuation Payroll	68.12%	123.62%	114.97%	92.62%

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN CALENDAR YEARS
JUNE 30, 2018

SCHEDULE OF EMPLOYER IMRF CONTRIBUTIONS

<u>Calendar Year Ended December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Valuation Payroll</u>	<u>Actual Contribution As a % of Covered Valuation Payroll</u>
2017	\$ 1,491,615	\$ 1,498,396	\$ (6,781)	\$ 10,738,771	13.95%
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, 2018

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 2017 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): 26-year closed 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 21 years for most employers (two employers were financed over 30 years).
Asset Valuation Method	5-Year smoothed market; 20% corridor
Wage growth	3.50%
Price Inflation	2.75% - approximate; No explicit price inflation is used in this valuation
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, 2015 actuarial valuation

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SUMMARY OF ACTUARIAL METHODS AND ASSUMPTIONS
USED IN THE CALCULATION OF THE TOTAL IMRF PENSION LIABILITY
JUNE 30, 2018

Methods and Assumptions Used to Determine Total Pension Liability:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Market Value of Assets
Price Inflation	2.50%
Salary Increases	3.39% to 14.25% including inflation
Investment Rate of Return	7.50%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the 2017 valuation pursuant to an experience study of the period 2014-2016
Mortality	For non-disabled retirees, and IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Disabled Retirees Mortality Table applying the same adjustment that were applied for non-disables lives. For active members, and IMRF specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). 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.

A detailed description of the actuarial assumptions and methods can be found in the December 31, 2017 Illinois Municipal Retirement Fund annual actuarial valuation report.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
TEACHER HEALTH INSURANCE SECURITY FUND (THIS)
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN NET THIS OPEB LIABILITY AND RELATED RATIOS

Fiscal Year Ended June 30,	<u>2017</u>
Total OPEB Liability	
Service Costs	3,853,368
Interest on the Total OPEB Liability	1,877,578
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(38,778)
Changes in assumptions	(7,698,204)
Benefit Payments	(678,065)
Net Change in Total OPEB Liability	<u>(2,684,101)</u>
Total OPEB Liability - Beginning	61,929,948
Total OPEB Liability - Ending	<u><u>59,245,847</u></u>
Plan Fiduciary Net Position	
Employer Contributions	441,946
Active Member Contributions	294,941
Net Investment Income	816
Benefit Payments	(678,065)
Operating Expenses	(26,738)
Other	-
Net Change in Plan Fiduciary Net Position	<u>32,900</u>
Plan Fiduciary Net Position - Beginning	(135,020)
Plan Fiduciary Net Position - Ending	<u>(102,120)</u>
Net OPEB Liability - Ending (a) - (b)	<u><u>59,347,967</u></u>
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	-0.17%
Covered-Employee Payroll	19,834,084
Net OPEB Liability as a Percentage of Covered - Employee Payroll	299.22%

Note: Information is not available prior to 2017, Additional years will be added to future reports as schedules are intended to show 10 years of historical data.

*The increase in the single discount rate from 2.85% to 3.56% caused the total OPEB liability to decrease by approximately \$3.564 billion from 2016 to 2017

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF EMPLOYER THIS OPEB 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
2017	N/A	\$ 441,946	N/A	\$ 19,834,084	2.23%
2016	N/A	\$ 423,064	N/A	\$ 19,880,925	2.13%
2015	N/A	N/A	N/A	N/A	N/A
2014	\$ 3,035,600	\$ 353,073	\$ 2,682,527	\$ 19,615,167	1.80%

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.

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO SCHEDULE OF EMPLOYER THIS OPEB CONTRIBUTIONS
JUNE 30, 2018

Valuation Date: June 30, 2016
Measurement Date: June 30, 2017
District's Year End June 30, 2018

Methods and Assumptions Used to Determine Contribution Rates*

Actuarial Cost Method:	Entry Age Normal, used to measure the Total THIS OPEB Liability
Contribution Policy	Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year ended June 30, 2017, contribution rates are 1.12% of pay for active members, 0.84% of pay for school districts and 1.12% of pay for the State. Retired Members contribute a percentage of premium rates. The goal of the policy is it finance current year costs plus a margin for incurred by not paid plan costs.
Asset Valuation Method:	Market value
Investment Rate of Return:	0%, net of OPEB plan investment expense, including inflation
Price Inflation:	2.75%
Salary Increases:	Depends on service and ranges form 9.25% at 1 year of service to 3.25% at 20 or more years of service. Salary increases include a 3.25% wage inflation assumption.
Retirement Age:	Experienced-based table of rates that are specific to the type of eligibility condition. Last updated for the 2016 actuarial valuation.
Mortality:	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Schal MP-2014.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.0% and 9.0% for non-Medicare costs and post-Medicar costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.59% is added to non-medicare cost on and after 2020 to account for Excise tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs - From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

Schedule of Investment Returns THIS

Annual money-weighted rate of return, net of OPEB plan investment expense, including inflation	2017	2016
	0.678%	0.382%

Note: Information is not available prior to 2016. Additional years will be added to future reports as schedules are intended to show 10 years of historical data

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
JUNE 30, 2018

SCHEDULE OF CHANGES IN NET OPEB LIABILITY & FUNDING RATIOS

Defined Benefit Retiree Health Care Plan 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, 2018

REVENUES	Final Budget	Actual
Revenues from Local Sources		
Taxes	\$ 62,706,229	\$ 63,974,566
Tuition	5,000	6,580
Earnings on Investments	210,000	390,155
Food Service Fees	317,000	332,371
Textbook Fees	240,000	216,801
Refund of Prior Year Expenditures	670,000	669,238
Other	90,000	82,625
Tax Increment Finance Authority Refund	1,110,000	1,152,952
Total Revenues from Local Sources	<u>\$ 65,348,229</u>	<u>\$ 66,825,288</u>
Revenues from State Sources		
General State Aid	\$ 12,092,303	\$ 12,092,303
State Free Lunch and Breakfast	25,000	30,333
Special Education	660,510	680,598
Extended Learning Opportunities	3,800	4,999
Bilingual Education	1,474,253	1,474,361
Total Revenues from State Sources	<u>\$ 14,255,866</u>	<u>\$ 14,282,594</u>
Federal Aid		
Title I - Low Income	1,469,807	\$ 1,610,002
Medicaid Matching Funds	200,000	480,717
National Lunch & Milk Program	2,437,880	2,834,159
Special Education IDEA Grants	1,406,742	1,434,118
Title III - English Language Acquisition	354,838	281,381
Title II - Teacher Quality	228,267	167,027
Other Grants-In-Aid	30,930	
Total Revenues from Federal Sources	<u>\$ 6,128,464</u>	<u>\$ 6,807,404</u>
Total Direct Revenues	<u>\$ 85,732,559</u>	<u>\$ 87,915,286</u>
"On-Behalf" Revenues for Retirement Benefits	<u>23,553,000</u>	<u>38,938,828</u>
 TOTAL REVENUES	 <u>\$ 109,285,559</u>	 <u>\$ 126,854,114</u>
EXPENDITURES	<u>109,354,568</u>	<u>120,476,416</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (69,009)</u>	<u>\$ 6,377,698</u>
OTHER FINANCING SOURCES (USES)		
Transfers In	\$ 8,000,000	\$ 8,000,000
Transfers Out	<u>(571,417)</u>	<u>(568,877)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>\$ 7,428,583</u>	<u>\$ 7,431,123</u>
NET CHANGE IN FUND BALANCE	<u>\$ 7,359,574</u>	<u>\$ 13,808,821</u>
FUND BALANCE - JULY 1, 2017		<u>(19,626)</u>
FUND BALANCE - JUNE 30, 2018		<u>\$ 13,789,195</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, 2018

INSTRUCTION	Final Budget	Actual
Regular Programs		
Salaries	\$ 26,162,966	\$ 25,513,267
Employee Benefits	7,448,593	6,357,730
Purchased Services	55,365	44,519
Supplies	938,372	684,054
Capital Outlay	58,802	43,140
Other	76,575	57,852
Total Regular Programs	<u>\$ 34,740,673</u>	<u>\$ 32,700,562</u>
Special Education Programs		
Salaries	\$ 8,167,033	\$ 7,920,287
Employee Benefits	2,811,997	2,599,190
Purchased Services	79,090	72,610
Supplies	127,806	104,051
Capital Outlay	76,683	71,684
Other	1,468,850	1,423,389
Total Special Education Programs	<u>\$ 12,731,459</u>	<u>\$ 12,191,211</u>
Interscholastic Programs		
Salaries	\$ 148,537	\$ 171,678
Employee Benefits	-	4,229
Purchased Services	12,477	11,014
Supplies	1,701	382
Capital Outlay	-	-
Other	4,855	3,564
Total Interscholastic Programs	<u>\$ 167,570</u>	<u>\$ 190,867</u>
Summer School		
Salaries	\$ 238,495	\$ 210,099
Employee Benefits	-	4,167
Purchased Services	-	981
Supplies	1,000	88
Total Summer School	<u>\$ 239,495</u>	<u>\$ 215,335</u>
Bilingual Programs		
Salaries	\$ 8,285,790	\$ 8,324,804
Employee Benefits	2,149,484	2,147,283
Purchased Services	2,997	1,844
Supplies	58,010	43,753
Total Bilingual Programs	<u>\$ 10,496,281</u>	<u>\$ 10,517,684</u>
TOTAL INSTRUCTION	<u>\$ 58,375,478</u>	<u>\$ 55,815,659</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, 2018

	Final Budget	Actual
SUPPORT SERVICES		
Pupils		
Salaries	\$ 5,732,888	\$ 5,696,600
Employee Benefits	1,481,690	1,273,873
Purchased Services	114,274	233,929
Supplies	19,912	15,767
Capital Outlay	8,250	5,424
Other	1,800	980
Total Pupils	<u>\$ 7,358,814</u>	<u>\$ 7,226,573</u>
Instructional Staff		
Salaries	\$ 4,613,408	\$ 4,438,116
Employee Benefits	1,053,780	1,093,564
Purchased Services	232,551	206,120
Supplies	245,635	213,717
Capital Outlay	3,762	
Other	92,624	65,880
Total Instructional Staff	<u>\$ 6,241,760</u>	<u>\$ 6,017,397</u>
General Administration		
Salaries	\$ 954,409	\$ 879,425
Employee Benefits	142,314	151,692
Purchased Services	248,106	271,087
Supplies	14,775	12,008
Other	50,744	56,397
Termination Benefits	-	4,366
Total General Administration	<u>\$ 1,410,348</u>	<u>\$ 1,374,975</u>
School Administration		
Salaries	\$ 2,774,458	\$ 2,754,327
Employee Benefits	739,642	686,897
Purchased Services	2,799	1,949
Supplies	23,757	17,094
Capital Outlay	5,554	928
Other	20,558	9,851
Termination Benefits	25,000	14,165
Total School Administration	<u>\$ 3,591,768</u>	<u>\$ 3,485,211</u>
Business		
Salaries	\$ 1,215,541	\$ 1,169,547
Employee Benefits	232,535	195,764
Purchased Services	2,625,697	2,584,475
Supplies	154,391	104,314
Capital Outlay	18,334	834
Other	12,750	8,182
Total Business	<u>\$ 4,259,248</u>	<u>\$ 4,063,116</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, 2018

SUPPORT SERVICES (continued)	Final Budget	Actual
Central		
Salaries	\$ 1,247,623	\$ 1,123,554
Employee Benefits	257,229	250,855
Purchased Services	1,360,110	1,066,175
Supplies	513,180	416,163
Capital Outlay	105,300	201,994
Other	37,475	34,976
Termination Benefits	-	5,727
Total Central	\$ 3,520,917	\$ 3,099,444
Other Support Services		
Purchase Service	\$ -	\$ -
Supplies	28,217	-
Total Other Support Services	\$ 28,217	\$ -
TOTAL SUPPORT SERVICES	\$ 26,411,072	\$ 25,266,716
COMMUNITY SERVICES		
Salaries	\$ 154,232	\$ 145,596
Employee Benefits	-	1,267
Purchased Services	108,722	84,620
Supplies	10,724	6,493
Other	-	3,379
TOTAL COMMUNITY SERVICES	\$ 273,678	\$ 241,355
NONPROGRAMMED CHARGES		
Purchased Services	\$ 96,000	\$ 195,426
Other	56,000	18,432
TOTAL NONPROGRAMMED CHARGES	\$ 152,000	\$ 213,858
PROVISION FOR CONTINGENCIES	\$ 589,340	\$ -
TOTAL DIRECT EXPENDITURES	\$ 85,801,568	\$ 81,537,588
"On-Behalf" Expenditures For Retirement Benefits	23,553,000	38,938,828
TOTAL EXPENDITURES	\$ 109,354,568	\$ 120,476,416

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, 2018

REVENUES	Final Budget	Actual
Revenues from Local Sources		
Taxes	\$ 6,932,811	\$ 7,113,169
Earnings on Investments	50,000	80,669
Rentals	50,000	49,796
Refund of Prior Year Expenditures	10,000	9,763
Other	1,000	2,330
	<u>7,043,811</u>	<u>7,255,727</u>
TOTAL REVENUES	\$ 7,043,811	\$ 7,255,727
EXPENDITURES		
Support Services		
Operations and Maintenance		
Salaries	\$ 4,505,782	\$ 4,383,089
Employee Benefits	1,324,625	1,236,089
Purchased Services	1,038,624	597,657
Supplies	1,396,045	1,282,693
Capital Outlay	113,416	134,704
Other	9,085	7,611
Termination Benefits	28,563	-
Total Support Services	<u>\$ 8,416,140</u>	<u>\$ 7,641,843</u>
Provision for Contingencies	<u>\$ 150,000</u>	<u>\$ -</u>
	<u>8,566,140</u>	<u>7,641,843</u>
TOTAL EXPENDITURES	\$ 8,566,140	\$ 7,641,843
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (1,522,329)	\$ (386,116)
OTHER FINANCING SOURCES (USES)		
Sale of Fixed Assets	\$ -	\$ 23,722
Transfer Out	<u>(119,900)</u>	<u>(119,900)</u>
	<u>(119,900)</u>	<u>(119,900)</u>
NET CHANGE IN FUND BALANCE	\$ (1,642,229)	\$ (482,294)
FUND BALANCE - JULY 1, 2017		<u>5,199,370</u>
FUND BALANCE - JUNE 30, 2018		<u><u>\$ 4,717,076</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, 2018

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 8,027,694	\$ 8,093,392
Earnings on Investments	40,000	87,920
Local Transportation Fees	25,000	47,487
Other	40,000	-
Total Revenue from Local Sources	\$ 8,132,694	\$ 8,228,799
Revenue from State Sources		
State Transportation Aid	2,250,660	1,788,740
TOTAL REVENUES	\$ 10,383,354	\$ 10,017,539
EXPENDITURES		
Support Services		
Pupil Transportation		
Salaries	\$ 127,254	\$ 126,880
Employee Benefits	19,101	10,498
Purchased Services	4,095,915	3,961,238
Supplies	120,000	161,811
Capital Outlay	123,120	114,634
Other	-	-
Total Support Services	\$ 4,485,390	\$ 4,375,061
Provision for Contingencies	\$ 75,000	\$ -
TOTAL EXPENDITURES	\$ 4,560,390	\$ 4,375,061
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ 5,822,964	\$ 5,642,478
OTHER FINANCING SOURCES (USES)		
Transfer Out	\$ (8,000,000)	\$ (8,000,000)
NET CHANGE IN FUND BALANCE	\$ (2,177,036)	\$ (2,357,522)
FUND BALANCE - JULY 1, 2017		4,190,975
FUND BALANCE - JUNE 30, 2018		\$ 1,833,453

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, 2018

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 3,123,551	\$ 3,175,042
Earnings on Investments	30,000	61,604
Other Income	-	6,369
TOTAL REVENUES	\$ 3,153,551	\$ 3,243,015
EXPENDITURES		
Employee Benefits		
Instruction		
Regular Programs	\$ 526,691	\$ 389,516
Special Education Programs	576,786	544,608
Bilingual Programs	151,335	137,319
Interscholastic Programs	-	3,862
Summer School Programs	-	6,668
Total Instruction	\$ 1,254,812	\$ 1,081,973
Supporting Services		
Guidance Services	\$ 27,079	\$ 26,071
Health Services	283,388	242,178
Psychological Services	14,441	13,388
Speech Pathology & Audiology Services	19,115	18,767
Improvement of Instruction Services	51,804	49,893
Educational Media Services	107,242	102,599
Assessment & Testing Services	1,728	2,270
Executive Administration Services	18,000	17,659
Special Area Administration Services	20,689	39,355
Office of the Principal Services	205,945	180,151
Direction of Business Support Services	105,717	100,926
Operations and Maintenance Services	1,001,121	924,612
Pupil Transportation Services	-	15,092
Food Service	-	19,832
Internal Services	41,520	42,345
Information Services	130,352	138,077
Staff Services	84,823	48,572
Total Support Services	\$ 2,112,964	\$ 1,981,787
Community Services	\$ -	\$ 19,107
Provision For Contingencies	\$ 50,000	\$ -
TOTAL EXPENDITURES	\$ 3,417,776	\$ 3,082,867
NET CHANGE IN FUND BALANCE	\$ (264,225)	\$ 160,148
FUND BALANCE - JULY 1, 2017		2,938,895
FUND BALANCE - JUNE 30, 2018		<u>\$ 3,099,043</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
WORKING CASH FUND
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES	<u>Final Budget</u>	<u>Actual</u>
Revenue from Local Sources		
Earnings on Investments	<u>\$ 10,000</u>	<u>\$ 21,502</u>
TOTAL REVENUES	\$ 10,000	\$ 21,502
EXPENDITURES	<u></u>	<u></u>
NET CHANGE IN FUND BALANCE	<u><u>\$ 10,000</u></u>	<u><u>\$ 21,502</u></u>
FUND BALANCE - JULY 1, 2017		<u>3,722,286</u>
FUND BALANCE - JUNE 30, 2018		<u><u>\$ 3,743,788</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
TORT IMMUNITY FUND
FOR THE YEAR ENDED JUNE 30, 2018

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 842,747	\$ 853,891
Earnings on Investments	1,000	2,364
TOTAL REVENUES	\$ 843,747	\$ 856,255
EXPENDITURES		
Support Services		
Tort Immunity		
Purchased Services	\$ 838,923	\$ 665,051
TOTAL EXPENDITURES	\$ 838,923	\$ 665,051
NET CHANGE IN FUND BALANCE	\$ 4,824	\$ 191,204
FUND BALANCE - JULY 1, 2017		231,156
FUND BALANCE - JUNE 30, 2018		\$ 422,360

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, 2018

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Taxes	\$ 4,864,248	\$ 4,927,610
Earnings on Investments	20,000	31,629
TOTAL REVENUES	\$ 4,884,248	\$ 4,959,239
EXPENDITURES		
Debt Service		
Interest on Bonds	\$ 1,134,597	\$ 1,104,449
Bond Principal Retired	4,347,009	4,375,157
Service Charges	5,000	3,982
TOTAL EXPENDITURES	\$ 5,486,606	\$ 5,483,588
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	\$ (602,358)	\$ (524,349)
OTHER FINANCING SOURCES (USES)		
Transfers In	\$ 691,317	\$ 688,777
NET CHANGE IN FUND BALANCE	\$ 88,959	\$ 164,428
FUND BALANCE - JULY 1, 2017		2,686,698
FUND BALANCE - JUNE 30, 2018		\$ 2,851,126

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, 2018

REVENUES	Final Budget	Actual
Revenue from Local Sources		
Earnings on Investments	\$ 3,000	\$ 3,559
TOTAL REVENUES	\$ 3,000	\$ 3,559
EXPENDITURES		
Support Services		
Facilities Acquisition and Construction		
Purchased Services	\$ 9,423	\$ 6,327
Capital Outlay	795,678	477,721
Provision For Contingencies	\$ 25,000	\$
TOTAL EXPENDITURES	\$ 830,101	\$ 484,048
NET CHANGE IN FUND BALANCE	\$ (827,101)	\$ (480,489)
FUND BALANCE - JULY 1, 2017		696,372
FUND BALANCE - JUNE 30, 2018		\$ 215,883

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, 2018

REVENUES	<u>Final Budget</u>	<u>Actual</u>
Revenue from Local Sources		
Earnings on Investments	\$ 1,000	\$ 904
TOTAL REVENUES	<u>\$ 1,000</u>	<u>\$ 904</u>
EXPENDITURES	<u></u>	<u></u>
NET CHANGE IN FUND BALANCE	<u>\$ 1,000</u>	\$ 904
FUND BALANCE - JULY 1, 2017		<u>64,033</u>
FUND BALANCE - JUNE 30, 2018		<u>\$ 64,937</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, 2018

	BALANCE JULY 1, 2017	REVENUES	EXPENDITURES	BALANCE JUNE 30, 2018
Due to Activity Fund Organizations:				
Board of Education	\$ 138,959	\$ 52,054	\$ 114,319	\$ 76,694
Cooper Junior High School	65,670	56,420	55,027	67,063
Field Elementary School	8,164	15,394	17,189	6,369
Frost Elementary School	49,055	60,421	59,332	50,144
Hawthorne	3,026	1,938	3,243	1,721
Holmes Junior High School	36,852	45,407	41,601	40,658
Kilmer Elementary School	9,568	26,904	26,482	9,990
London Junior High School	33,719	31,876	30,954	34,641
Longfellow Elementary School	11,122	9,476	8,530	12,068
Poe Elementary School	12,948	17,653	18,174	12,427
Riley School/Discovery Center	6,631	10,448	12,502	4,577
Tarkington Elementary School	8,454	15,561	14,592	9,423
Twain Elementary School	13,435	13,665	13,611	13,489
Whitman Elementary School	14,068	14,699	14,551	14,216
	<u>\$ 411,671</u>	<u>\$ 371,916</u>	<u>\$ 430,107</u>	<u>\$ 353,480</u>

REPRESENTED BY: Harris Bank
Illinois School District Liquid Asset Fund

\$ 120,631
232,849

\$ 353,480

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, 2018

BALANCE - JULY 1, 2017	\$ 108,979
REVENUES	285,456
EXPENDITURES	<u>(296,361)</u>
BALANCE - JUNE 30, 2018	<u><u>\$ 98,074</u></u>
REPRESENTED BY:	
Cash in Harris Bank	<u><u>\$ 98,074</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, 2018

DISTRICT/JOINT AGREEMENT NAME Wheeling Community Consolidated School District	RCDT NUMBER 05-016-0210-04	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-003289	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) Dr. Michael Connolly		NAME AND ADDRESS OF AUDIT FIRM Evoy, Kamschulte, Jacobs & Co. LLP 2122 Yeoman Street Waukegan	
ADDRESS OF AUDITED ENTITY <i>(Street and/or P.O. Box, City, State, Zip Code)</i> 999 West Dundee Road Wheeling <div style="text-align: right;">60090</div>		E-MAIL ADDRESS: jaceto@ekjllp.com	
		NAME OF AUDIT SUPERVISOR John D. Aceto, Jr., CPA	
		CPA FIRM TELEPHONE NUMBER 847-662-8300	FAX NUMBER 847-6628305

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 on LEA letterhead (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

Note: 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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues			Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients			
US DEPARTMENT OF AGRICULTURE											
Passed Through ISBE										0	
Child Nutrition Cluster										0	
National School Lunch	10.555	4210-2017	1,326,435	281,768	1,326,435		281,768			1,608,203	N/A
National School Lunch	10.555	4210-2018		1,720,168			1,720,168			1,720,168	N/A
School Breakfast Program	10.553	4220-2017	169,408	32,825	169,408		32,825			202,233	N/A
School Breakfast Program	10.553	4220-2018		786,005			786,005			786,005	N/A
Nat'l School Lunch ISBE Lanter Commod	10.555	4210-2018		136,915			136,915			136,915	N/A
Nat'l School Lunch DoD Fresh Fruits & Veg	10.555	4210-4018		128,421			128,421			128,421	N/A
TOTAL CHILD NUTRITION CLUSTER			1,495,843	3,086,102	1,495,843		3,086,102			4,581,945	
Child & Adult Care Food Program	10.558	4226-2017	12,737	1,483	12,737		1,483			0	
Child & Adult Care Food Program	10.558	4226-2018		11,910			11,910			14,220	N/A
Sub Total			12,737	13,393	12,737		13,393			11,910	N/A
TOTAL US DEPARTMENT OF AGRICULTURE			1,508,580	3,099,495	1,508,580		3,099,495			26,130	
										0	
										4,608,075	
										0	

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

*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)

* 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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 (F)		
US DEPARTMENT OF HEALTH & HUMAN SERVICES									
Passed Through IL Dept of Healthcare & Family Services								0	
Medicaid Outreach	93.778	491-2018		180,141			187,647	0	
Total US Department of Health & Human Services				180,141			187,647	187,647	N/A
US DEPARTMENT OF EDUCATION								0	
Passed Through NSSEO Special Education Cluster								0	
IDEA - Preschool	84.173A	4600-2018		54,798			54,798	54,798	55,764
IDEA - Part B - Flow Through	84.027A	4620-2018		1,343,142			1,343,142	1,343,142	1,358,673
Total US Department of Education Passed Through NSSEO, Special Education Cluster				1,397,940			1,397,940	1,397,940	
Passed Through ISBE								0	
(M) Title I - Low Income	84.010A	4300-2017	1,234,487	132,945	1,234,487		132,945	1,367,432	1,626,777
(M) Title I - Low Income	84.010A	4300-2018		1,477,057			1,477,057	1,477,057	1,572,424
IDEA - Room & Board, XC	84.027A	4625-2017		36,178			36,178	36,178	N/A
Title III - IEP	84.365A	4905-2017	30,615	8,570	30,615		8,570	39,185	60,888
Title III - IEP	84.365A	4905-2018		10,427			10,427	10,427	21,703

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

*Include the total amount provided to subrecipients from each Federal program. §200.510 (b)(4).

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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, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)-(F)-(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients		
US DEPARTMENT OF EDUCATION PASSED THROUGH ISBE Continued										
Title III - LI/LEP	84.365A	4909-2017	224,401	45,046	224,401		45,046		0	339,116
Title III - LI/LEP	84.365A	4909-2018		217,338			217,338		217,338	342,619
Title II - Teacher Quality	84.367A	4932-2017	82,427	39,195	82,427		39,195		121,622	121,622
Title II - Teacher Quality	84.367A	4932-2018		127,832			127,832		127,832	229,055
Total Passed Through ISBE			1,571,930	2,094,588	1,571,930		2,094,588		3,666,518	
TOTAL US DEPARTMENT OF EDUCATION			1,571,930	3,492,528	1,571,930		3,492,528		5,064,458	
TOTAL FEDERAL FINANCIAL ASSISTANCE			3,080,510	6,772,164	3,080,510		6,779,670		9,860,180	
									0	
									0	
Value of Federal Awards in the Form of Non-Cash Assistance During the Year	N/A	N/A	0	265,336	0		265,336		265,336	
Federal Insurance in Effect During the Year	N/A	N/A	0	0	0		0		0	
Federal Loans or Loan Guarantees Including Interest Subsidies Outstanding at Year End	N/A	N/A	0	0	0		0		0	
Amount Provided to Subrecipients	N/A	N/A	0	0	0		0		0	
									0	
									0	
									0	

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

*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.

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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, 2018

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, 2018 and have issued an unmodified opinion. The District's policy is to prepare its financial statements on the accrual basis.
2. No significant deficiencies or material weaknesses 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 or material weaknesses 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, 2018, and have issued our unmodified opinion thereon dated December 6, 2018.
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:

Title I – Low Income

CFDA #
84.010A

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, 2018

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, 2018, with the Illinois State Board of Education.

Non-Cash Assistance, Insurance and Loans

For the year ended June 30, 2018, the fair market value of federal awards received in the form of non-cash assistance was \$265,336. 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, 2018 was \$-0-.

The amount of federal loans or loan guarantees, including interest subsidies, outstanding at June 30, 2018 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 2017, 2016, 2015, AND 2014

	2017	2016	2015	2014
<u>ASSESSED VALUATION</u>	<u>\$ 1,810,938,671</u>	<u>\$ 1,793,763,130</u>	<u>\$ 1,554,043,811</u>	<u>\$ 1,598,696,936</u>
<u>TAX RATES</u>				
Educational	\$ 3.427	\$ 3.056	\$ 3.500	\$ 3.457
Special Education	0.370	0.349	0.400	0.395
Tort Immunity	0.051	0.046	0.046	0.032
Operations and Maintenance	0.427	0.390	0.530	0.543
Bond and Interest	0.280	0.285	0.313	0.301
Transportation	0.284	0.667	0.597	0.430
Municipal Retirement	0.057	0.052	0.056	0.052
Social Security	0.125	0.121	0.199	0.219
	<u>\$ 5.021</u>	<u>\$ 4.965</u>	<u>\$ 5.642</u>	<u>\$ 5.430</u>
<u>TAX EXTENSIONS</u>				
Educational	\$ 62,067,400	\$ 54,808,506	\$ 54,391,533	\$ 55,262,606
Special Education	6,695,000	6,263,829	6,216,175	6,315,726
Tort Immunity	927,000	824,000	721,000	515,000
Operations and Maintenance	7,725,000	7,000,000	8,240,000	8,684,124
Bond and Interest	5,065,756	5,111,291	4,865,650	4,818,298
Transportation	5,150,000	11,965,650	9,277,899	6,880,375
Municipal Retirement	1,030,000	927,000	875,500	824,000
Social Security	2,266,000	2,163,000	3,090,000	3,502,000
	<u>\$ 90,926,156</u>	<u>\$ 89,063,276</u>	<u>\$ 87,677,757</u>	<u>\$ 86,802,129</u>
<u>TAX COLLECTIONS</u>	<u>\$ 47,500,901</u>	<u>\$ 88,362,752</u>	<u>\$ 84,523,938</u>	<u>\$ 85,676,984</u>
<u>PERCENT COLLECTED</u>	<u>52.24%</u>	<u>99.21%</u>	<u>96.40%</u>	<u>98.70%</u>

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
 ADDITIONAL SUPPLEMENTAL INFORMATION
 SCHEDULE OF OPERATING EXPENDITURES PER STUDENT
 FOR THE YEAR ENDED JUNE 30, 2018

TOTAL EXPENDITURES

Educational Fund	\$ 120,476,416	
Operations and Maintenance Fund	7,641,843	
Bond and Interest Fund	5,483,588	
Transportation Fund	4,375,061	
IMRF/Social Security Fund	3,082,867	
Tort Immunity Fund	665,051	\$ 141,724,826

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

Educational Fund		
Summer School	\$ 215,335	
Community Service	241,355	
Pre-K Programs	298,286	
Capital Outlay	324,004	
TRS "On Behalf" Payments	38,938,828	
Non-Programmed Charges	213,858	
Special Education Programs Pre K	1,018,333	
Operations and Maintenance Fund		
Capital Outlay	134,704	
Bond and Interest Fund		
Bond Principal	4,375,157	
Transportation Fund		
Community Service Transportation	518	
Capital Outlay	114,634	
Municipal Retirement/Social Security Fund		
Pre-K Programs	647	
Special Education Pre-K Programs	54,446	
Community Services	19,107	
Summer School	6,668	45,955,880

NET OPERATING EXPENDITURES \$ 95,768,946

AVERAGE DAILY ATTENDANCE 5,768

OPERATING EXPENDITURES PER STUDENT \$ 16,603

COMMUNITY CONSOLIDATED SCHOOL DISTRICT NO. 21
SUPPLEMENTAL INFORMATION
SCHEDULE OF PER CAPITA TUITION CHARGE
FOR THE YEAR ENDED JUNE 30, 2018

NET OPERATING EXPENDITURES		\$ 95,768,946
LESS: Offsetting Revenues of All or Part of the Expenditures of a Specific Activity		
Educational Fund		
Special Education	\$ 680,598	
Bilingual Education	1,474,361	
Payments from other LEA's	4,617	
State Free Lunch and Breakfast Aid	30,333	
Other Restricted Revenue State Sources	4,999	
Title I Programs	1,610,002	
Title II	167,027	
Food Services	332,371	
Federal Lunch Aid	2,834,159	
Textbooks	216,801	
Special Education - Federal	1,379,320	
Medicaid Matching Funds	480,717	
Title III - English Language Acquisition	281,381	
Local Fees	36,847	
Special Education Contributions from EBF Funds	2,341,815	
English Learning Contribution from EBF Funds	1,494,704	
Operations and Maintenance Fund		
Rentals	49,796	
Transportation Fund		
Fees From Pupils or Parents	46,969	
State Transportation Aid	1,788,740	15,255,557
NET OPERATING EXPENDITURES FOR TUITION COMPUTATION		\$ 80,513,389
ADD: Depreciation Allowance		2,269,730
TOTAL ALLOWANCE FOR TUITION COMPUTATION		\$ 82,783,119
AVERAGE DAILY ATTENDANCE		5,768
PER CAPITA TUITION CHARGE		\$ 14,352