

**WILCO AREA CAREER CENTER**

**WILL COUNTY, ILLINOIS**

**ANNUAL FINANCIAL REPORT**

**JUNE 30, 2018**

*Prepared by:*

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**CERTIFIED PUBLIC ACCOUNTANTS**

**WILCO AREA CAREER CENTER**

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***INDEPENDENT AUDITORS' REPORT***



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CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

To the Board of Control  
Wilco Area Career Center  
Romeoville, Illinois

We have audited the accompanying modified cash basis financial statements of the governmental activities and each major fund of Wilco Area Career Center as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

### **Auditors' 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 auditors' 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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of Wilco Area Career Center as of June 30, 2018, and the respective changes in modified cash basis financial position, thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wilco Area Career Center basic financial statements. The Other Information, including Notes to Other Information, on pages 28-37, and the Other Supplementary Information on page 38, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 combining and individual fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Notes to Other Information, TRS schedules and the Other Supplementary Information have 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 them.

### *Comparative Information*

We previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of Wilco Area Career Center for the year ended June 30, 2017, which are presented in summary for comparative purposes with the accompanying financial statements. In our report dated August 15, 2017, we expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2018, on our consideration of the Wilco Area Career Center'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 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 Wilco Area Career Center's internal control over financial reporting and compliance.

*Mack & Associates, P.C.*  
Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
September 18, 2018

## ***BASIC FINANCIAL STATEMENTS***

**Government-wide Financial Statement  
Statement of Net Position  
Modified Cash Basis  
June 30, 2018**

	Governmental Activities	
	2018	2017
<u>Assets</u>		
Cash	\$ 948,804	652,456
Due from Agency Funds	-	4,049
Capital Assets		
Land	90,524	90,524
Buildings	8,068,865	5,718,106
Construction in Progress	-	2,234,599
Transportation Equipment	36,010	36,010
Equipment	1,578,657	1,465,654
Accumulated Depreciation	(4,792,959)	(4,556,719)
 Total Assets	 \$ 5,929,901	 5,644,679
<u>Liabilities and Net Position</u>		
Long-Term Liabilities:		
Due Within One Year	\$ 195,000	185,000
Due in More Than One Year	1,545,000	1,740,000
Total Long-Term Liabilities	1,740,000	1,925,000
Total Liabilities	1,740,000	1,925,000
Net Position:		
Net Investment in Capital Assets	3,241,097	3,063,174
Unrestricted Net Position	948,804	656,505
 Total Net Position	 4,189,901	 3,719,679
 Total Liabilities and Net Position	 \$ 5,929,901	 5,644,679

The Notes to Basic Financial Statements are an integral part of this statement.

WILCO AREA CAREER CENTER

STATEMENT B

Government-wide Financial Statement  
 Statement of Activities  
 Modified Cash Basis  
 For the Year Ended June 30, 2018

Program Activities	Expenditures	Program Revenues			Net (Expenditures) Revenue And Changes in Net Position	
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					2018	2017
Governmental Activities:						
Instruction	\$ 1,900,469	1,791,983	775,758	-	667,272	(79,018)
Support	1,803,298	1,518,274	128,506	-	(156,518)	265,069
On-Behalf Payments	157,613	-	157,613	-	-	-
Unallocated Interest	54,588	-	-	-	(54,588)	(60,881)
Total Government	<u>\$ 3,915,968</u>	<u>3,310,257</u>	<u>1,061,877</u>	<u>-</u>	<u>456,166</u>	<u>125,170</u>
		General Revenues:				
					\$ 1,124	880
					12,932	6,828
					<u>14,056</u>	<u>7,708</u>
					<u>470,222</u>	<u>132,878</u>
					<u>3,719,679</u>	<u>3,586,801</u>
					<u>\$ 4,189,901</u>	<u>3,719,679</u>

The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Assets, Liabilities, and Fund Balances - Modified Cash Basis  
Governmental Funds  
June 30, 2018**

	Educational Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
				2018	2017
<u>Assets</u>					
Cash in Bank	\$ 944,705	-	4,099	948,804	652,456
Due from Agency Funds	-	-	-	-	4,049
<b>Total Assets</b>	<b>\$ 944,705</b>	<b>-</b>	<b>4,099</b>	<b>948,804</b>	<b>656,505</b>
<u>Fund Balances</u>					
Fund Balances:					
Unassigned Fund Balance	\$ 798,530	-	-	798,530	461,191
Committed Fund Balance	146,175	-	4,099	150,274	195,314
<b>Total Fund Balance</b>	<b>\$ 944,705</b>	<b>-</b>	<b>4,099</b>	<b>948,804</b>	<b>656,505</b>

**Reconciliation of Statement of Net Position:**

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities of \$9,774,056 ( net of accumulated depreciation of \$4,792,959), are not financial resources and, therefore, are not reported in the funds.

\$ 4,981,097	4,988,174
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Some liabilities, including capital debt obligations payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(1,740,000)	(1,925,000)
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Net Position of Governmental Activities

<b>\$ 4,189,901</b>	<b>3,719,679</b>
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The Notes to Basic Financial Statements are an integral part of this statement.

**Statement of Revenues Received, Expenditures Disbursed, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018**

	Educational Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds	
				2018	2017
<b>Revenues Received:</b>					
Local Sources	\$ 3,084,704	239,588	21	3,324,313	3,083,933
State Sources	775,758	-	-	775,758	282,830
Federal Sources	128,506	-	-	128,506	134,645
On Behalf Payments	157,613	-	-	157,613	524,922
<b>Total Revenues Received</b>	<b>4,146,581</b>	<b>239,588</b>	<b>21</b>	<b>4,386,190</b>	<b>4,026,330</b>
<b>Expenditures Disbursed:</b>					
<b>Current:</b>					
Instruction	1,880,741	-	35,895	1,916,636	3,021,131
Supporting Services	1,756,124	-	23,930	1,780,054	2,251,501
<b>Debt:</b>					
Interest Payment of Long-term Debt	-	54,588	-	54,588	60,881
Principal Payment of Long-term Debt	-	185,000	-	185,000	175,000
On Behalf Payments	157,613	-	-	157,613	524,922
<b>Total Expenditures Disbursed</b>	<b>3,794,478</b>	<b>239,588</b>	<b>59,825</b>	<b>4,093,891</b>	<b>6,033,435</b>
Excess (deficiency) of Revenues Received Over (under) Expenditures Disbursed	352,103	-	(59,804)	292,299	(2,007,105)
Fund Balances, beginning of year	592,602	-	63,903	656,505	2,663,610
Fund Balances, end of year	\$ 944,705	-	4,099	948,804	656,505
<b>Reconciliation to the Statement of Activities:</b>					
Net Change in Fund Balances - governmental activities				\$ 292,299	(2,007,105)
Amounts reported for governmental activities in the Statement of Activities are different because:					
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term debt liabilities in the Statement of Net Position					
Principal Payments of Long-term Debt				185,000	175,000
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The change in fund balance must be increased by capital purchases and decreased by depreciation expense.					
Capital asset additions				229,163	2,134,272
Capital asset disposals, net				-	(1,400)
Depreciation				(236,240)	(167,889)
Change in net position of governmental activities (Statement B)				\$ 470,222	132,878

The Notes to Basic Financial Statements are an integral part of this statement.

## WILCO AREA CAREER CENTER

**Statement of Fiduciary Net Position  
June 30, 2018**

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	<u>Agency Funds</u>
<u>Assets</u>	
Cash in Bank	\$ 38,706
Total Assets	<u>\$ 38,706</u>
<u>Liabilities</u>	
Due to Student Organizations / Others	\$ 38,706
Total Liabilities	<u>\$ 38,706</u>

The Notes to Basic Financial Statements are an integral part of this statement.

***NOTES TO BASIC FINANCIAL STATEMENTS***

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Wilco Area Career Center (the "Center") is a joint agreement agency comprised of six member Districts. The Center operates under the applicable laws and regulations of the State of Illinois. It is governed by a five member Board of Control (the "Board") appointed by the member Districts. The Center provides career/technical training to students of the member Districts. The Center prepares its basic financial statements in conformity with the modified cash basis of accounting.

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the Center's accounting policies are described below.

#### Reporting Entity

The Center has developed criteria to determine whether outside agencies with activities which benefit the members of the Center, including joint agreements which serve pupils from numerous Districts, should be included within its financial reporting entity. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public services, and special financing relationships. There are no component units as defined above that are included in the Center's reporting entity, also the Center is not included in any other governmental "reporting entity."

#### A. *Basis of Presentation*

The Center's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Center as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Individual funds are not displayed but the statements distinguish governmental activities which are generally supported by member assessment and general revenues.

The Statement of Net Position presents the financial condition of the governmental activities of the Center at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the Center's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function.

Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Center, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Center.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

##### A. *Basis of Presentation (Continued)*

Fund Financial Statements - During the year, the Center segregates transactions related to certain Center functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Center at this more detailed level. The focus of governmental financial statements is on major funds. Each major fund is presented in a separate column. The fiduciary funds are reported by type.

##### B. *Fund Accounting*

The accounts of the Center are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund is summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenue, and expenditures. The Center maintains individual funds required by the State of Illinois. These funds are grouped as required for reports filed with the Illinois State Board of Education. Center resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. An emphasis is placed on major funds within the governmental category. A fund is considered major if it is the primary operating fund of the Center or meets the following criteria:

- a. total assets, liabilities, revenues, or expenditures of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

There are two categories of funds utilized by the Center: governmental and fiduciary.

Governmental Funds - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The following are the Center's major governmental funds:

Educational Fund - The Educational Fund is the general operating fund of the Center. It is used to account for all financial resources except those required to be accounted for in another fund.

Bond and Interest Fund - The Bond & Interest Fund is a debt service fund which is used to account for principal and interest related to long-term debt issued by the Center. The fund balance in this fund is restricted for debt service related expenditures.

Capital Projects Fund – The Capital Projects Fund is used for various sources of funding that pertain to new building projects or upgrades and improvement to the building that are of a significant nature.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

B. *Fund Accounting (Continued)*

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Center under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Center's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of the results of operations. The Center's fiduciary funds are agency funds which report resources that belong to the student bodies of the Center and the Illinois AVC Assessment Project.

C. *Measurement Focus and Basis of Accounting*

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. This means that only balances resulting from previous cash transactions are shown on the Statement of Net Position, with two modifications: Capital assets net of related depreciation and long-term liabilities resulting from debt issuances are also included. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenditures) in total net position, with three modifications: capital acquisitions are not reported as expenditures but rather capitalized and shown as assets on the Statement of Net Position, depreciation expense is reported in the Statement of Activities and long-term debt principal payments are shown as a reduction of long-term liabilities on the Statement of Net Position rather than a disbursement on the Statement of Activities.

Fund Financial Statements - All governmental funds are accounted for using the current financial resources measurement focus and the cash basis of accounting. This means that only current assets, liabilities and fund balances resulting from previous cash transactions are shown on the Statement of Assets, Liabilities and Fund Balance arising from cash transactions. The Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance reports on the sources (i.e. revenues) and uses (i.e. expenditures). Revenues are recognized when cash is received. Expenditures are recognized when checks are written. Allocations of cost, such as depreciation, are not recognized in governmental funds. This approach differs from the manner in which the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

*D. Cash and Cash Equivalents*

To improve cash management, the Center utilizes a pooled account. Monies for all funds, excluding fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through Center records. Interest in the pool is presented as “cash.”

During the fiscal year, the Center had no investments.

*E. Capital Assets*

All capital assets of the Center are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide Statement of Net Position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Center maintains a capitalization threshold of five hundred dollars. Investments are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

All reported capital assets except land and construction in progress are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	40 years
Equipment	5 - 20 years

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

*F. Compensated Absences*

Teachers do not receive paid vacation leave but are paid only for the number of days they are required to work each year. Other employees are granted vacation leave in varying amounts. In the event of termination, an employee is not reimbursed for any unused accumulated leave. The Center has no liability for unused vacation pay since all vacation leave is lost if not taken each fiscal year. Vacation pay is charged to operations when taken by the employees of the Center.

Sick leave is not paid upon termination and does not vest under the Center's policy and accordingly, employees can only utilize sick leave when sick. Full-time teacher certified employees are allowed to accrue 15 days of sick leave each year to a maximum of 340 days. Teachers can elect to have unused accrued sick days credited towards retirement in accordance with TRS guidelines. Full-time non-certified support staff working 12 months receives 15 days of sick leave. Part-time non-certified teacher aides and support staff receive 10 days of sick leave. Upon resignation they can elect to have those days used towards retirement in accordance with IMRF guidelines.

*G. Net Position*

In the Government-wide financial statements net position represents the difference between assets and liabilities, and is displayed in three components:

1. Net Position invested in capital assets - consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of these assets. At June 30, 2018, net investment in capital assets consists of the following:

Capital assets, at cost	\$ 9,774,056
Less: Accumulated depreciation	<u>(4,792,959)</u>
Capital assets, net	4,981,097
Less:	
General obligation bonds	<u>(1,740,000)</u>
Net investment in capital assets	<u>\$ 3,241,097</u>

2. Restricted net position - consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
3. Unrestricted net position - all other net position that does not meet the definition of "restricted" or "net investment in capital assets."

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

##### H. Pension

For purposes of measuring the net pension liability and pension expense, information about the fiduciary net position of TRS and IMRF and additions to/deductions from the TRS and IMRF fiduciary net position have been determined on the same basis as they are reported by TRS and IMRF.

#### NOTE 2: CASH

The Center is allowed to invest in securities as authorized by the School Code of Illinois, Chapter 85, Sections 902 and 906; and Chapter 122, Section 8-7 and limited by their own local ordinance. The Center has adopted a formal written investment and cash management policy. The institution in which investments are made must be approved by the Board of Control.

Custodial Credit Risk is the risk that in the event of bank failure, the Center's deposits may not be returned to it. The Center does not have a deposit policy for custodial credit risk.

The Center's deposits are entirely covered by federal depository insurance (FDIC) or by securities held by the pledging financial institution. The FDIC currently insures the first \$250,000 of the Center's deposits at each financial institution. Deposit balances over \$250,000 (\$917,711) are collateralized with securities held by the pledging financial institution. At June 30, 2018, the carrying amount of the Center's deposits was \$948,804 and the bank balance was \$1,167,711.

#### NOTE 3: COMMON BANK ACCOUNT

Separate bank accounts are not maintained for all Center funds; instead, cash of certain funds is combined in one common bank account. Individual accounting records are maintained showing the cash balance attributed to each fund. As of June 30, 2018, the funds participating in the common bank account had the following cash balances:

Fund	Balance
Educational Fund	\$ 944,705
Capital Projects Fund	4,099
Total	<u>\$ 948,804</u>

#### NOTE 4: CAPITAL ASSETS

Current year depreciation is allocated as follows:

Instruction	\$147,461
Support Services	<u>88,779</u>
Total Current Year Depreciation	<u>\$236,240</u>

Significant capital additions includes the following:

Renovation Work	\$74,834
Simulator	24,995
New Parking Lot	23,001
Playground Equipment	18,325

**WILCO AREA CAREER CENTER****Notes to Basic Financial Statements  
For the Year Ended June 30, 2018****NOTE 4: CAPITAL ASSETS – (Continued)**

	June 30, 2017	Additions	Deletions	June 30, 2018
Capital Assets, not being depreciated:				
Land	\$ 90,524	-	-	90,524
Construction in Progress	2,234,599	-	(2,234,599)	-
Total Capital Assets, not being depreciated	2,325,123	-	(2,234,599)	90,524
Capital Assets, being depreciated:				
Building	5,718,106	2,350,759	-	8,068,865
Transportaion Equipment	36,010	-	-	36,010
Equipment	1,465,654	113,003	-	1,578,657
Total Capital Assets, being depreciated	7,219,770	2,463,762	-	9,683,532
Total Capital Assets	9,544,893	2,463,762	(2,234,599)	9,774,056
Less Accumulated Depreciation:				
Building	(3,182,916)	(162,318)	-	(3,345,234)
Transportaion Equipment	(33,487)	(505)	-	(33,992)
Equipment	(1,340,316)	(73,417)	-	(1,413,733)
Total Accumulated Depreciation	(4,556,719)	(236,240)	-	(4,792,959)
Governmental Activities Capital Assets, net	\$ 4,988,174	2,227,522	(2,234,599)	4,981,097

**NOTE 5: LEASE COMMITMENTS**

The Center entered into a lease agreement for computers with Kansas State Bank on July 7, 2015. The lease was a 36-month lease with annual payments of \$7,471, expiring on June 30, 2018. The Center made the final payment in fiscal year 2018 with no future obligation.

The Center entered into a lease on December 15, 2015 with McGrath Office Equipment, Inc. for two copiers. The lease was a 36-month lease requiring monthly payments of \$635. The Center exercised a purchase on the copier lease during fiscal year 2018, terminating the lease agreement.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

**NOTE 6: LONG TERM OBLIGATIONS**

The following is a summary of the Center's general long-term obligations for the year ended June 30, 2018:

	Principal Outstanding 7/1/2017	Additions	Reductions	Principal Outstanding 6/30/2018	Amount Due in One Year
Debt Certificates, Series 2016	\$ 1,925,000	-	185,000	1,740,000	195,000
Total Long-Term Debt	<u>\$ 1,925,000</u>	<u>-</u>	<u>185,000</u>	<u>1,740,000</u>	<u>195,000</u>

Debt Certificates: The Center issued \$2,100,000 Debt Certificates, Series 2016, authorizing an Installment Purchase Agreement related to building and equipping additions to, and altering, improving, equipping and repairing school facilities of the Wilco Career Center with Stifel, Nicolaus & Company, Incorporated on June 6, 2016. These bonds bear interest at rates ranging from 2.375% to 4.000% to be compounded semi-annually on each June 1 and December 1. The bond payments are due June 1 and December 1, beginning on December 1, 2016, with a final maturity on December 1, 2025. Principal and interest payments are made from the Capital Projects fund with receipts from each Member District based on a proportion equal to a percentage of the five year average of the eleventh and twelfth grade fall enrollment counts for Fiscal Years 2011 through 2015. The proportionate share of the bond payments are disclosed in the table below:

Participating District	Allocation %*
Lemont Township High School District 210	9.18%
Plainfield Community Consolidated School District 202	52.82%
Reed-Custer Community Unit School District 255-U	3.25%
Valley View Community Unit School District 365-U	31.84%
Wilmington Community Unit School District 209-U	2.91%

*\*Any District's payment amount exceeding \$100,000 annually will be capped at \$100,000. The additional amount in excess of \$100,000 will be equally divided amongst the remaining Districts.*

Principal and interest required to retire Debt Certificates, Series 2016 outstanding as of June 30, 2018 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2019	\$ 195,000	46,988	241,988
2020	200,000	40,088	240,088
2021	210,000	33,938	243,938
2022	215,000	27,563	242,563
2023	220,000	21,038	241,038
2024-2026	700,000	25,557	725,557
Totals	<u>\$1,740,000</u>	<u>195,172</u>	<u>1,935,172</u>

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 7: CONTINGENCIES

Grant Programs: The Center has received funding from state and federal grants which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the granting agencies. Any disallowed claims resulting from such audits could become a liability of the Center. In the opinion of the Center, any such disallowed claims will not have a material adverse effect on the overall financial position of the Center.

#### NOTE 8: OTHER CONTRACTUAL COMMITMENTS

Teacher's contracts for services rendered during the school year for teachers electing twelve month pay schedules are recorded in the fiscal year when such checks are drawn. Unpaid teacher's contracts for services performed during the year ended June 30, 2018 amounted to \$146,175.

#### NOTE 9: RETIREMENT FUND COMMITMENTS

##### A. *Teachers Retirement System of the State of Illinois*

##### **General Information about the Plan**

##### *Plan Description*

The Center 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://www.trsil.org/financial/cafrs/fy2017>; or by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

##### *Benefits Provided*

TRS provides retirement, disability, and death benefits. Tier 1 members have TRS or reciprocal system service prior to January 1, 2011. Tier 1 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.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS

##### A. *Teachers Retirement System of the State of Illinois (Continued)*

###### *Benefits Provided (Continued)*

Tier 2 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 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 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 2 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, creates an optional Tier 3 hybrid retirement plan, but has not yet gone into effect. The earliest possible implementation date is July 1, 2019.

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2018, 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 Center. For the year ended June 30, 2018, state of Illinois contributions recognized by the Center were based on the state's proportionate share of the collective NPL associated with the Center, and the Center recognized revenue and expenditures of \$141,125 in pension contributions from the state of Illinois.

2.2 Formula Contributions – Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018, were \$8,104.

Federal and Special Trust Fund Contributions – When TRS members are paid from federal and special trust funds administered by the Center, there is a statutory requirement for the Center to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust fund contributions 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.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)**

*A. Teachers Retirement System of the State of Illinois (Continued)*

*Contributions*

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, no salaries were paid from federal and special trust funds requiring employer contributions.

Employer Retirement Cost Contributions – Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The Center is required to make a one-time contribution to TRS for members retiring under the ERO. The payments vary depending on the member's age and salary. The maximum employer ERO contribution under the program that ended on 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 Center paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 2016.

The Center 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 employer paid \$0 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal annual allotment.

*Pension Liabilities*

At June 30, 2018, the Center has an unreported 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 Center. The state's support and total are for disclosure purposes only. The amount recognized by the Center 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 Center were as follows:

Center's proportionate share of the net pension liability	\$ 142,290
State's proportionate share of the net pension liability associated with the employer	<u>9,795,561</u>
Total	<u>\$ 9,937,851</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 Center's proportion of the net pension liability was based on the Center'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 Center's proportion was .00019 percent, which was an increase of .00002 percent from its proportion measured as of June 30, 2016.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)

##### A. *Teachers Retirement System of the State of Illinois (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	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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. bonds 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	<u>100%</u>	

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)

##### A. *Teachers Retirement System of the State of Illinois (Continued)*

###### *Discount Rate*

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 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

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments of current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 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. All projected future payments were covered, so the 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 lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

###### *Sensitivity of the Center's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the Center's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Center'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 Discount Rate (7.00%)	1% Increase (8.00%)
Center's proportionate share of the net pension liability	\$ 174,822	142,290	115,644

###### *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*.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)

##### *B. THIS Fund Contributions*

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

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

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

- On behalf contributions THIS Fund

The state of Illinois makes employer retiree health insurance contributions on behalf of the Center. 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 \$16,488, and the Center recognized revenue and expenditures of this amount during the year.

- Center contributions to THIS Fund

The Center also makes contributions to the THIS Fund. The Center THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the Center paid \$12,296 to the THIS Fund, which was 100 percent of the required contribution.

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

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)

##### *C. Illinois Municipal Retirement Defined Benefit Pension Plan*

##### *IMRF Plan Description*

The Center'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 Center's plan is managed by the Illinois Municipal Retirement Fund (IMRF), the administrator of a multi-employer public pension fund. A summary of IMRF's pension benefits is provided in the "Benefits Provided" section of this document. Details of all benefits are available from IMRF. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available Comprehensive Annual Financial Report that includes financial statements, detailed information about the pension plan's fiduciary net position, and required supplementary information. The report is available for download at [www.imrf.org](http://www.imrf.org).

The Center participates in the Will County Regular Plan. Only the plan description and benefits provided are described as presenting Will County information would be misleading to readers. For IMRF actuarial information, please refer to Will County's Annual Financial Report. Center contribution information is presented on the next page.

##### *Benefits Provided*

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

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

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 9: RETIREMENT FUND COMMITMENTS – (Continued)

##### *C. Illinois Municipal Retirement Defined Benefit Pension Plan – (Continued)*

##### *Benefits Provided (Continued)*

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

- 3% of the original pension amount, or
- 1/2 of the increase in the Consumer Price Index of the original pension amount.

##### *Contributions*

As set by statute, the Center's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The Center's annual contribution rate and actual Center contributions for calendar year 2017 and the fiscal year ended June 30, 2018 are summarized below. The Center 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.

Plan member required contribution rate		4.50%
Required contribution rate for 2017		11.89%
Required contribution rate for 2018		11.89%
Center actual contributions for calendar year 2017	\$	59,953
Center actual contributions for fiscal year 2018	\$	64,435

#### NOTE 10: RISK MANAGEMENT- CLAIMS AND JUDGMENTS

The Center's risk management activities were recorded in the Educational Fund. No liability has been recorded in the books for future expenses related to risk management; these expenses are reported as the expenditures are made.

The Center is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets, errors and omissions and natural disasters for which the Center carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

On September 20, 2016, the Center approved a resolution authorizing membership in the School Employees Loss Fund ("SELF"). SELF is an intergovernmental workers compensation loss fund created by Illinois School Districts. The Center's participation in the intergovernmental agreement requires limited financial contributions, and the Center shall not be held responsible in any way for claims due to property losses of, or claims in tort or contract made against any other member of the agency.

## WILCO AREA CAREER CENTER

### Notes to Basic Financial Statements For the Year Ended June 30, 2018

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#### NOTE 11: EMPLOYEE BENEFIT PLAN

Effective in 1984, the Center entered into an agreement with the Lincoln-Way Area Affiliation of Participating School Centers Employee Benefit Plan, which through its risk-sharing provisions provides the Center with its insurance coverage for medical claims.

The Plan is self-funded employee benefit plan which covers substantially all employees of the members, all of which are located in northeastern Illinois. The members, as well as covered employees, contribute to the Plan. The contributions are based on the Plan's prior experience and projected claim costs.

The Plan utilized the services of Professional Benefits Administrators, Inc. as the claims paying agent during the year ended June 30, 2017. They were paid \$635,047 for these services during the year ended June 30, 2017.

Benefits provided include hospitalization, surgical, medical, dental, vision and temporary disability coverage for all full-time employees of Plan members. The Plan is self-insured to \$300,000 per individual member employee. Liabilities in excess of these limits are covered by stop-loss insurance coverage. As of June 30, 2017, there were no insurance and stop-loss claims due to the Plan. Contributions to the Plan are paid monthly by each member based upon rates determined annually by the Board of Trustees.

The following is a financial summary (cash basis) of the Plan for the year ended June 30, 2017, the most recent financial information available. A complete audited financial report can be obtained by contacting the Shorewood Agency at 501 Parkshore, Shorewood, IL 60431.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 11: EMPLOYEE BENEFIT PLAN – (Continued)**

	<u>Year Ended 6/30/2017</u>
Receipts:	
Contributions from Participants	\$ 27,876,110
Interest Income	42,030
Total Receipts	<u>27,918,140</u>
Disbursements:	
Claims Paid	8,568,561
HMO Premiums	9,843,311
Prescription Card Reimbursements	2,564,022
Administration Fees	677,957
Stop Loss Premiums	365,171
Section 125 Expenses	548,106
Life and Other Premiums	387,162
Transition Reinsurance Payment	84,594
Consultant Fees	49,800
Professional Fees	8,525
Fiduciary Liability Premiums	10,662
Other Expense	139
Total Disbursements	<u>23,108,010</u>
Excess of Disbursements Over Receipts	4,810,130
Cash at beginning of year	<u>11,791,330</u>
Cash at end of year	<u>\$ 16,601,460</u>

**NOTE 12: MEMBER DISTRICT INFORMATION**

The Center is a joint venture involving the following School Districts in Will County: Lemont #210, Lockport #205, Plainfield #202, Reed-Custer #225U, Valley View #356U, and Wilmington #209U.

Tuition

The Center receives a majority of its revenue from the participating Districts in the form of tuition. The departure of any Member District from the joint venture would have a significant impact on the programs offered by the Center.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 12: MEMBER DISTRICT INFORMATION – (Continued)**

The following table displays the amounts received from each Member District for tuition and fees during the fiscal year ending June 30, 2018:

Lemont #210	\$ 103,846
Plainfield #202	1,190,000
Reed-Custer #225U	105,000
Valley View #356U	975,000
Wilmington #209U	245,000
Lockport #205	310,750
Non-Member Districts	<u>45,000</u>
	<u>\$ 2,974,596</u>

**NOTE 13: FUND BALANCE REPORTING – GASB 54 PRESENTATION**

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 that apply to the Center and a reconciliation of how these balances are reported.

A. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for these specified purposes. Debt Service funds were fully spent during the 2018 fiscal year, resulting in no restricted fund balance.

B. 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 Board of Control). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts.

The 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.

**WILCO AREA CAREER CENTER**

**Notes to Basic Financial Statements  
For the Year Ended June 30, 2018**

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**NOTE 13: FUND BALANCE REPORTING – GASB 54 PRESENTATION – (Continued)**

B. Committed Fund Balance (Continued)

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2018, unpaid contracts for services performed amounted to \$146,175.

The Center issued bonds in 2016 for capital improvements. At June 30, 2018, the Capital Projects fund balance of \$4,099 has been committed for the purpose of financing the capital projects.

C. 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 Board itself or (b) the finance committee or by the Director when the Board has delegated the authority to assign amounts to be used for specific purposes.

D. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the Educational Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the Educational Fund. Unassigned Fund balance amounts are shown in the financial statements as Unassigned fund balances in the Educational Fund.

E. Reconciliation of Fund Balance Reporting

The following table represents Fund balance reporting according to generally accepted accounting principles.

	<u>Committed</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
Funds:				
Educational	\$ 146,175	-	798,530	944,705
Capital Projects	4,099	-	-	4,099
	<u>\$ 150,274</u>	<u>-</u>	<u>798,530</u>	<u>948,804</u>

F. Expenditures of Fund Balance

Unless specifically identified, expenditures act to reduce restricted balances first, then committed balances, next assigned balances, and finally act to reduce unassigned balances. Expenditures for a specifically identified purpose will act to reduce the specific classification of fund balance that is identified.

***OTHER INFORMATION***

**WILCO AREA CAREER CENTER  
EDUCATIONAL FUND**

**Statement of Assets, Liabilities and Fund Balance  
Arising from Cash Transactions  
June 30, 2018**

		<u>Educational Fund</u>
<u>Assets</u>		
Cash in Bank		<u>\$ 944,705</u>
Total Assets		<u>\$ 944,705</u>
<u>Fund Balance</u>		
Unassigned Fund Balance		\$ 798,530
Committed Fund Balance		<u>146,175</u>
Total Fund Balance		<u>\$ 944,705</u>

Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance  
Budget and Actual

For the Year Ended June 30, 2018  
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
Revenues Received:				
Local Sources:				
CTE Tuition from Other Districts	\$ 2,756,076	2,974,596	2,974,596	2,738,506
Adult Tuition from Pupils or Parents	17,040	17,040	17,985	16,695
Interest Income	500	500	1,124	880
Student Fees	30,643	30,643	34,100	27,380
Textbook Rentals	6,486	6,486	7,003	6,697
Sale of Vocational Projects	41,000	41,000	36,964	50,581
Other Local Revenues	2,000	2,000	12,932	6,828
Total Local Revenues	2,853,745	3,072,265	3,084,704	2,847,567
State Sources:				
CTE - Secondary Program Imprv.	925,751	925,751	765,758	267,830
CTE - Agriculture Education	10,000	10,000	10,000	15,000
Total State Sources	935,751	935,751	775,758	282,830
Federal Sources:				
CTE - Perkins - Title III E Tech Prep	139,300	139,300	128,506	134,645
Total Federal Sources	139,300	139,300	128,506	134,645
On Behalf Payments	425,000	425,000	157,613	524,922
Total Revenues Received	\$ 4,353,796	4,572,316	4,146,581	3,789,964

**WILCO AREA CAREER CENTER  
EDUCATIONAL FUND**

**SCHEDULE A-2  
(Continued)**

**Statement of Revenues Received, Expenditures Disbursed and  
Changes in Fund Balance - Budget and Actual**

**For the Year Ended June 30, 2018  
(With Comparative Figures for 2017)**

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
Expenditures Disbursed:				
Instruction:				
Adult/Continuing Education Programs:				
Salaries	\$ 6,900	6,900	7,425	3,627
Employee Benefits	767	767	558	249
Purchased Services	2,500	2,500	390	-
Supplies and Materials	1,300	1,300	1,300	1,549
Other Objects	500	500	-	579
Total Adult/Continuing Education Programs	<u>11,967</u>	<u>11,967</u>	<u>9,673</u>	<u>6,004</u>
CTE Programs:				
Salaries	1,177,705	1,174,370	1,163,814	1,097,374
Employee Benefits	275,898	266,717	266,395	222,319
Purchased Services	4,250	4,250	4,825	2,680
Supplies and Materials	155,032	163,422	165,001	147,726
Capital Outlay	27,914	38,656	37,139	53,529
Other Objects	272,030	256,180	233,894	231,045
Total CTE Programs	<u>1,912,829</u>	<u>1,903,595</u>	<u>1,871,068</u>	<u>1,754,673</u>
Total Instruction	<u>1,924,796</u>	<u>1,915,562</u>	<u>1,880,741</u>	<u>1,760,677</u>
Support Services:				
Guidance Services:				
Salaries	192,320	192,320	192,319	196,091
Employee Benefits	38,295	38,295	35,915	34,679
Purchased Services	20,000	20,000	19,182	20,432
Supplies and Materials	2,000	2,000	2,266	777
Other Objects	1,500	1,500	944	1,308
Total Guidance Services	<u>254,115</u>	<u>254,115</u>	<u>250,626</u>	<u>253,287</u>

**WILCO AREA CAREER CENTER  
EDUCATIONAL FUND**

**SCHEDULE A-2  
(Continued)**

**Statement of Revenues Received, Expenditures Disbursed and  
Changes in Fund Balance - Budget and Actual**

**For the Year Ended June 30, 2018  
(With Comparative Figures for 2017)**

	Original Budget	Final Budget	Year Ended June 30, 2018	2017
Expenditures Disbursed (Continued):				
Support Services (Continued):				
Improvement of Instruction Services:				
Salaries	\$ 139,424	151,457	131,774	107,258
Employee Benefits	49,945	45,858	44,337	37,688
Purchased Services	29,621	29,621	24,441	26,800
Supplies and Materials	34,750	33,200	47,251	30,411
Capital Outlay	30,000	47,050	33,150	769
Total Improvement of Instruction Services	<u>283,740</u>	<u>307,186</u>	<u>280,953</u>	<u>202,926</u>
Assessment and Testing:				
Supplies and Materials	-	4,000	4,208	18,215
Board of Education Services:				
Purchased Services	26,790	20,790	11,139	12,859
Supplies and Materials	200	200	122	55
Total Board of Education Services	<u>26,990</u>	<u>20,990</u>	<u>11,261</u>	<u>12,914</u>
Executive Administration:				
Salaries	256,318	250,318	247,818	205,760
Employee Benefits	62,112	58,194	54,720	64,386
Purchased Services	12,750	16,750	16,514	10,419
Supplies and Materials	4,750	4,750	4,635	4,491
Other Objects	2,000	2,000	1,999	1,680
Total Executive Administration	<u>337,930</u>	<u>332,012</u>	<u>325,686</u>	<u>286,736</u>
Fiscal Services:				
Salaries	48,459	52,818	52,817	47,277
Employee Benefits	9,544	21,244	19,926	9,210
Purchased Services	4,900	6,650	6,694	8,459
Supplies and Materials	1,000	1,000	510	866
Other Objects	2,250	2,850	3,230	1,909
Total Fiscal Services	<u>66,153</u>	<u>84,562</u>	<u>83,177</u>	<u>67,721</u>

Statement of Revenues Received, Expenditures Disbursed and  
Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2018  
(With Comparative Figures for 2017)

	Original Budget	Final Budget	Year Ended June 30,	
			2018	2017
Expenditures Disbursed (Continued):				
Support Services (Continued):				
Operations & Maintenance:				
Salaries	\$ 176,555	176,555	164,740	166,862
Employee Benefits	75,374	75,374	70,876	72,595
Purchased Services	139,400	134,770	124,798	107,221
Supplies and Materials	127,000	114,000	99,523	92,458
Capital Outlay	120,000	325,020	325,376	129,732
Other Objects	10,000	17,000	14,900	532
Total Operations & Maintenance	648,329	842,719	800,213	569,400
Total Support Services	1,617,257	1,845,584	1,756,124	1,411,199
On Behalf Payments	425,000	425,000	157,613	524,922
Total Expenditures Disbursed	3,967,053	4,186,146	3,794,478	3,696,798
Excess (deficiency) of Revenues Received over (under) Expenditures Disbursed	\$ 386,743	386,170	352,103	93,166
Fund Balance, beginning of year			592,602	499,436
Fund Balance, end of year			944,705	592,602

**WILCO AREA CAREER CENTER  
DEBT SERVICE FUND**

**SCHEDULE B-1**

**Statement of Assets, Liabilities and Fund Balance Arising  
from Cash Transactions**

**June 30, 2018**

<u>Assets</u>	
Cash in bank	\$ <u>          -</u>
Total Assets	\$ <u>          -</u>
<u>Fund Balance</u>	
Fund Balance	\$ <u>          -</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance  
Budget and Actual**

**SCHEDULE B-2**

**For the Year Ended June 30, 2018**

**(With Comparative Figures for 2017)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues Received				
Payments from Other Districts	\$ 239,588	239,588	239,588	235,881
Total Expenditures Disbursed	<u>239,588</u>	<u>239,588</u>	<u>239,588</u>	<u>235,881</u>
Expenditures Disbursed				
Debt Service - Interest	54,588	54,588	54,588	60,881
Debt Service - Principal	185,000	185,000	185,000	175,000
Total Expenditures Disbursed	<u>239,588</u>	<u>239,588</u>	<u>239,588</u>	<u>235,881</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ -</u>	<u>-</u>	-	-
Fund balance, beginning of year			-	-
Fund balance, end of year			<u>-</u>	<u>-</u>

**WILCO AREA CAREER CENTER  
CAPITAL PROJECTS FUND**

**SCHEDULE C-1**

**Statement of Assets, Liabilities and Fund Balance Arising  
from Cash Transactions**

**June 30, 2018**

<u>Assets</u>	
Cash in bank	\$ 4,099
Total Assets	<u>\$ 4,099</u>
<u>Fund Balance</u>	
Committed Fund Balance	<u>\$ 4,099</u>

**Statement of Revenues Received, Expenditures Disbursed and Changes in Fund Balance  
Budget and Actual**

**SCHEDULE C-2**

**For the Year Ended June 30, 2018  
(With Comparative Figures for 2017)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Year Ended June 30,</u>	
			<u>2018</u>	<u>2017</u>
Revenues Received				
Interest Income	\$ -	-	21	485
Total Expenditures Disbursed	<u>-</u>	<u>-</u>	<u>21</u>	<u>485</u>
Expenditures Disbursed				
Professional and Technical Services	60,100	42,990	42,878	2,046,841
Supplies and Materials	-	-	-	5,210
Capital Improvements	-	17,110	16,947	48,705
Total Expenditures Disbursed	<u>60,100</u>	<u>60,100</u>	<u>59,825</u>	<u>2,100,756</u>
Excess (deficiency) of revenues received over (under) expenditures disbursed	<u>\$ (60,100)</u>	<u>(60,100)</u>	(59,804)	(2,100,271)
Fund balance, beginning of year			<u>63,903</u>	<u>2,164,174</u>
Fund balance, end of year			<u>4,099</u>	<u>63,903</u>

**WILCO AREA CAREER CENTER**

**Other Information  
Teachers' Retirement System of the State of Illinois**

Schedule D-1

**Schedule of Wilco Area Career Center's Share of the Net Pension Liability**

	Fiscal Year 2017*	Fiscal Year 2016*	Fiscal Year 2015	Fiscal Year 2014
Wilco Area Career Center's Proportion of the Net Pension Liability	0.0001862485%	0.0001746933%	0.0002144364%	0.0001990432%
Wilco Area Career Center's Proportionate Share of the Net Pension Liability	\$ 142,290	137,896	140,477	121,134
State's Proportionate Share of the Net Pension Liability Associated with Wilco Area Career Center	9,795,561	9,258,584	8,388,346	7,554,052
<b>Total</b>	<b>\$ 9,937,851</b>	<b>9,396,480</b>	<b>8,528,823</b>	<b>7,675,186</b>
Wilco Area Career Center's Covered-Employee Payroll	\$ 1,323,555	1,146,071	1,295,587	1,241,650
Wilco Area Career Center's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	10.75%	12.03%	10.84%	9.76%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%

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

Schedule D-2

**Schedule of Contributions**

	Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015
Statutorily Required Contribution	\$ 8,104	7,677	6,647	7,514
Contributions in Relation to the Statutorily Required Contribution	8,104	7,677	6,647	7,514
<b>Contribution Deficiency (Excess)</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>-</b>
Wilco Area Career Center's Covered-Employee Payroll	\$ 1,397,281	1,323,555	1,146,071	1,295,587
Contributions as a Percentage of Covered-Employee Payroll	0.58%	0.58%	0.58%	0.58%

This schedule is presented to illustrate the requirement to report information for 10 years. However, until a full 10-year trend is compiled, information is only presented for years for which information is available.

***NOTES TO OTHER INFORMATION***

## WILCO AREA CAREER CENTER

### Notes to Other Information For the Year Ended June 30, 2018

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#### NOTE 1: **BUDGETARY BASIS OF ACCOUNTING**

The Center's budget for all governmental funds is prepared on the cash basis of accounting (Non-GAAP) which is the same basis that is used in fund financial statements. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 122, Paragraph 17.1 of the Illinois Revised Statutes. The budget was passed on August 15, 2017, and was amended on May 15, 2018.

For each fund, total fund expenses paid may not legally exceed the budgeted amounts. The budget lapses at the end of the fiscal year. The Center follows these procedures in establishing the budgetary data reflected in the financial statements.

Prior to July 1, the Director submits to the Board of Control a proposed operating budget for the fiscal year commencing on that date. The operating budget includes proposed expenditures and the means of financing them. The proposed operating budget is placed on file and a public hearing is held to obtain comments from the community.

Prior to September 1, the budget is legally adopted by the Board of Control through passage of a resolution. Formal Budgetary integration is employed as a management control device at the function/object level during the year.

The Board of Control may make transfers between the various items in any fund not exceeding in the aggregate 10 percent of the total of such fund as set forth in the budget. The Board of Control may amend the budget (in other ways) by the same procedures required of its original adoption.

#### NOTE 2: **BUDGETARY COMPARISONS**

The table below includes budgetary comparisons for the Center's major funds.

Description	Budget	Actual	Variance	Percent Variance
Educational Revenues Received	\$4,572,316	4,146,581	(425,735)	-10.27%
Educational Expenditures Disbursed	4,186,146	3,794,478	391,668	10.32%
Bond & Interest Revenues Received	239,588	239,588	-	0.00%
Bond & Interest Expenditures Disbursed	239,588	239,588	-	0.00%
Capital Project Revenues Received	-	21	21	100.00%
Capital Project Expenditures Disbursed	60,100	59,825	275	0.46%

## WILCO AREA CAREER CENTER

### Notes to Other Information For the Year Ended June 30, 2018

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#### **NOTE 3: CHANGES IN ASSUMPTIONS**

For the 2017 and 2016 measurement years, the assumed investment rate 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 was 7.5 percent, including an inflation rate of 3.0 percent and a real return of 4.5 percent. Salary increases were assumed to vary by service credit. Various other changes in assumptions were adopted based on the experience analysis for the three-year period ending June 30, 2014.

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

***SUPPLEMENTARY INFORMATION***

**Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended June 30, 2018**

	Beginning Balance July 1, 2017	Additions	Deductions	Ending Balance June 30, 2018
<b>Student Activities</b>				
Cash-				
Auto Service	\$ 365	1,930	1,369	926
Braidwood HOSA	796	4,007	4,117	686
Child Care	49	1,124	1,128	45
Computer Tech	576	1,766	2,635	(293)
Criminal Justice	936	6,288	5,975	1,249
Culinary	790	18,185	17,556	1,419
EMS	211	969	947	233
Fire Science	406	3,060	3,400	66
Fire Science - Explorers	174	454	328	300
Fire Science - Skills	3,371	6,136	3,334	6,173
Foundation Scholarship	6,311	-	2,000	4,311
Health Care/EMS Fees	330	5,852	5,680	502
HOSA	8,164	9,686	10,089	7,761
Medical Office	19	-	-	19
National Competitions Fund	774	17,326	16,071	2,029
Wilco Student Activities	6,998	42,992	45,494	4,496
Vet Tech	2,558	18,386	17,016	3,928
Welding	760	-	576	184
Total Student Activities	33,588	138,161	137,715	34,034
<b>Illinois AVC Assessment Project</b>	4,698	-	26	4,672
Total Agency Funds	\$ 38,286	138,161	137,741	38,706



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CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditors' Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed In Accordance with Government Auditing Standards**

To the Board of Control  
Wilco Area Career Center  
Romeoville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Wilco Area Career Center, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Wilco Area Career Center's basic financial statements, and have issued our report thereon dated September 18, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Wilco Area Career Center'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 Wilco Area Career Center's internal control. Accordingly, we do not express an opinion on the effectiveness of Wilco Area Career Center's internal control.

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

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

We noted certain matters that we reported to management of Wilco Area Career Center in a separate letter dated September 18, 2018.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Mack & Associates, P.C.*

Mack & Associates, P.C.  
Certified Public Accountants

Morris, Illinois  
September 18, 2018