



DECATUR PUBLIC SCHOOL DISTRICT #61
BOARD OF EDUCATION
AGENDA

Regular Meeting
Stephen Decatur Middle School
Team Room 124
SDMS Auditorium

October 24, 2017
5:00 PM Open Session
Closed Session Immediately Following
6:30 PM Open Session Continuing

Legend: AI = Action Item DI = Discussion Item IO = Information Only

Board of Education Mission Statement:

“As elected representatives of the Decatur community, the Board of Education aspires to make our schools high performing and visionary. We seek to collaborate with and inspire all our stake-holders to promote a student-centered, inclusive, value-driven environment in all our schools. The school board recognizes its fiduciary responsibilities and board members strive to be engaged and promote a culture conducive to learning.”

The Board of Education Core Values:

Engaged ~ Collaborate ~ Inclusive ~ Excellence ~ Citizenship ~ Innovation

6:30 PM Public Hearing Regarding:

- **Conduct a Public Hearing Concerning the Intent of the Board of Education to Sell \$2,500,000 Working Cash Fund Bonds**

IO 1.0 CALL TO ORDER
Roll Call

IO 2.0 CALL FOR EXECUTIVE SESSION
The Board of Education will meet in Closed Executive Session to discuss the appointment, employment, compensation, discipline, performance or dismissal of specific employees of the public body, and discussion of collective negotiating matters between the Board and representatives of its employees.

IO 3.0 PLEDGE OF ALLEGIANCE

AI 4.0 APPROVAL OF AGENDA, OCTOBER 24, 2017

IO 5.0 SPECIAL PRESENTATIONS AND DISTRICT HIGHLIGHTS

School Spotlights

- South Shores Elementary School
- Stephen Decatur Middle School

Congratulations to all of our schools for participating in the 2017 WSOY food drive. A special **Thank You to Tate & Lyle** for providing special incentives to the top five schools for their calculation of pounds of food collected. The incentives include \$500 Gift Cards for the following top five schools:

Schools Awarded:

- 1st Place: Eisenhower High School – 95,995 lbs.
- 2nd Place: Dennis Lab School – 23,105 lbs.
- 3rd Place: MacArthur High School – 13,701 lbs.
- 4th Place: Parsons Elementary School – 9,887 lbs.
- 5th Place: Johns Hill Magnet School – 7,082 lbs.

Decatur Public Schools donated a total of 174,543 pounds of food for local food banks. Great job students, staff and families!

IO 6.0 PUBLIC PARTICIPATION

AI 7.0 CONSENT ITEMS

- A. Minutes: Regular/Closed Meeting October 10, 2017
- B. Financial Conditions Report
- C. Treasurer’s Report
- D. Resolution Authorizing the Sale of Two Non-running Vehicles to a Local Scrap Yard
- E. Macon Piatt Special Education District Memorandum of Understanding with Decatur Public School District 61 relating to Administrative Agent Fee
- F. Durfee Magnet Elementary School Fundraiser
- G. Job Description: Maintenance Foreman for Buildings and Grounds

AI 8.0 ROLL CALL ACTION ITEMS

- A. Personnel Action Items
- B. Decatur Public School District 61 FY17 Annual Audit
- C. Macon-Piatt Special Education District FY17 Annual Audit
- D. Estimated Tax Levy 2017, Paid in 2018
- E. Superintendent Dr. Paul Fregeau Balanced Scorecard (Goals) 2017-2018 for Decatur Public School District 61

IO 9.0 SUPERINTENDENT’S REPORT

- A. International Baccalaureate (IB) School Visit: Dr. Paul Fregeau, Superintendent

DI 10.0 BOARD DISCUSSION ITEMS

- A. Board Committee Updates

IO 11.0 ANNOUNCEMENTS

IO 12.0 IMPORTANT DATES

- October**
- 27 Report Card Distribution for Elementary and Middle School
 - 27 Midterm Distribution for High School
 - 27 Special Closed Executive Session
 - 7:00 AM, 3rd Floor Conference Room, Keil Administration Building
 - 30 No School! Parent/Teacher Conferences
 - 31 No School! Teacher Institute/Work Day
- November**
- 08 Middle School Band Festival
 - 7:00 PM, Stephen Decatur Middle School Auditorium
 - 10 Veteran’s Day Holiday
 - Full Day of School for ALL Students
 - 11 Legacy of Learning Alumni Award Banquet at the Millikin University Student Center
 - For more information, please contact Zach Shields, Executive Director of Decatur Public Schools Foundation, at 217 362-3042 and/or at zshields@dps61.org
 - 15 Half Day of School for ALL Students
 - 15 School Board Members’ Day in Illinois
 - 13 – 17 American Education Week
 - 17 Midterm Distribution

NEXT MEETING

The public portion of the next regular meeting of the Board of Education will be at 6:30 PM, Tuesday, November 14, 2017 in the 1st Floor Board Room at the Keil Administration Building.

13.0 ADJOURNMENT

**DECATUR DISTRICT 61 BOARD OF EDUCATION
REGULAR MEETING MINUTES**

DATE/TIME: October 10, 2017

5:00 PM

LOCATION: Keil Administration Building
3rd Floor Conference Room and
1st Floor Board Room

PRESENT: Dan Oakes, President
Courtney Carson
Brian Hodges
Kendall Briscoe
Beth Creighton
Sherri Perkins

ABSENT: Beth Nolan, Vice President

STAFF: Superintendent Dr. Paul Fregeau, Board Secretary Melissa Bradford and Attorney Brian Braun

President Oakes called the meeting to order at 5:00 PM.

TOPIC	DISCUSSION	ACTION
Call for Closed Executive Session	President Oakes called the meeting to order and moved into Closed Executive Session to discuss student disciplinary matters and to discuss the appointment, employment, compensation, discipline, performance or dismissal of specific employees of the public body, and discussion of collective negotiating matters between the Board and representatives of its employees, seconded by Mrs. Perkins.	Board moved to Closed Executive Session at 5:00 PM.
	Hearing no questions, President Oakes called for a Roll Call Vote: Aye: Perkins, Hodges, Carson, Creighton, Briscoe, Oakes Nay: None Absent: Nolan Roll Call Vote: 6 Aye, 0 Nay, 1 Absent	
Return to Open Session	President Oakes motioned to return to Open Session, seconded by Mrs. Creighton. All were in favor.	Board returned to Open Session at 6:25 PM.
Open Session Continued	President Oakes noted that the Board of Education had been in Closed Executive Session to discuss student disciplinary matters and discuss the appointment, employment, compensation, discipline, performance or dismissal of specific employees of the public body, and discussion of collective negotiating matters between the Board and representatives of its employees. No action was taken during Closed Executive Session.	
Pledge of Allegiance	President Oakes led the Pledge of Allegiance.	
Approval of Agenda, October 10, 2017	Superintendent Fregeau recommended the Board approve the October 10, 2017 Open Session Board Meeting agenda as presented. Mrs. Creighton moved to approve the recommendation, seconded by Mr. Carson. All were in favor.	Agenda was approved as presented.

TOPIC	DISCUSSION	ACTION
Special Presentations and District Highlights	<p>President Oakes recognized Principal/Assistant Principal Appreciation Week in Illinois, October 15 – 21, 2017. Principals and Assistant Principals Appreciation Day only was October 20, 2017. Decatur Public Schools appreciates the leadership, work commitment and true dedication exemplified by our administrative team throughout the District.</p> <p>Zach Shields, Executive Director of the Decatur Public Schools Foundation, updated the Board on the progress and importance of the Foundation and his role with the community and the District. Mr. Shields also invited the Board Members and the community to the Legacy of Learning Alumni Awards dinner that is scheduled for Saturday, November 11, 2017 at Millikin University Student Center. For more information, please contact Mr. Shields at 217 362-3042 or zshields@dps61.org.</p> <p>Maria Robertson, Director of Community Engagement, congratulated Liz Bartimus, Science Teacher at Johns Hill Magnet School, for being the recipient of the 2017 Knowledge Builder Award at the 11th Annual iBIO ICON Awards dinner in Chicago, Illinois on October 03, 2017.</p> <p>Maria Robertson, Director of Community Engagement, noted that the school spotlight was Johns Hill Magnet School (JH). Rob Prange, Principal at JH, shared information as follows:</p> <ul style="list-style-type: none"> ● Strategic Priorities: <ul style="list-style-type: none"> ○ Goal #1 Establish a data-driven, student-centered approach to instruction. ○ Goal #2 Improve building focus on arts integration. ○ Goal #3 Incorporate a balanced literacy approach into daily reading block. ○ Goal #4 Strengthen the effectiveness of our ELL program, school wide. ● Demographics (student population, mobility rate, attendance) ● Referrals (two-year infractions) ● SWOT Analysis (strengths, weaknesses, opportunities, concerns) <p>Principal Prange noted that the certainty of their program was important, whether new building or the same building, and they have a lot of dedicated staff.</p>	Information
Public Participation	None at this time.	Information only.
Consent Items	<p>Superintendent Fregeau recommended the Board approve the Consent Items as presented, which included:</p> <ol style="list-style-type: none"> A. Minutes: Regular/Closed Meeting September 26, 2017 B. Monthly Bills C. Freedom of Information Report D. Eisenhower and MacArthur High Schools Yearbooks for the 2017-2018 School Year E. eSchoolPLUS and Cognos Software Support Renewal with PowerSchool (Annual Student Information System) 	Motion carried. The Consent Items were approved as presented.

TOPIC	DISCUSSION	ACTION
	<p>F. Job Description: Alternative Education Teaching Assistant</p> <p>Mr. Hodges moved to approve the recommendation, seconded by Mrs. Briscoe. Hearing no further discussion, President Oakes called for a Roll Call Vote: Aye: Briscoe, Carson, Creighton, Hodges, Oakes, Perkins Nay: None Absent: Nolan Roll Call Vote: 6 Aye, 0 Nay, 1 Absent</p>	
<p>Roll Call Personnel Action Items</p>	<p>Superintendent Fregeau recommended the Board approve the Personnel Action Items listed in the Memo from Deanne Hillman, Director of Human Resources, as presented.</p> <p>Mrs. Creighton moved to approve the recommendation, seconded by Mr. Carson. Hearing no further discussion, President Oakes called for a Roll Call Vote: Aye: Oakes, Carson, Perkins, Hodges, Creighton, Briscoe Nay: None Absent: Nolan Roll Call Vote: 6 Aye, 0 Nay, 1 Absent</p>	<p>Motion carried. The Personnel Action Items were approved as presented.</p>
<p>Supt.’s Report Action Team Leader Training for the Strategic Plan</p>	<p>Dr. Lindsey Gunn, Cambrian Group Representative for the Strategic Plan, shared information regarding the Action Team Leader Training. This was the next step of the Strategic Planning process. The Action Team Leaders were trained on the Strategic Planning process and the Action Planning process (stages of development). The teams will begin early November 2017 and wrap up by the end of March 2018 with powerful action plans that will be presented to the Strategic Planning Committee. At this time, the plan will be completed in April 2018 and presented to the Board of Education in May 2018.</p> <p>If the community would like to be involved, there is information on the Decatur Public School District 61’s website at www.dps61.org. Community members and staff can also contact Josh Peters, Strategic Plan Facilitator, at 217 362-3041 or jpeters@dps61.org and Maria Robertson, Director of Community Engagement, at 217 362-3017 or mrobertson@dps61.org.</p> <p>The Action Team Leaders were asked to be sensitive to work schedules when they begin scheduling their meetings in the near future.</p>	<p>Information only.</p>
<p>Board Discussion Items</p>	<p><u>Board Committee Updates</u></p> <p>Mrs. Creighton noted that there will be a Discipline Action Committee meeting on Thursday, October 12, 2017.</p> <p>President Oakes noted that he and Superintendent Fregeau will be attending the DPS Foundation luncheon on Thursday, October 12, 2017.</p>	<p>Information only.</p>

TOPIC	DISCUSSION	ACTION
Board Discussion Items	<p><u>Board Discussion</u></p> <p>Mrs. Briscoe noted to the community and staff that signing-up to be on the Action Team for the Strategic Planning process was very easy via the District’s website.</p>	Information only.
Announcements	<p>The Board of Education sends condolences to the families of:</p> <p>Andrea Renee Force, who passed away Sunday, September 24, 2017. Ms. Force was the mother of a Muffley Elementary Student.</p> <p>Thomas “Tom” Klimczak, who passed away Friday, September 29, 2017. Mr. Klimczak was the father of Katelin Klimczak, Freshman Guidance Counselor at Eisenhower High School.</p> <p>Sunnie Frederick, who passed away Tuesday, October 03, 2017. Mrs. Frederick was a retired Teaching Assistant from Decatur Public Schools.</p>	Information only.
Important Dates	<p><u>October</u></p> <ul style="list-style-type: none"> 20 End of First Quarter for Elementary and Middle Schools 20 Midterm for High Schools 23 Contract Monitoring Meeting <ul style="list-style-type: none"> – 3:30 PM, 3rd Floor Conference Room, Keil Administration Building 27 Report Card Distribution for Elementary and Middle Schools 27 Midterm Distribution for High Schools 30 No School! Parent/Teacher Conferences 31 No School! Teacher Institute/Work Day <p><u>November</u></p> <ul style="list-style-type: none"> 11 Legacy of Learning Alumni Award Banquet at the Millikin University Student Center <ul style="list-style-type: none"> – For more information, please contact Zach Shields, Executive Director of Decatur Public Schools Foundation, at 217 362-3042 and/or at zshields@dps61.org 	Information only.
<p>NEXT MEETING</p> <p>The public portion of the next regular meeting of the Board of Education will be at 6:30 PM, Tuesday, October 24, 2017 in the <u>Auditorium at Stephen Decatur Middle School, 1 Educational Park, Decatur, IL 62526.</u></p> <p>*Please note the location change for the October 24, 2017 Board of Education Meeting.</p>		
Adjournment	<p>President Oakes asked for a motion to adjourn. Mrs. Perkins moved to adjourn, seconded by Mr. Carson. All were in favor.</p>	Board adjourned at 7:10 PM.

Dan Oakes, President

Melissa Bradford, Board Secretary



Board of Education Decatur Public School District 61

Date: October 24, 2017	Subject: Monthly Financial Conditions Report
Initiated By: Todd Covault, EdD, Chief Operational Officer	Attachments: Financial Conditions Report
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

The attached report illustrates the District’s year-to-date revenues and expenditures and provides an explanation of the financial conditions of the Decatur Public School District and Macon-Piatt Special Education District.

CURRENT CONSIDERATIONS:

As the District completes September, the third month of FY18, the Macon-Piatt Special Education District has expended 13.23% of its overall budget; Decatur 61 has expended 15.01% of its overall budget.

As of October 16, 2017, the State Comptroller is holding FY18 ISBE vouchers in the amount of \$1,551,258 of which \$900,972 is associated with transportation and \$602,702 is associated with the Early Childhood Block Grant. The State Comptroller is also holding FY17 ISBE vouchers in the amount of \$1,968,970 of which \$741,292 is associated with transportation, \$221,906 is associated with the Early Childhood Block Grant, and \$506,284 is associated with Special Education.

The District’s September 2017 month-end education fund balance is \$22,796,139; the September 2016 month-end education fund balance was \$19,453,062.

FINANCIAL CONSIDERATIONS:

n/a

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the Monthly Financial Conditions Report as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

**2017-2018 Decatur Public S.D. #61
Fund Balance Summary - September 30, 2017**

<u>Fund</u>	<u>Pre Audit Fund Balance 07/01/17</u>	<u>Year-to- Date Revenues</u>	<u>Expenditures To Date</u>	<u>Net Cash Flow</u>	<u>Change in Fund Balance</u>	<u>Balance 09/30/17</u>	<u>Budget Balance 06/30/18</u>
DISTRICT # 61							
Education	\$15,564,040	\$21,668,134	\$14,436,035	\$7,232,099	\$0	\$22,796,139	\$ 15,704,445
Operation & Maintenance	\$4,167,372	\$1,524,773	\$1,477,191	\$47,582	\$0	\$4,214,954	\$ 3,549,492
Debt Service	\$2,016,514	\$2,456,961	\$13,614	\$2,443,347	\$0	\$4,459,861	\$ 1,791,289
Transportation	\$2,238,943	\$1,348,114	\$92,799	\$1,255,315	\$0	\$3,494,258	\$ 2,207,210
IMRF	\$1,727,272	\$1,033,336	\$432,806	\$600,530	\$0	\$2,327,802	\$ 2,062,711
Social Security	\$2,703,155	\$691,091	\$297,875	\$393,216	\$0	\$3,096,371	\$ 2,527,259
Capital Projects Fund	\$1,100,537	\$342,783	\$689,966	(\$347,183)	\$0	\$753,354	\$ 3,043,837
Working Cash	\$4,713,279	\$162,049	\$0	\$162,049	\$0	\$4,875,328	\$ 4,698,064
Tort Immunity/Judgment	\$2,926,203	\$1,210,083	\$508,605	\$701,478	\$113,125	\$3,514,556	\$ 3,001,678
Fire Prevention/Safety	\$3,634,915	\$156,633	\$328,221	(\$171,588)	\$0	\$3,463,327	\$ 3,389,019
<i>Totals District 61</i>	<i>\$40,792,230</i>	<i>\$30,593,957</i>	<i>\$18,277,112</i>	<i>\$12,316,845</i>	<i>\$113,125</i>	<i>\$52,995,950</i>	<i>\$41,975,004</i>
Macon-Piatt Special Ed District	\$3,312,959	\$1,740,180	\$2,670,139	(\$929,959)	\$0	\$2,383,000	\$ 3,312,959

Macon-Piatt Special Education District
Report Date: September 2017
Financial Condition as of September 30, 2017

Percent of year passed: 25%

	Revenues	Budget	Actual Y-T-D	Percent Received/Used
12	Education	20,179,245	1,740,180	8.62%
22	Operation & Maintenance	-	-	0.00%
42	Transportation	-	-	0.00%
52	IMRF	-	-	0.00%
	Total Revenues	<u>20,179,245</u>	<u>1,740,180</u>	<u>8.62%</u>

	Expenditures	Budget	Actual Y-T-D	Percent Received/Used
12	Education	18,735,148	2,494,165	13.31%
22	Operation & Maintenance	272,770	4,520	1.66%
42	Transportation	24,150	1,113	4.61%
52	IMRF	1,147,177	170,341	14.85%
	Total Expenditures	<u>20,179,245</u>	<u>2,670,139</u>	<u>13.23%</u>

	Net Cash	Budget	Actual Y-T-D	Percent Received/Used
	Total Revenues	20,179,245	1,740,180	8.62%
	Total Expenditures	<u>20,179,245</u>	<u>2,670,139</u>	<u>13.23%</u>
	Net Cash	<u>-</u>	<u>(929,959)</u>	

	Fund Balances	Actual
12	Education	<u>2,383,000</u>

Decatur Public School District #61
Report Date: September 2017
Financial Condition as of September 30, 2017

Percent of year passed: 25%

Revenues	Budget	Actual Y-T-D	Percent Received/Used	FY 17 Percent Received/Used As Of 9/30/16
10 Education	89,690,637	21,668,134	24.16%	23.02%
20 Operation & Maintenance	5,334,460	1,524,773	28.58%	24.85%
30 Debt Service	7,314,775	2,456,961	33.59%	31.57%
40 Transportation	6,631,733	1,348,114	20.33%	8.71%
50 IMRF	2,665,983	1,033,336	38.76%	40.83%
51 Social Security	1,794,265	691,091	38.52%	43.14%
60 Capital Projects	3,670,000	342,783	9.34%	27.05%
70 Working Cash	2,684,785	162,049	6.04%	40.75%
80 Tort Immunity/Judgment	2,772,375	1,210,083	43.65%	43.45%
90 Fire Prevention/Safety	354,105	156,633	44.23%	42.65%
Total Revenues	122,913,118	30,593,957	24.89%	24.01%

Expenditures

10 Education	89,550,232	14,436,035	16.12%	20.17%
20 Operation & Maintenance	5,952,340	1,477,191	24.82%	24.38%
30 Debt Service	7,540,000	13,614	0.18%	0.02%
40 Transportation	6,663,466	92,799	1.39%	3.87%
50 IMRF	2,330,544	432,806	18.57%	2.07%
51 Social Security	1,970,161	297,875	15.12%	17.76%
60 Capital Projects	1,726,700	689,966	39.96%	13.66%
70 Working Cash	2,700,000	-	0.00%	0.00%
80 Tort Immunity/Judgment	2,696,900	508,605	18.86%	18.03%
90 Fire Prevention/Safety	600,000	328,221	54.70%	26.71%
Total Expenditures	121,730,343	18,277,112	15.01%	18.11%

Net Cash

Total Revenues	122,913,118	30,593,957	24.89%
Total Expenditures	121,730,343	18,277,112	15.01%
Net Cash	1,182,775	12,316,845	

Fund Balances

	Actual
10 Education	22,796,139
20 Operation & Maintenance	4,214,954
30 Debt Service	4,459,861
40 Transportation	3,494,258
50 IMRF	2,327,802
51 Social Security	3,096,371
60 Capital Projects	753,354
70 Working Cash	4,875,328
80 Tort Immunity/Judgment	3,514,556
90 Fire Prevention/Safety	3,463,327
Total Funds	52,995,950



**Board of Education
Decatur Public School District #61**

Date: October 24, 2017	Subject: Treasurer's Report
Initiated By: Todd Covault, EdD, Chief Operational Officer	Attachments: Treasurer's Report
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

The attached report details the District's investments and the status of the District's cash as of September 30, 2017.

CURRENT CONSIDERATIONS:

N/A

FINANCIAL CONSIDERATIONS:

N/A

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the Treasurer's Report as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

DECATUR PUBLIC SCHOOL DISTRICT #61

TREASURER'S REPORT

September 2017

	Cash/Investments				Cash/Investments
	as of				as of
	08/31/17	Receipts	Disbursements	Change/Interest	09/30/17
Education	14,944,356.93	20,149,685.34	10,991,675.91	12,535.96	24,114,902.32
Operations & Maintenance	3,223,467.22	1,511,046.60	522,816.75	2,457.26	4,214,154.33
Debt Service	2,790,119.07	1,668,577.14	750.00	1,915.00	4,459,861.21
Transportation	2,894,421.57	602,645.21	157,384.10	1,909.80	3,341,592.48
IMRF	1,556,049.55	1,028,521.23	257,932.08	1,163.86	2,327,802.56
Social Security	2,608,516.12	685,842.56	199,329.51	1,342.34	3,096,371.51
Capital Projects	737,130.13	254,583.44	238,705.12	345.46	753,353.91
Working Cash	4,721,761.78	150,588.95	0.00	2,977.71	4,875,328.44
Tort/Judgment Immunity	2,469,884.39	1,205,483.32	182,826.79	2,014.66	3,494,555.58
Fire Prevention & Safety	3,438,500.68	150,588.95	127,909.35	2,145.03	3,463,325.31
Macon-Piatt Special Education	4,185,847.09	523,786.29	2,328,210.89	978.06	2,382,400.55
Activities	471,843.91	93,697.92	32,076.00	283.03	533,748.86
	44,041,898.44	28,025,046.95	15,039,616.50	30,068.17	57,057,397.06
				Mr. Todd Covault	09/30/17



Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Request to Dispose of Junk Vehicles from Buildings and Grounds Property
Initiated By: Steven Kline, Director of Buildings and Grounds	Attachments: Scrap Items for Disposal
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

Currently the Buildings & Grounds property houses all of the wheeled-vehicles used by B&G employees in their daily endeavors to maintain high-quality learning environments for Decatur Public Schools students and staff. This includes two junk vehicles that have blown engines, and all usable parts stripped. The two vehicles are a 1996 Ford Escort VIN# 1FALP13P6VW219904 , and a 1977 Chevrolet Box Truck VIN# CPL3273330738 (see attached).

CURRENT CONSIDERATIONS:

Due to the amount of vehicles on the Buildings & Grounds property, there is limited storage to house the non-running junk vehicles. Buildings & Grounds requests that the Board approve the scrapping of attached items. These two vehicles are unsightly, in the way, and propose a safety risk by becoming home to unwanted critters.

FINANCIAL CONSIDERATIONS:

These items are not accepted by auctioneers, because they do not run. The only option is to scrap them. Both vehicles will need to be pulled onto a flatbed trailer in order to remove them from our premises. Local scrap yards will offer \$50 - \$150 for non-running vehicles. I propose taking any funds generated by the selling of said vehicles, and putting it towards any fund of the Board's choice.

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education authorize the Disposal of the Two Junk Non-running Vehicles to a Local Scrap Yard to improve safety, efficiency and overall appearance of the Buildings & Grounds property as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

1996 Ford



1977 Chevrolet



**RESOLUTION AUTHORIZING SALE TO DISPOSE OF
TWO VEHICLES FROM BUILDINGS AND GROUNDS PROPERTY**

WHEREAS, the Board of Education of Decatur Public School District No. 61 is authorized by Section 10-22.8 of the School Code of Illinois to sell at public or private sale any personal property belonging to the School District and no longer needed for public purposes; and

WHEREAS, the Board of Education currently owns two non-running Vehicles, more specifically described in Exhibit A, which is attached hereto and incorporated herein by reference, which are no longer needed by the School District; and

WHEREAS, the Board of Education hereby finds and determines that the two non-running Vehicles are no longer necessary or needed for educational purposes; and

WHEREAS, the Board of Education further finds and determines that it is in the best interests of Decatur Public School District No. 61 that the School District sell the two non-running Vehicles to a local scrap yard on terms satisfactory to the School District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Education of Decatur Public School District No. 61 as follows:

Section 1. The Board hereby finds that all of the recitals contained in the preambles to this resolution are full, true and correct and does incorporate them into this resolution by this reference.

Section 2. The Superintendent of Schools is hereby authorized and directed to take any and all reasonable steps to sell the two non-running Vehicles to a local scrap yard. They will not be accepted by auctioneers because they do not run. The Superintendent shall attempt to negotiate and/or receive the best price for the same as may be reasonable and practical. All proceeds from the sale shall be deposited in the District's Operations and Maintenance Fund.

Section 3. That this Resolution shall be in full force and effect forthwith upon its passage.

ADOPTED this 24th day of October, 2017, by the following roll-call vote:

AYES: _____

NAYS: _____

ABSENT: _____

President, Board of Education

ATTEST:

Secretary, Board of Education

CERTIFICATION

I, _____, Secretary of the Board of Education of Decatur Public School District No. 61, do hereby certify that the foregoing Resolution was adopted at a regular meeting of the Board of Education on October 24, 2017, by the following roll-call vote:

AYES: _____

NAYS: _____

ABSENT: _____

and that the motion was duly declared carried by the President of the Board.

Dated this ____ day of _____, 2017.

Secretary, Board of Education



Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Macon-Piatt Special Education District Memorandum of Understanding Relating to Administrative Agent Fee
Initiated By: Kathy Horath, Director of Macon-Piatt Special Education	Attachments: Memorandum of Understanding Relating to Administrative Agent Fee
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

Decatur Public Schools has been the administrative agent for the Macon-Piatt Special Education District (MPSED). Last school year, it became evident that the fee assessed to MPSED was not adequate enough to cover expenses relating to being the administrative agent.

CURRENT CONSIDERATIONS:

The attached MOU reflects an understanding reached by the MPSED executive board chair, Vic Zimmerman and Dr. Fregeau. This is a 5 year agreement of fees to assess.

FINANCIAL CONSIDERATIONS:

The annual fee will be reflected in the MPSED annual budget.

STAFF RECOMMENDATION:

The Administration respectfully requests the Board of Education approve the Memorandum of Understanding Relating to Administrative Agent Fee as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

Macon-Piatt Special Education District

335 E. Cerro Gordo St., Decatur, IL 62523
Phone: (217) 362-3055 ♦ Fax: (217) 424-3022

Kathy Horath, Director
Sarah Evans, Assistant Director

Memorandum of Understanding Relating to Administrative Agent Fee

The Board of Education for the Macon-Piatt Special Education District recognizes expenses Decatur Public School District 61 as the Administrative Agent incurs for specific functions of the Macon-Piatt Special Education District.

For the 2017 – 2018 school year, the Macon-Piatt Special Education District will pay Decatur Public School District 61 the flat rate fee of \$175,000. This fee will increase 1.5% annually for a sum of five years.

Fiscal Year	Admin Agent Fee
FY18	\$175,000
FY19	\$177,625
FY20	\$180,289
FY21	\$182,993
FY22	\$185,738

This agreement remains in effect until the end of the 2021-2022 school year.


Kathleen R. Horath
Macon-Piatt Special Education


Dr. Paul Fregeau
Decatur Public Schools

10-19-17
Date

10-19-17
Date

Participating Districts

Argenta-Oreana ♦ Bement ♦ Central A&M ♦ Cerro Gordo ♦ Decatur ♦ Deland-Weldon
Maroa-Forsyth ♦ Meridian ♦ Monticello ♦ Mt. Zion ♦ Sangamon Valley ♦ Warrensburg-Latham



Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Durfee Magnet Elementary School Fundraiser
Initiated By: Dianne Brandt, Principal, Durfee Technology Magnet School	Attachments: N/A
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION: Illinois Statute 105 ILCS 5/10-20.21 (b-5) and Board Policy 4:60 requires that fundraisers that will generate more than \$1,000 be approved by the Board of Education.

Durfee Technology Magnet School's sixth grade classes conduct annual fundraisers to raise funds for their end of the year trip to St. Louis. The students will visit the City Museum and the St. Louis Zoo. Students will connect the topics that they have been studying in class during the school year to the displays and activities at each of the field trip destinations.

The three, sixth grade teachers will organize and manage the two fundraisers. The first fundraiser is through Fannie May and the second fundraiser is through Pizza Hut.

CURRENT CONSIDERATIONS:

The fundraiser earnings vary year to year. The Fannie Mae fundraiser is estimated to yield \$1,500. The Pizza Hut fundraiser is estimated to yield \$1,700.

FINANCIAL CONSIDERATIONS:

There is no cost to the District. Revenues generated will be deposited into the 6th grade activity account to support their end of the year field trip.

STAFF RECOMMENDATION: The Administration respectfully requests that the Board of Education approve the fundraiser as presented in accordance with Board Policy 4:60.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____



**Board of Education
Decatur Public School District #61**

Date: October 24, 2017	Subject: Job Description: Maintenance Foreman
Initiated By: Steven Kline, Director of Buildings & Grounds and Deanne Hillman, Director of Human Resources	Attachments: Job Description: Maintenance Foreman
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

Human Resources staff and administrators are conducting an ongoing review of job descriptions for compliance with state and federal laws, district policies and agreements, and the alignment of the descriptions with the essential duties and expectations of the position.

CURRENT CONSIDERATIONS:

For each position, the job description was created to align the responsibilities and duties with the expectations of the position, as previously presented to the Board. The following job description was reviewed and updated as indicated:

Position Title	Changes/Updates
Maintenance Foreman	Updated qualifications, reports to, supervises, salary range and mental demands

FINANCIAL CONSIDERATIONS:

This position is within budget.

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve this Job Description as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

TITLE: Maintenance Foreman

QUALIFICATIONS:

1. High school diploma. Post high school technical training, including HVAC or plumbing license, certificate, or degree is highly desirable.
2. Experience.
 - a. Minimum two years successful leadership experience in plant or building maintenance.
 - b. Minimum two years of demonstrated project management. Examples required.
 - c. Experience in school buildings and grounds operations and maintenance highly desirable.
3. Skills, Knowledge and Abilities:
 - a. Demonstrates effective people management skills.
 - b. Demonstrates a basic knowledge of most areas of responsibility relating to buildings and grounds operations and maintenance.
 - c. Demonstrates specific skills relating to at least one major aspect of buildings and grounds operations and maintenance (e.g. plumbing, industrial/commercial electrical, HVAC, boiler systems, etc.)
 - d. Capable of reading plans and specifications, schematics, blueprints, code books, repair manuals, and other reference documents relevant to facility maintenance.
 - e. Able to communicate effectively in speech and writing.
 - f. Proficient in the use of personal computers and software used in the District.

REPORTS TO: Director of Buildings and Grounds

SUPERVISES: Maintenance Personnel

JOB GOAL: To provide all students, staff, and visitors with the highest quality physical environment possible using available resources.

PERFORMANCE RESPONSIBILITIES:

(The following are the essential fundamentals to include but not limited to the following job duties.)

1. Provides effective and efficient supervision of maintenance personnel within the terms and conditions of the union agreement.
2. Assigns tasks to maintenance personnel and provides the materials, tools, equipment, and support necessary to complete the work safely and efficiently.
3. Ensure all work is performed in accordance with District Safety Programs.

4. Evaluates materials and equipment and develops specifications for required procurement.
5. Maintain records documenting required inspections, asbestos response actions, safety training, chemical inventories, and other information necessary to remain in compliance with local, state, and federal regulations.
6. Assist in inspection of buildings and grounds and provide input for the development of the Operations, Maintenance and Building Fund and the Health/Life Safety Fund budgets.
7. Evaluates maintenance personnel.

TERMS OF EMPLOYMENT:

Wages, hours, terms, and conditions of employment pursuant to negotiated agreement. This is a 12 month position (260, 261, or 262 work days).

GRADE LEVEL: 11B**EVALUATION:**

Performance of this job will be evaluated in accordance with provisions of the Board's policy on Evaluation of Professional Personnel.

PHYSICAL DEMANDS AND WORKING ENVIRONMENT:

The conditions herein are representative of those that must be met by an employee to successfully perform the essential functions of this job. Reasonable accommodations may be made to enable individuals with disabilities to perform the essential job functions.

PHYSICAL DEMANDS:

While performing the duties of this job, the employee is regularly required to use repetitive hand motions, including prolonged use of a computer terminal. The employee is frequently required to sit, see, talk, and hear. The employee is occasionally required to stand and walk. The employee must frequently lift and/or move up to 20 pounds.

Specific vision abilities required by this job include close vision, depth perception, and ability to adjust focus with or without correction.

Hear in the normal audio range with or without correction.

MENTAL DEMANDS:

While performing the duties of this job, the employee regularly is required to compare, analyze, communicate, coordinate, instruct, synthesize, evaluate, use interpersonal skills, compile, and negotiate.

WORK ENVIRONMENT:

The noise level in the work environment is usually moderate. The job is performed under minimal temperature variations and a generally hazard free environment.

Decatur Public Schools is an equal employment opportunity employer with an affirmative action plan.



**Board of Education
Decatur Public School District #61**

Date: October 24, 2017	Subject: Personnel Action
Initiated By: Deanne Hillman, Director of Human Resources and the Human Resources Department	Attachments: 6 Pages of Personnel Action
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

Per Board Policy 5:30 Hiring Process and Criteria – The District hires the most qualified personnel consistent with budget and staffing requirements and in compliance with School board policy on equal employment opportunities and minority recruitment.

CURRENT CONSIDERATIONS:

All offers of employment are contingent upon the approval of the Board of Education. Accordingly, anyone who is offered and begins employment prior to the approval of the Board of Education understands that they will do so as a substitute. If the approval of the Board of Education is obtained, these substitutes will then be made whole retroactive to their first day of employment.

FINANCIAL CONSIDERATIONS:

These positions are in the budget.

STAFF RECOMMENDATION:

The Administration respectfully requests the Board of Education approve all Personnel Action Items as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION:_____

To: Board of Education
Fr: Deanne Hillman
Human Resources Director
Date: October 18, 2017
Board Date: October 24, 2017
Re: Personnel Action

EMPLOYMENT RECOMMENDATIONS

TEACHERS:

Name	Position	Effective Date
Brent Camillo	Physical Education, Durfee	October 25, 2017
Gregory Rogers	Middle School Physical Education & Health, Hope Academy (<i>Pending Licensure</i>)	January 3, 2018
Elizabeth Scott	Life Skills Special Education, Eisenhower (<i>Pending Licensure</i>)	January 3, 2018

Pending Licensure- will begin as a Substitute Teacher in the position until Illinois Teacher Licensure is received.

TEACHING ASSISTANTS:

Name	Position	Effective Date
Bridget Dutcher	Montessori Teaching Assistant, Enterprise, 6 hours per day	October 26, 2017
Jarod Oldham	Hardship Teaching Assistant, Franklin, 6 hours per day	October 18, 2017
Shaylyn Schall	Special Education Teaching Assistant, Hope Academy, 6 hours per day	October 12, 2017

SCHEDULE B:

Name	Position	Effective Date
Aubrey Downing	Elementary Track & Field Coach, Garfield	March 26, 2018
Trevor Dupont	Elementary Boys Basketball Coach, Durfee	October 16, 2017
Rebecca Harman	Elementary Girls Basketball Coach, Stevenson	October 9, 2017

Trevor McCoy	Middle School Boys Basketball Coach, Stephen Decatur	October 16, 2017
Jason Meeks	Middle School Boys Basketball Coach, Thomas Jefferson	October 16, 2017
Sierra Muma	Middle School Cheerleading Coach, Thomas Jefferson	October 16, 2017
Jathan Portis	Elementary Boys Basketball Coach, Franklin	October 16, 2017
Nathaniel Tallent	Elementary Cross Country Coach, Garfield	August 16, 2017
Elizabeth Williams	High School Scholastic Bowl Coach, MacArthur	October 16, 2017

TRANSFERS

TEACHERS:

Name	Position	Effective Date
Julie Dahlke	From Social Worker, Hope Academy to Social Worker, Thomas Jefferson	October 23, 2017
Jaclyn Wiseman	From Pre K Teacher, Enterprise to Pre K Teacher, Richland Pre K	August 14, 2017

ADMINISTRATIVE SUPPORT:

Name	Position	Effective Date
Anthony Lindsey	From Research Dev/Evaluation Analyst, Research to IT Analyst, IT	October 25, 2017

CUSTODIAN:

Name	Position	Effective Date
Jared Bolt	From 2nd Shift Custodian, All Schools to 2nd Shift Custodian, Oak Grove/All Schools	October 10, 2017
Adam Tucker	From 2nd Shift Custodian, All Schools to 2nd Shift Custodian, Garfield/Johns Hill	October 10, 2017

TEACHING ASSISTANT:

Name	Position	Effective Date
Brittany Morgan	From Library Media Assistant, Harris, 5 hours per day to Hardship Teaching Assistant, Harris, 6 hours per day	October 13, 2017

OUTREACH PERSONNEL:

Name	Position	Effective Date
Anthony Rogers	From Pre K Parent Educator, Southeast, 6.5 hours per day to Pre K Parent Educator, Southeast, 7 hours per day	August 14, 2017

SECURITY PERSONNEL:

Name	Position	Effective Date
Jordan Softley	From School Security Officer, Hope Academy, 7 hours per day to School Security Officer, Hope Academy, 7.5 hours per day	August 14, 2017

OFFICE PERSONNEL:

Name	Position	Effective Date
Philip Worthey	From Part time Elementary Secretary, French to Secretary to the Elementary Principal, Harris	October 25, 2017

START DATE CHANGE:**MAINTENANCE:**

Name	Position	Effective Date
Timothy Slep	Maintenance Worker, Buildings & Grounds	October 10, 2017

RESIGNATIONS**TEACHER:**

Name	Position	Effective Date
Elizabeth Cunningham	Grade 5, Harris	October 6, 2017

Dwaine Throneburg	Middle School Math, Stephen Decatur	October 10, 2017
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TEACHING ASSISTANTS:

Name	Position	Effective Date
Rindi Smith	LPN Teaching Assistant, Eisenhower	October 12, 2017
Farren Yust	LPN Teaching Assistant, MacArthur	October 26, 2017

SCHEDULE B:

Name	Position	Effective Date
Montel Conner	Elementary Boys Basketball Coach, Garfield	October 5, 2017
Chase Duncheon	High School Boys Assistant Baseball Coach, Eisenhower	October 13, 2017

RETIREMENTS

ADMINISTRATIVE SUPPORT:

Name	Position	Effective Date
Cloyd Bolt	Maintenance Foreman, Buildings & Grounds	November 7, 2017

CUSTODIAN:

Name	Position	Effective Date
Priscilla Harper	2nd Shift Custodian, Harris	January 31, 2018

COMPENSATION RECOMMENDATIONS:

- The following staff member should be compensated **\$34.00** for participating in Alice Training on September 18, 2017 at Dennis:
Debbie Arbogast
- The following staff members should be compensated for participating in ELA Springboard on July 26 & 27, 2017 at PDI:

Nathan Bohannon	\$200.00	Kathryn Sims Rodgers	\$200.00
Lori Fleming	\$200.00	Amy Thaxton	\$200.00
Jen Fitzgerald	\$200.00	Judith Wood	\$200.00
Ronald Lybarger	\$400.00	Sandra Fitzgerald	\$200.00
Ryan Morgan	\$200.00	Shelby Hawkshaw	\$200.00
Jacqueline Sierra	\$200.00	Matthew Gremo	\$200.00

- The following staff member should be compensated **\$900.00** for participating in Summer Reading Recovery Prep during July & August 2017 at PDI:

Shelley Haas \$900.00

- The following staff members should be compensated for participating in Collaborative School Culture on August 4, 2017 at Oak Grove:

Amy Davenport	\$66.00	Vicki Wise	\$66.00
Megan Holt	\$66.00	Melanie Blankenship	\$33.00
Paul Marconi	\$66.00	Melissa Schulz	\$66.00
Andrea Rice	\$66.00	Carolynn Keizer	\$66.00
Jennifer Doyle	\$66.00	Carla Dehority	\$66.00
David Behm	\$66.00	Kelli Murray	\$66.00
Kathryn Rodgers	\$66.00	Donna Moma	\$33.00
Linda Kuhns	\$66.00	Karen Mercer	\$66.00
Ashley Ridley	\$66.00		

- The following staff members should be compensated for participating in Healthy Community Family Event on October 12, 2017 at Franklin:

Brianne Barrett	\$49.50	Pat Sobek	\$49.50
Macie Gillis	\$49.50	Nikki Torbet	\$49.50
Kay Green	\$49.50	Sally Myers	\$21.82
Vernadene Wells	\$49.50	Kate Pyle	\$33.71
Kristin Portis	\$49.50		

- The following staff members should be compensated for participating in Tutoring Struggling Students on September 18, & October 13, 2017 at Oak Grove:

Kathryn Sims Rodgers	\$15.00	Tamara Schmitt	\$270.00
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- The following staff members should be compensated **\$25.00** for participating in New Teacher Academy on October 16, 2017 at PDI:

Kelly Bassett	Andrea Robertson
Bailey Cadieux	Tristan Smith
Teresa Cobb	Brooke Taylor
Carissa Craven	Marlo Willett
Amy Davenport	Angela Young
Ashton Doty	Shirley Moreland
Larry Eastin	Alicia Smith
Albulena Emroski	Ashley Garrett
Ashley Faulkner	Thomas Walczak
Camille Flannell	Dawn Rose
Kathryn Gibbons	Abby Martin
Macie Gillis	Katherine Whicker
Sarah Hott	Summer Hemphill
Autumn Lourash	David Barista

Alexandra Nichols
Megan Noel

Trevor Staff

- The following staff members should be compensated for participating in Daily 5/Cafe for New Teachers on October 14, 2017 at Harris:

Cara Wilson	\$50.00	Carie Hughes	\$50.00
Ashton Doty	\$50.00	Stacey Long	\$50.00
Michelle Nixon	\$50.00	Autumn Lourash	\$50.00
Ashley Falk	\$50.00	Molly Miller	\$100.00



Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Decatur Public School District 61 FY17 Annual Audit
Initiated By: Todd Covault, EdD, Chief Operational Officer	Attachments: <ul style="list-style-type: none"> • DPS 61 Financial Audit Committee Letter • DPS 61 FY17 Audit • DPS 61 Final Management Letter • Adult Education Fy17 Audit
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

At the end of each fiscal year, an independent financial audit of the Decatur Public School District’s financials is performed by an external firm. The results of this audit are then presented to the Board of Education.

CURRENT CONSIDERATIONS:

The financial audit for the Decatur Public School District has been completed. In the prior year (FY16) audit, there were no material weaknesses or significant deficiencies reported that would be considered material to the District’s financial statements. In the current audit (FY17) there are no material weaknesses or significant deficiencies reported that would be considered material to the District’s financial statements.

Items of interest from the FY17 audit include:

- For each \$1.00 of revenue brought into the District, the District expended \$1.005. This is more than FY16 when the District expended \$0.974 for each \$1.00 of revenue brought into the District.
- The State encourages Districts to have 25% fund balances to revenue; the District ended the fiscal year with fund balances of 28.6%. In FY16, the District ended the fiscal year with a fund balance of 29.7%.
- Although the State encourages Districts to have 180 days of cash on hand, the District ended the fiscal year with 118.91 days of cash on hand. In FY16, the District ended the fiscal year with 115.25 days of cash on hand.
Note: Revenues in the above include taxes received early in June.
- The District has 100% of its authority remaining for short-term borrowing.

- Long-Term Debt Margin Remaining – The District received 1 point but should have received 4 points. Debt issued that is repaid from the sales tax referendum should not be included in this calculation.
- The District preliminarily received a Financial Review designation on the ISBE financial profile with a score of 3.25 out of 4 points possible. This is a decrease from the rating of 3.60 in the prior year. This change is primarily due to the late payment of State revenues.
- The per capita tuition charge of \$10,202 is up over prior year (FY16 \$8,811); operating expense per pupil \$12,238 is up over prior year (FY16 \$11,099).

The financial profile is overstated due to FY18 tax revenues received in June (FY17).

Heather Powell, BKD, LLP will be in attendance at the meeting to formally present the audit to the Board.

FINANCIAL CONSIDERATIONS:

N/A

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the Fiscal Year 2017 Audit for Decatur Public School District 61 as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

Decatur School District No. 61

Decatur, Illinois

Independent Auditor's Reports and Financial Statements

As of and for the Year Ended June 30, 2017



Decatur School District No. 61
June 30, 2017

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Decatur School District No. 61
June 30, 2017

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Decatur School District No. 61

June 30, 2017

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Independent Auditor's Report

Board of Education
Decatur School District No. 61
Decatur, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Decatur School District No. 61 (District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. We have also audited the financial statements of each of the District's nonmajor governmental funds, combining and individual fund financial statements as listed in the table of contents as additional audited financial information as of and for the fiscal year ended June 30, 2017.

Management's Responsibility for the Financial Statements

Management of the District, excluding Decatur Public Schools Foundation, is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This responsibility also includes determining that the modified cash basis of accounting is acceptable for the circumstances. Management of Decatur Public Schools Foundation is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United State 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 of material misstatement. The financial statements of the Decatur Public Schools Foundation, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

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 District'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 District'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 – modified cash basis of the governmental activities, the discretely presented component unit – Macon-Piatt Special Education District, each major fund and the aggregate remaining fund information of Decatur School District No. 61 as of June 30, 2017, and the respective changes in financial position – modified cash basis, thereof for the year then ended in conformity with the basis of accounting described in the notes to the financial statements. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position – modified cash basis of each nonmajor governmental fund, combining and individual fund, of Decatur School District No. 61 as of June 30, 2017 and the respective changes in financial position – modified cash basis thereof for the year then ended in conformity with the basis of accounting described in the notes to the financial statements. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the discretely presented component unit – Decatur Public Schools Foundation as of June 30, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Accounting

As described in the notes to the financial statements, Decatur School District No. 61, excluding Decatur Public Schools Foundation, prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Decatur Public Schools Foundation changed its basis of accounting from the cash basis to the accrual basis in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the management discussion and analysis, page 6, and the statement of per capita cost and reimbursable cost for tuition, page 110, 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 basic financial statements as a whole on the basis of accounting described in Note 1.

The management discussion and analysis, page 6, and the statement of per capita cost and reimbursable cost for tuition, page 110, under supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 a report dated October 10, 2017 on our consideration of Decatur School District No. 61's internal control over financial reporting and 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 Decatur School District No. 61's internal control over financial reporting and compliance.

BKD, LLP

Decatur, Illinois
October 10, 2017

**Independent Auditor’s Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Education
Decatur School District No. 61
Decatur, Illinois

We have audited, 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, the financial statements of the governmental activities, the discretely presented component units, each major fund and the aggregate remaining fund information of Decatur School District No. 61 (District), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise its basic financial statements, and have issued our report thereon dated October 10, 2017 which included an “Emphasis of Matter” paragraph describing a change in the basis of accounting for the Decatur Public Schools Foundation. The financial statements of Decatur Public Schools Foundation, a component unit included in the financial statements of the aggregate discretely presented component units, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the District’s 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 the District’s internal control. Accordingly, we do not express an opinion on the effectiveness of the District’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 District’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 would not necessarily 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 also noted certain matters that we reported to management of the District in a separate letter dated October 10, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Decatur, Illinois
October 10, 2017

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

USING THIS ANNUAL REPORT

The Management's Discussion and Analysis (MD&A) for the School District provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2017 and should be read in conjunction with the audited financial statements.

Financial Highlights

Total net position of the District increased from \$77.1 million in fiscal year 2016 to \$78.9 million in fiscal 2017, a growth of \$1.8 million or 2.3 percent.

Governmental activities, general revenues accounted for \$90.5 million in revenue or 84.1 percent of all revenues. Program specific revenues in the form of charges for services and fees and grants accounted for \$17.1 million or 15.9 percent of total revenues of \$107.6 million.

The District had \$105.7 million in expenses related to government activities. However, only \$17.1 million of these expenses were offset by program specific charges and grants.

The District continued to pay down its long-term debt retiring \$2.62 million of bonds.

The District is in "financial review" status with the Illinois State Board of Education. This score is generally due to late payments from the State.

The District continues its one-to-one initiative for student computers.

Due to current market conditions, interest income again was a nominal portion of the revenue stream.

Support from the State as measured in General State Aid increased \$1.4 million, with the State funding General State Aid at 100% in FY17 and funding at 92% in FY16.

The Decatur Public School District No. 61 (District) annual report consists of a series of financial statements that show information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities (on pages 17 and 18) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. The fund financial statements start on page 20. For the governmental activities, these statements tell how the District financed services in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements providing information about the District's most significant funds – such as the District's General Fund and Capital Projects Fund. The remaining statement, the Statement of Fiduciary Net Position on page 25 presents financial information about activities for which the District acts solely as an agent for the benefit of staff, students and parents.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

External auditors have provided reasonable assurance in the independent auditor's report, located immediately preceding this Management Discussion and Analysis, that the basic financial statements are fairly stated, in all material respects, and in accordance with the modified cash basis of accounting. Varying degrees of assurance are provided by the auditors regarding the required supplementary information and the supplemental information provided. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins on page 17. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps answer this question. Statements were prepared to include all assets and liabilities, using the modified cash basis of accounting.

These two statements report the District's net position – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position, as reported in the Statement of Activities – are one indicator of whether its financial health is improving or declining. The relationship between revenues and expenses is the District's operating results. The District's goal is to provide services to District students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The Statement of Net Position and the Statement of Activities report the District's governmental activities. All of the District's services are reported here, including instruction, plant services, transportation services, and food services. Property taxes, corporate personal property replacement taxes, and State and federal grants finance most of these activities.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

Reporting the District's Most Significant Funds

Fund Balance (Net Position) Reporting

The District previously adopted Governmental Accounting Standards Board Statement No. 54 which defined the different types of fund balances (net position) that must be used. For a more complete description of the major classifications of the fund balances (net position) please refer to the Fund Balance (Net Position) Reporting section of Note 1 of the financial statements on page 29.

Fund Financial Statements

The District's fund financial statements, which begin on page 20, provide detailed information about the most significant funds, not the District as a whole. These funds are required by State law. The District's governmental funds use the following accounting approach:

Governmental Funds

All of the District's services are reported in governmental funds. Governmental funds reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. Funds are reported using an accounting method called modified cash accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services provided. Governmental fund information helps determine whether there are lesser or greater financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities is described in the Statement of Net Position and the Statement of Activities and in the governmental funds reconciliations on page 21 and 24.

Fiduciary Funds

The School Board is the trustee, or fiduciary, for the Student Activity Funds. All of the School District's fiduciary activities are reported in a separate statement of net position on page 25. Fiduciary funds are excluded from the government-wide financial statements because the School District cannot use these assets to finance its operations. The School District is responsible for ensuring that the assets reported in these funds are used for the intended purposes.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

THE DISTRICT AS A WHOLE

The District's combined net position was higher on June 30, 2017, than it was the year before, increasing 2.4 percent to \$78,892,911. Of these amounts, \$14,154,780 (2017) and \$11,414,065, (2016) were unrestricted. Restricted and committed net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those assets for day-to-day operations. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the District's governmental activities.

Table 1
Net Position
June 30

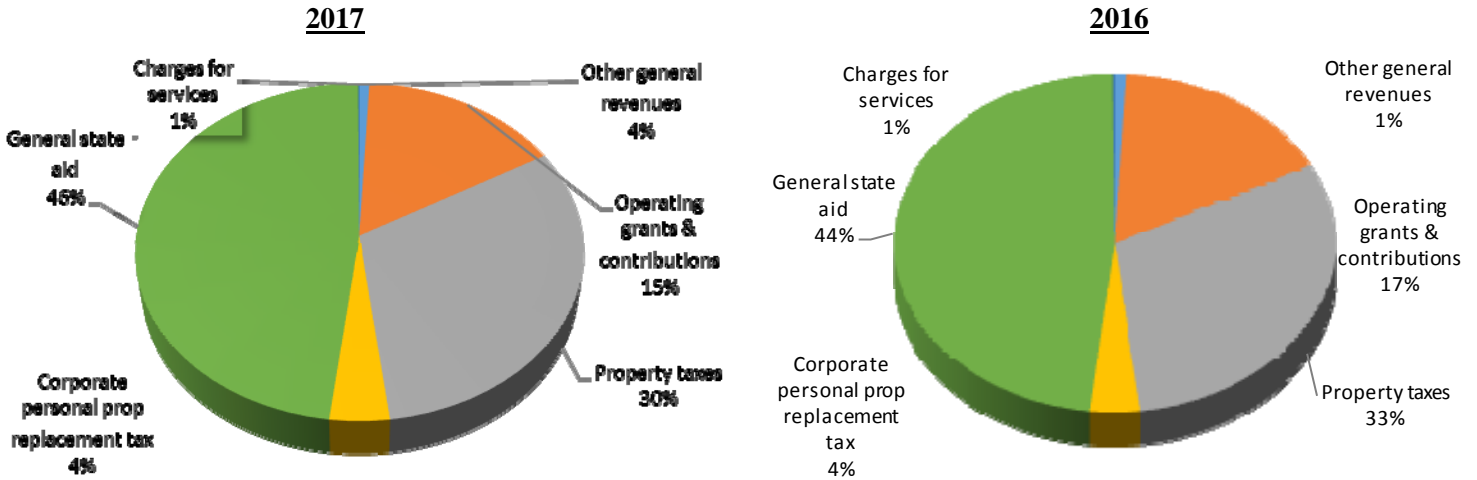
	Governmental Activities	
	2017	2016
Assets		
Current assets	\$ 45,328,542	\$ 42,963,703
Capital assets	<u>120,961,634</u>	<u>121,175,385</u>
Total assets	<u>166,290,176</u>	<u>164,139,088</u>
Deferred Outflows of Resources	<u>20,366</u>	<u>69,244</u>
Liabilities		
Current liabilities	8,256,313	4,260,063
Long-term liabilities	<u>79,161,318</u>	<u>82,897,887</u>
Total liabilities	<u>87,417,631</u>	<u>87,157,950</u>
Net position		
Net investment in capital assets	49,135,316	49,332,498
Restricted	15,602,815	16,303,819
Unrestricted	<u>14,154,780</u>	<u>11,414,065</u>
Total net position	<u>\$ 78,892,911</u>	<u>\$ 77,050,382</u>

Revenues in the governmental activities of the District of \$107,585,346 exceeded expenditures by \$1,842,529. This was attributable primarily to greater State and federal revenues than anticipated.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 18. Table 2 takes the information from the Statement and rearranges them slightly to demonstrate total revenues and expenditures for the year.

Table 2
Changes in Net Position
Years Ended June 30
Revenues



Revenues:

Program revenues:

Charges for services	\$ 821,329	\$ 831,725
Operating grants and contributions	16,248,452	16,461,274

General revenues:

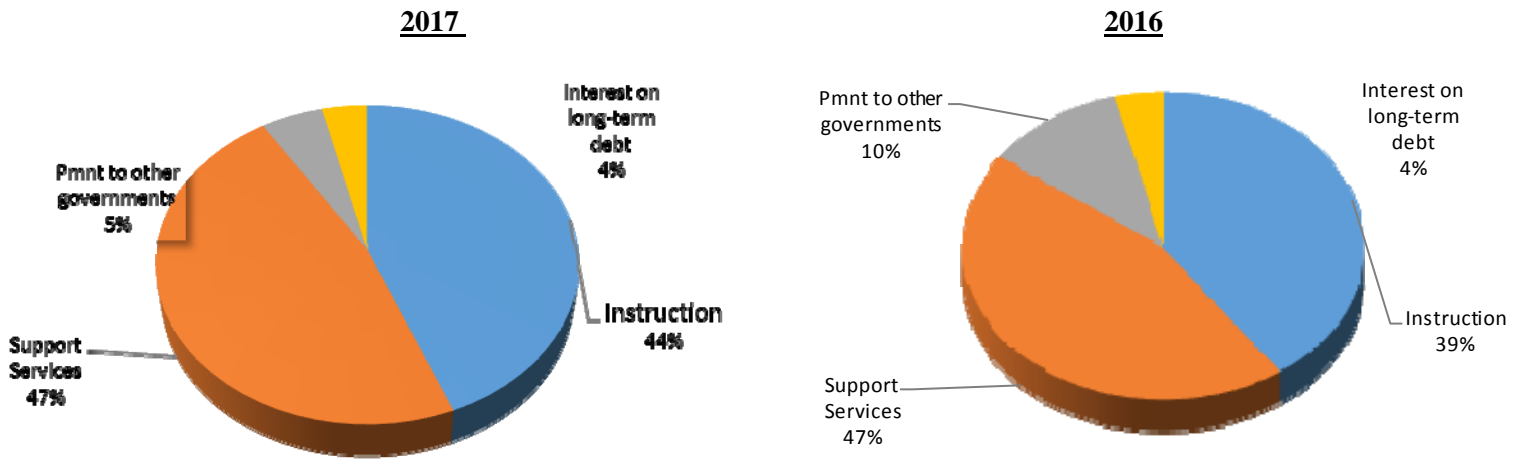
Property taxes	32,093,729	30,301,163
Corporate personal property replacement tax	4,039,653	3,636,596
School facility occupation tax proceeds	5,172,174	5,349,317
Investment income	179,710	83,278
General state aid	49,114,730	47,697,462
Other general revenues	(84,431)	(118,923)

	<u>2017</u>	<u>2016</u>
	<u>\$ 107,585,346</u>	<u>\$ 104,241,892</u>

State aid accounted for the largest portion of the District's revenues, contributing 45.65 percent with property taxes accounting for 29.83 percent. The remainder of revenues came from federal grants and other sources. The total cost of all the District's programs was \$105,742,817, primarily relating to instruction, tuition, caring for the students (e.g. school psychologists, improvement of instruction, social workers) and student transportation.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

Table 2 – Continued
Changes in Net Position
Years Ended June 30
Expenses



Functions/Program Expenses:

	<u>2017</u>	<u>2016</u>
Instruction	\$ 45,708,238	\$ 39,987,081
Support Services:		
Pupils	4,652,053	2,948,998
Instructional staff	4,403,346	4,710,976
General administration	4,096,743	3,664,036
School administration	5,961,446	5,612,909
Business	24,728,450	24,033,022
Central	5,089,663	3,448,231
Other	118,636	123,437
Community services	1,643,501	1,330,221
Payments to other governments	5,435,242	11,155,787
Debt service:		
Interest on long-term debt	3,901,693	3,968,479
Other debt service	3,806	20,806
Total expenses	<u>105,742,817</u>	<u>101,003,983</u>
Increase in net position	<u>\$ 1,842,529</u>	<u>\$ 3,237,909</u>

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

Governmental Activities

As reported in the Statement of Activities on page 18, the cost of all governmental activities this year was \$105,742,817. However, the amount that taxpayers ultimately financed for these activities through District taxes was \$88,673,036; some costs were paid by those who benefited from the programs (\$821,329) or by other governments and organizations who subsidized certain programs with grants and contributions (\$16,248,452). The "public benefit" portion of governmental activities was paid with \$32,093,729 in real estate taxes, \$4,039,653 through corporate personal property replacement tax, \$5,172,174 in school facility occupation tax, \$49,114,730 in general state aid, and \$179,710 in investment income and other general revenues deriving a fund balance change of (\$84,431).

The following table presents the cost of each of the District's five major functional activities: instruction, support services, community services, payments to other governments, and debt service. This chart also includes each program's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows constituents to consider the cost of each function in comparison to the benefits they believe are provided by that function.

For the Year Ended June 30, 2017

	Governmental Activities	
	Total Cost of Services	Net Cost of Services
	<hr/>	<hr/>
Instruction	\$ 45,708,238	\$ 38,649,517
Support services		
Pupils	4,652,053	4,276,528
Instructional staff	4,403,346	2,565,692
General administration	4,096,743	3,709,239
School administration	5,961,446	5,885,018
Business	24,728,450	19,086,075
Central	5,089,663	4,865,454
Other	118,636	83,857
Community services	1,643,501	246,507
Payments to other governments	5,435,242	5,399,650
Debt service	<u>3,905,499</u>	<u>3,905,499</u>
	<u>\$ 105,742,817</u>	<u>\$ 88,673,036</u>

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

For Fiscal 17, the District projected a decrease in net position of \$372,962 in the General Fund.

- Total revenues were \$7,466,205 less than budgeted and total expenditures were \$7,708,557 less than budgeted.
- On-behalf receipts and disbursements were \$4,143,776 less than budgeted.
- The District received less Federal and State grants monies than budgeted.
- The District budgeted for but did not receive any e-rate monies from fiscal 2017.
- The District overbudgeted for benefits and non-capitalized equipment in the instructional programs.
- Support services – instructional staff underspent on salaries, benefits, purchased services and non-capitalized equipment.
- Business services was underspent in supplies and materials.
- Payments to other governmental units for tuition was less than budgeted.
- Worker's and unemployment compensations were both less than budgeted.

For the Year Ended June 30, 2016

	Governmental Activities	
	Total Cost of	Net Cost of
	Services	Services
	<hr/>	<hr/>
Instruction	\$ 39,987,081	\$ 32,291,184
Support services		
Pupils	2,948,998	2,571,872
Instructional staff	4,710,976	2,550,562
General administration	3,664,036	3,201,317
School administration	5,612,909	5,503,696
Business	24,033,022	18,775,565
Central	3,448,231	3,403,832
Other	123,437	79,540
Community services	1,330,221	231,352
Payments to other governments	11,155,787	11,112,779
Debt service	<u>3,989,285</u>	<u>3,989,285</u>
	<u>\$ 101,003,983</u>	<u>\$ 83,710,984</u>

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

For FY16, the District projected a decrease in net position of \$2,494,487 in the General Fund. Total revenues were \$800,698 more than budgeted and total expenditures were \$4,040,719 less than budgeted.

- The District received more Federal and State grants monies than budgeted.
- Corporate Personal Property Replacement taxes were less than budgeted due to an adjustment by the Illinois Department of Revenue in the last quarter of the fiscal year.
- The District budgeted for but did not receive any e-rate monies from fiscal 2015.
- The District overbudgeted for salaries, benefits, and supplies and materials in the instructional programs.
- The District overspent purchased services and non-capitalized equipment in the instructional programs.
- Support services – instructional staff underspent on purchased services, supplies and materials, and non-capitalized equipment.
- Research, information, personnel, and data underspent in purchased services while being overspent in capital outlay and non-capitalized equipment.
- Community services underspent in purchased services.
- Payments to other governmental units for tuition was less than budgeted.
- Worker's and unemployment compensations were both less than budgeted.

THE DISTRICT'S FUNDS

Looking at funds helps in considering whether the District is being accountable for the resources taxpayers and others provide but also provides insight into the District's overall financial health.

The financial performance of the District is reflected in its governmental funds throughout the fund financial statements. As the District completed the fiscal year, its governmental funds reported combined fund balances of \$40,792,229; a decrease of \$531,411 over prior year's ending fund balances of \$41,323,640.

The General Fund, which includes the Educational Fund, Operations and Maintenance Fund, Working Cash Fund, and Tort Immunity/Judgment Fund had a decrease in the fund balance of \$302,741 for the year ended June 30, 2017.

The Transportation Fund had a modest increase of \$17,976.

The Debt Service Fund balance increased from \$1,669,413 at June 30, 2016 to \$2,016,514 at June 30, 2017.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

The Illinois Municipal Retirement Fund (IMRF); which includes IMRF, FICA and Medicare; balance increased \$161,834 from the prior year.

The Capital Projects Fund balance decreased by \$239,231 to \$1,100,537. A decrease was anticipated in the budget.

The Fire Prevention and Safety Fund balance had a decrease of \$516,350 to \$3,634,914. This was anticipated due to planning projects utilizing Life Safety bonds.

General Fund Budgetary Highlights

The District adopted a General Fund budget for fiscal 2017 in September 2016. The School Board amended the budget on June 26, 2017 as allowed by State law. The General Fund budget reflected total revenues of \$111,348,310 and total expenditures of \$111,728,772. Actual General Fund revenues for fiscal year 2017, including the on-behalf payments that the State of Illinois contributes to the Teacher Retirement System and a decrease in the Worker's Compensation Reserved Fund balance, were \$103,898,505 and expenditures were \$104,201,246. The great majority of the District's expenditures went to educating our students. The District offers strings, art, music, PE, and foreign languages. The District is very proud of its advanced placement, technical academy and dual credit offerings at the high school level which allows students to gain up to a year's worth of college experience before enrolling at a university.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the District had \$188,153,475 invested in a broad range of capital assets, including land, buildings, vehicles, and furniture and equipment. This amount represents a net increase, prior to depreciation, of \$2,512,952, or 1.2 percent from prior year. Total depreciation for the year was \$3,257,913.

Capital assets, net of accumulated depreciation as of year-end:

	Governmental Activities	
	2017	2016
Land	\$ 1,979,076	\$ 1,979,076
Buildings and improvements	115,417,021	115,704,550
Land improvements	24,085	14,270
Furniture and equipment	3,541,452	3,477,489
Totals	\$ 120,961,634	\$ 121,175,385

Greater details regarding capital assets are found in Note 5 on page 42 of this report.

Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)

Debt

At the end of this year, the District had \$82.775 million in bonds outstanding versus \$85.395 million in the prior year, a decrease of 3.07 percent. Outstanding bonds consist of:

General Obligation Bonds	\$ 80,301,667
Life Safety Bonds	<u>2,473,333</u>
	\$ <u>82,775,000</u>

The State limits the amount of general obligation debt that Unit Districts can issue to 13.8 percent of the assessed value of all taxable property within the District's corporate limits. The State Sales Tax (alternative revenue source) bonds are not reflected in the District's legal debt margin. The District's outstanding general obligation debt of \$12.13 million is below the \$96.54 million statutorily imposed limit.

Additional information on long-term debt can be found in Note 6 on page 42.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Elected and appointed officials considered many factors when setting the District's 2017-18 fiscal year budget and tax rates. The most important factors affecting the budget are student counts, employee salaries, and capital development projects. Also considered in the development of the budget are local and State economic.

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

The State of Illinois has a new formula to distribute General State Aid, an evidenced-based funding formula. The State Board of Education is preparing to implement a method to gather and verify data to distribute General State Aid to each district. At this time, General State Aid is based on preliminary projections received from the State. The State owes the District payments of \$2 million from the previous fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The District financial report is designed to provide citizens, taxpayers, parents, students, and investors and creditors with a general overview of the District's accountability for the revenues received. If you have questions about this report or wish to request additional financial information, contact the Business Affairs Department, Decatur Public School District No. 61, 101 W. Cerro Gordo, Decatur, IL 62523.

Decatur School District No. 61
Statement of Net Position
June 30, 2017

	<u>Component Units</u>		
	Governmental Activities – Modified Cash Basis	Macon-Piatt Special Education District – Modified Cash Basis	Decatur Public Schools Foundation
Assets			
Cash	\$ 23,347,055	\$ 1,728,691	\$ 132,887
Cash-temporarily restricted	—	—	148,272
Interest-bearing time deposits – temporarily restricted	—	—	15,226
Investments	21,734,037	1,584,268	535,889
Investments – temporarily restricted	—	—	54,239
Contributions receivable	—	—	48,487
Other receivables	—	—	17,002
Prepaid insurance	—	—	1,476
Vocational projects for resale-at cost	105,986	—	—
Inventory, at moving-average cost	141,464	—	—
Capital assets, net of accumulated depreciation of \$67,191,841 and \$2,288,152	<u>120,961,634</u>	<u>76,650</u>	<u>—</u>
Total assets	<u>166,290,176</u>	<u>3,389,609</u>	<u>953,478</u>
Deferred Outflows of Resources			
Deferred charges on refunding net of amortization of \$191,439	<u>20,366</u>	<u>—</u>	<u>—</u>
Liabilities			
General obligation bonds payable			
Due within one year	3,720,000	—	—
Due in more than one year	79,055,000	—	—
Bond premium, net of amortization of \$64,895	106,318	—	—
Payroll deductions payable	4,518,955	—	—
Accounts payable	—	—	6,696
Other	<u>17,358</u>	<u>—</u>	<u>24,123</u>
Total liabilities	<u>87,417,631</u>	<u>—</u>	<u>30,819</u>
Net Position			
Net investment in capital assets	49,135,316	76,650	—
Restricted	15,602,815	2,120,478	217,737
Unrestricted	<u>14,154,780</u>	<u>1,192,481</u>	<u>704,922</u>
Total net position	<u>\$ 78,892,911</u>	<u>\$ 3,389,609</u>	<u>\$ 922,659</u>

Decatur School District No. 61
Statement of Activities
Year Ended June 30, 2017

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Governmental Activities – Modified Cash Basis			
Instruction	\$ 45,708,238	\$ 414,519	\$ 6,644,202
Supporting services			
Pupils	4,652,053	—	375,525
Instructional staff	4,403,346	—	1,837,654
General administration	4,096,743	—	387,504
School administration	5,961,446	—	76,428
Business	24,728,450	406,810	5,235,565
Central	5,089,663	—	224,209
Other	118,636	—	34,779
Community services	1,643,501	—	1,396,994
Payments to other governments	5,435,242	—	35,592
Debt service			
Interest on long-term debt	3,901,693	—	—
Other debt service	<u>3,806</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 105,742,817</u>	<u>\$ 821,329</u>	<u>\$ 16,248,452</u>
Component Units			
Macon-Piatt Special Education District – Modified Cash Basis	<u>\$ 16,950,710</u>	<u>\$ 7,066,066</u>	<u>\$ 6,622,085</u>
Decatur Public Schools Foundation	<u>\$ 474,003</u>	<u>\$ —</u>	<u>\$ 610,403</u>

Net (Expense) Revenue		
Component Units		
Governmental Activities Modified Cash Basis	Macon-Piatt Special Education District Modified Cash Basis	Decatur Public Schools Foundation
\$ (38,649,517)	\$ —	\$ —
(4,276,528)	—	—
(2,565,692)	—	—
(3,709,239)	—	—
(5,885,018)	—	—
(19,086,075)	—	—
(4,865,454)	—	—
(83,857)	—	—
(246,507)	—	—
(5,399,650)	—	—
(3,901,693)	—	—
<u>(3,806)</u>	<u>—</u>	<u>—</u>
<u>\$ (88,673,036)</u>	<u>\$ —</u>	<u>\$ —</u>
<u>—</u>	<u>\$ (3,262,559)</u>	<u>—</u>
<u>—</u>	<u>—</u>	<u>\$ 136,400</u>

(continued)

Decatur School District No. 61
Statement of Activities
Year Ended June 30, 2017

	Net (Expense) Revenue and Changes in Net Position		
	Component Units		
	Governmental Activities – Modified Cash Basis	Macon-Piatt Special Education District – Modified Cash Basis	Decatur Public Schools Foundation
Net Revenue (Expense) (Continued)	\$ (88,673,036)	\$ (3,262,559)	\$ 136,400
General Revenues			
Taxes			
Property taxes levied for general purpose	32,093,729	—	—
Corporate personal property replacement taxes	4,039,653	—	—
School Facility Occupation Tax Proceeds	5,172,174	—	—
Investment income	179,710	14,979	91,115
State aid	49,114,730	1,209,343	—
Miscellaneous	(84,431)	73,923	—
Change in Net Position	<u>1,842,529</u>	<u>(1,964,314)</u>	<u>227,515</u>
Net Position, July 1, 2016, As Previously Reported	77,050,382	5,353,923	553,042
Change from cash basis to accrual basis	<u>—</u>	<u>—</u>	<u>142,102</u>
Net Position, July 1, 2016, As Restated	<u>77,050,382</u>	<u>5,353,923</u>	<u>695,144</u>
Net Position, June 30, 2017	<u>\$ 78,892,911</u>	<u>\$ 3,389,609</u>	<u>\$ 922,659</u>

Decatur School District No. 61
Statement of Assets, Liabilities and Fund Balances
Governmental Funds
Modified Cash Basis
June 30, 2017

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Assets			
Cash	\$ 14,680,651	\$ 8,666,404	\$ 23,347,055
Investments	16,979,106	4,754,931	21,734,037
Vocational projects for resale-at cost	105,986	—	105,986
Inventories, at moving-average cost	<u>141,464</u>	<u>—</u>	<u>141,464</u>
Total assets	<u>\$ 31,907,207</u>	<u>\$ 13,421,335</u>	<u>\$ 45,328,542</u>
Liabilities			
Payroll deductions payable	\$ 4,518,955	\$ —	\$ 4,518,955
Other	<u>17,358</u>	<u>—</u>	<u>17,358</u>
Total liabilities	<u>4,536,313</u>	<u>—</u>	<u>4,536,313</u>
Fund Balances			
Nonspendable	141,464	—	141,464
Restricted	4,335,232	11,267,583	15,602,815
Committed	1,216,629	2,153,752	3,370,381
Unassigned	<u>21,677,569</u>	<u>—</u>	<u>21,677,569</u>
Total fund balances	<u>27,370,894</u>	<u>13,421,335</u>	<u>40,792,229</u>
Total liabilities and fund balances	<u>\$ 31,907,207</u>	<u>\$ 13,421,335</u>	<u>\$ 45,328,542</u>

Decatur School District No. 61
Reconciliation of the Statement of Assets, Liabilities
and Fund Balances — Governmental Funds
With the Statement of Net Position
June 30, 2017

Total fund balances for governmental funds	\$ 40,792,229
Total net position 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 in the individual funds	120,961,634
Bonds payable applicable to governmental activities are not due and payable in the current period and therefore are not reported as liabilities in the individual funds	
General obligation bonds payable	(82,775,000)
Premiums on bonds payable are not included in the individual funds, but are included in the governmental activities, net of amortization of \$64,895	(106,318)
Charges for refunding prior bonds payable are not included in the individual funds, but are included in the governmental activities, net of amortization of \$191,439	<u>20,366</u>
Total net position – governmental activities	<u>\$ 78,892,911</u>

Decatur School District No. 61
Statement of Revenue Received, Expenditures Disbursed,
Other Financing Sources (Uses), and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
Year Ended June 30, 2017

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenue Received			
Taxes	\$ 24,171,586	\$ 7,922,143	\$ 32,093,729
Corporate personal property replacement taxes	3,986,388	53,265	4,039,653
School facility occupation tax proceeds	—	5,172,174	5,172,174
Earnings on investments	122,433	57,277	179,710
Tuition	55,256	—	55,256
Food services	88,661	—	88,661
Pupil activities, including athletics	136,723	—	136,723
Textbook fees	151,683	—	151,683
State grants	46,376,514	4,320,521	50,697,035
Federal grants	13,939,694	177,200	14,116,894
Other	996,933	29,118	1,026,051
On-behalf receipts	<u>13,856,234</u>	<u>—</u>	<u>13,856,234</u>
	<u>103,882,105</u>	<u>17,731,698</u>	<u>121,613,803</u>
Expenditures Disbursed			
Instruction (including capital outlays of \$9,460)			
Regular programs	27,045,586	313,464	27,359,050
Tuition payments to charter schools	2,977,825	—	2,977,825
Pre-kindergarten programs	1,905,247	107,163	2,012,410
Special Ed programs	5,848,464	180,525	6,028,989
Remedial and supplemental programs K-12	5,236,215	282,264	5,518,479
Adult continuing education programs	81,894	7,255	89,149
CTE programs	15,048	2,120	17,168
Interscholastic programs	879,906	41,163	921,069
Summer school programs	45,667	649	46,316
Gifted	1,631	—	1,631
Driver's education programs	134,991	1,814	136,805
Bilingual programs	221,993	2,104	224,097
Truant alternative and optional programs	<u>247,977</u>	<u>10,559</u>	<u>258,536</u>
	<u>44,642,444</u>	<u>949,080</u>	<u>45,591,524</u>
Supporting services (including capital outlays of \$3,042,294)			
Pupils	4,399,636	257,238	4,656,874
Instructional staff	3,947,031	229,524	4,176,555
General administration	3,923,251	170,558	4,093,809
School administration	5,635,363	322,689	5,958,052
Business administration	15,383,961	9,176,516	24,560,477
Central	5,209,910	194,120	5,404,030
Other	<u>115,136</u>	<u>931</u>	<u>116,067</u>
	<u>38,614,288</u>	<u>10,351,576</u>	<u>48,965,864</u>

(Continued)

Decatur School District No. 61
Statement of Revenue Received, Expenditures Disbursed,
Other Financing Sources (Uses), and Changes in Fund Balances
Governmental Funds
Modified Cash Basis
Year Ended June 30, 2017

(Continued)

	General Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
Community Services	\$ 1,472,007	\$ 166,522	\$ 1,638,529
Debt Service	—	6,493,190	6,493,190
Payments to Other Governmental Units On-behalf Disbursements	5,435,242	—	5,435,242
	<u>13,856,234</u>	<u>—</u>	<u>13,856,234</u>
	<u>104,020,215</u>	<u>17,960,368</u>	<u>121,980,583</u>
Deficiency of Revenue Received Under Expenditures Disbursed	<u>(138,110)</u>	<u>(228,670)</u>	<u>(366,780)</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	325	—	325
Proceeds from sale of supplies	14,075	—	14,075
Proceeds from sale of vehicle	2,000	—	2,000
Decrease in worker's compensation reserve	<u>(181,031)</u>	<u>—</u>	<u>(181,031)</u>
	<u>(164,631)</u>	<u>—</u>	<u>(164,631)</u>
Deficiency of Revenue Received and Other Financing Sources Under Expenditures Disbursed and Other Financing Uses	(302,741)	(228,670)	(531,411)
Fund Balances, Beginning of Year	<u>27,673,635</u>	<u>13,650,005</u>	<u>41,323,640</u>
Fund Balances, End of Year	<u>\$ 27,370,894</u>	<u>\$ 13,421,335</u>	<u>\$ 40,792,229</u>

Decatur School District No. 61
Reconciliation of the Statement of Revenue Received,
Expenditures Disbursed, Other Financing Sources (Uses) and Changes in
Fund Balances — Governmental Funds to the Statement of Activities
Year Ended June 30, 2017

Net change in fund balances — total governmental funds \$ (531,411)

Amounts reported for governmental activities in the statement of activities are different because:

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. This is the amount by which depreciation expense (\$3,257,913) exceeded capital outlays expense (\$3,051,754) in the current period. (206,159)

In the statement of activities, only the loss on the disposal of fixed assets is reported, whereas in the governmental funds, the disposal of assets are not reflected. This is the amount by which disposals of capital outlays (\$538,802) exceeded accumulated depreciation (\$531,210) in the current period. (7,592)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities. This is the amount by which repayments exceeded proceeds. 2,620,000

Premiums received on bonds issued provide current financial resources to governmental funds, but are capitalized in the Statement of Net Position. The following premiums were capitalized, net of annual amortization during the year.

Premium amortization 16,569

Deferred charges on refunding are expended in the governmental funds when paid, but capitalized in the Statement of Net Position. The following deferred charges were capitalized, net of annual amortization during the year.

Deferred charges on refunding amortization (48,878)

Change in net position of governmental activities **\$ 1,842,529**

Decatur School District No. 61
Statement of Fiduciary Net Position
Modified Cash Basis
Fiduciary Funds
June 30, 2017

	<u>Total Fiduciary Funds</u>
Assets	
Cash	\$ 90,588
Investments	<u>415,326</u>
Total assets	<u>\$ 505,914</u>
Liability	
Due to organizations	<u>\$ 505,914</u>

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Decatur School District No. 61 (District) is a community unit school district organized under the Illinois School Code for the purpose of providing a public education to the children of Decatur.

Reporting Entity

These financial statements present Decatur School District No. 61 and its component units, entities for which the government is considered to be financially accountable as it administers the entities, approves the entities' budgets and has ultimate authority over the entities' operations. The component units discussed below are included in the District's reporting entity because of the significance of their operational or financial relationships with the District. They are reported as discretely presented component units, in separate columns in the financial statements, to emphasize that they are legally separate from the District.

Macon-Piatt Special Education District is established under a joint agreement involving several cooperating area school districts. Decatur School District No. 61 administers the District, approves the District's budget, and has ultimate authority over the District's operations. During the year ended June 30, 2017, the District provided tuition of \$4,822,237.

Decatur Public Schools Foundation is organized to promote public education by assisting the Decatur Public Schools in providing quality programs through making funds available for approved grants.

Complete financial statements of the individual component units can be obtained from the following:

Macon-Piatt Special Education District
335 East Cerro Gordo
Decatur, Illinois 62523

Decatur Public Schools Foundation
601 North Church
Decatur, Illinois 62523

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Basis of Presentation

The District'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 District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District's governmental activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District'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 and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. 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.

Fund Financial Statements

The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. Separate financial statements are provided for governmental funds and fiduciary funds. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary funds are reported by fiduciary fund type. The District's only major governmental fund is the General Fund. All other funds are considered nonmajor.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Governmental Funds

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 are to be used. Liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The General Fund, which consists of the Educational Fund, Operations and Maintenance Fund, Working Cash Fund and Tort Immunity/Judgment Fund is the general operating fund of the District and accounts for the general activities of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Special Education is included in the Educational Fund. The Working Cash Fund accounts for financial resources held by the District to be used for temporary loans to other funds.

Special Revenue Funds, which include the Transportation Fund and the Illinois Municipal Retirement/Social Security Fund are 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 Fund) that are legally restricted to expenditures for specified purposes.

The Debt Service Fund accounts for the accumulation of resources that are restricted, committed or assigned to the payment of general long-term debt principal, interest and related costs.

The Capital Projects Fund (Fire Prevention and Safety Fund and Capital Projects Fund) is used to account for financial resources that are restricted, committed or assigned to expenditures for capital outlays including the acquisition or construction of major capital facilities.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net position. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in net position. The District's fiduciary funds consist of the following agency funds:

The Agency Funds (Student Activity Funds) account for assets held by the District as an agent for others. These funds are custodial in nature and do not involve the measurement of the results of operations. The financial statements reflect the amounts due to organizations equal to the assets owned.

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of resources that applies to future periods and therefore will not be recognized as an outflow of resources (expenditure) until then. The District only has one item that qualifies for reporting in this category. The deferred charge on refunded debt of \$211,805 resulted from the difference in the carrying value of the refunded debt and its reacquisition price and will be amortized over the remaining life of the refunded debt. Amortization for the year ended June 30, 2017 was \$48,878.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Fund Balance (Net Position) Reporting

In accordance with government accounting standards, fund balances (net position) 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 and a reconciliation of how these balances are reported.

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 and prepaid amounts.

The District purchases certain inventories of goods that are stored at a warehouse facility until needed at individual schools. At June 30, 2017, inventories totaling \$141,464 were on hand. This balance is included in the financial statements in the Educational Fund.

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, Debt Service, Tort, Capital Projects and Fire Prevention and Safety Funds are by definition restricted for those specified purposes. The District has several revenue sources received within different funds that also fall into these categories.

1. Special Education

Cash receipts and the related cash disbursements of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

2. Leasing Levy

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Educational Fund. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

3. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational, Transportation, and Capital Projects Funds. At June 30, 2017, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balances.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational, Operations and Maintenance and Transportation Funds. At June 30, 2017, expenditures disbursed exceeded revenues received from federal grants, resulting in no restricted balances.

5. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenues received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$2,703,155.

6. School Facility Occupation Tax

Cash receipts and related cash disbursements of this restricted tax are accounted for in the Debt Service Fund and Capital Projects Fund. At June 30, 2017, the District had received cash receipts, including bond proceeds, in excess of disbursements totaling \$2,547,597. This amount is included in the Debt Service and Capital Projects Funds as restricted and committed.

7. Food Service

Revenue and related expenditures of the food service program are accounted for in the Educational Fund. A portion, \$1,424,898, of this Fund's net position represents the excess of cumulative revenue over cumulative expenditures which is restricted for use in future food service program expenditures.

8. Workers' Compensation

The District has chosen self-insurance for workers' compensation by membership in the Illinois Association of School Boards – Sponsored Workers' Compensation Self-Insurance Trust. For the year ended June 30, 2017, accident claims of \$528,104 were paid with \$823,293 of actuarially-determined incurred but not reported claims. At June 30, 2017, \$823,293 is included in the Tort Immunity/Judgment Fund's fund balance to cover these claims.

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 School Board). 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.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

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.

By Board action, the District has committed to performing \$2,255,104 in construction projects during the next fiscal year. These balances are included in the financial statements in the Operations and Maintenance Fund (\$102,857), the Capital Projects Fund (\$1,050,647), and the Fire Prevention and Safety Fund (\$1,101,600).

Employee contracts for services rendered provide for the carryover of certain unpaid vacation time. At June 30, 2017, the total amount of unpaid vacation time for services performed amounted to \$689,908. These balances are included in the financial statements in the Educational Fund (\$501,968), Operations and Maintenance Fund (\$170,566), Tort Immunity/Judgment Fund (\$15,869) and Transportation Fund (\$1,505).

The District has various leases through 2018 for one-to-one classroom technology. At June 30, 2017, the total obligation under such agreements amounted to \$425,369. This balance is included in the financial statements in the Educational Fund.

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 specific purposes. No assigned fund balances were identified at June 30, 2017.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Fund for amounts that have not been restricted, committed, or assigned to specific purposes within the General Funds. Unassigned Fund Balance amounts are shown in the financial statements in the Educational, Operations and Maintenance, Capital Projects, and Working Cash Funds.

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.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared using the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

The Decatur Public Schools Foundation (Foundation) previously maintained its accounting records on the cash basis of accounting, in which support and revenue were recorded when cash was received, and expenses were recorded when cash was disbursed. Effective July 1, 2016, the Foundation changed to the accrual basis of accounting, in which support and revenue are recorded when earned, and expenses are recorded when incurred. Due to this change in the basis of accounting the Foundation restated their net assets as of the beginning of 2017, resulting in a cumulative prior period adjustment of \$142,102, of which \$117,455 is unrestricted and \$24,647 is temporarily restricted.

Government-Wide and Fiduciary Fund Financial Statements

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. The modifications to the cash basis are for the employer portion of payroll taxes not deposited with taxing authorities, overpayments due, recording of inventory, the recording of capital assets, the recognition of depreciation and the recording of long-term debt. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements. Pension liabilities are not included in the modified cash basis statement, therefore no assets or liabilities have been recorded for the provisions of GASB Statement No. 68.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. Modifications to the cash basis in these statements are for advances, the employer portion of payroll taxes not deposited with taxing authorities, health insurance, overpayments due, and recording of inventory. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Decatur School District No. 61

Notes to Financial Statements

June 30, 2017

Nonexchange 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, grants, entitlements, and donations are recognized when received, consistent with the cash basis of accounting. Liabilities of a fund, similarly, result from previous cash transactions.

Under the 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 position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

Use of Estimates

For the Foundation, preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Budgets and Budgetary Accounting

The District prepares a budget for all individual funds within the Governmental Fund types.

The District's budget is prepared so that budgeted receipts and expenditures can be compared to the cash basis of accounting. The budget, which was amended on June 27, 2017, was passed on September 27, 2016.

For each fund, total fund expenditures may not legally exceed the budgeted expenditures. 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. The Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to October 1, the budget is legally adopted through passage of a resolution.
4. The Board of Education is authorized to transfer up to ten percent of the total budget between items within any fund.
5. Formal budgetary integration is employed as a management control device during the year.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

6. The Board of Education may amend the budget by the same procedure as provided for in the original adoption.

Cash

Cash consists of interest and noninterest-bearing bank checking accounts. At June 30, 2017, the District's and Foundation's cash accounts exceeded federally insured limits by approximately \$1,890,000 and \$45,000, respectively.

Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the governmental funds statement of assets and fund balances.

Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District maintains a formal capitalization policy and follows grant guidelines when applicable.

The District does not possess any material amounts of infrastructure capital assets, such as sidewalks and parking lots. Such items are considered to be part of the cost of buildings or other improvable property.

Capital assets not being depreciated include land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the estimated life of the asset. The District has established estimated useful lives as follows:

Asset Class	Estimated Useful Lives
Buildings	50 years
Land & Building Improvements	20 years
Equipment	5 to 10 years
Transportation Equipment	5 years

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Investments and Investment Return

For the District, investment balances, which consist of money market funds or pooled separate accounts, are stated at cost, which approximates fair value. Assets of the different funds are commingled for investment purposes, and interest earnings are prorated back to the various funds when recognized as revenue. The District has established accounts with the Illinois Funds (IF) and Illinois School District Liquid Asset Fund Plus (ISDLAF) for investment of funds. IF was established to supplement and enhance the investment opportunities available to custodians of public agency funds throughout the State. The management, custodianship, and operation of the IF are under the supervision of the State, Office of the Treasurer. ISDLAF was established to provide investors with a high yield investment alternative while maintaining liquidity and preserving capital. Realized and unrealized gains and losses are reflected in the statement of operating receipts, operating disbursements, and changes in net assets arising from cash transactions.

The District has adopted a formal written investment and cash management policy.

For the Foundation, investments in mutual funds and money market funds are carried at fair value. Investment return includes interest and dividend income and net unrealized gain on investments carried at fair value.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net position. Other investment return is reflected in the statement of activities as unrestricted or temporarily restricted based upon the existence and nature of any donor or legally imposed restrictions.

Interest-Bearing Time Deposit

For the Foundation, the interest-bearing time deposit matures and renews annually and is carried at cost, which approximates fair value. Interest on the time deposit is accrued based on the terms.

Inventories

Inventories are stated at moving-average cost which approximates cost on a FIFO basis. Inventories consist of goods received and stored in warehouse facilities until needed at individual schools.

Contributions

For the Foundation, gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net position. Gifts received with a donor stipulation that limits their use are reported as temporarily restricted revenue and net position. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net position is reclassified to unrestricted net position. Gifts having donor stipulations which are satisfied in the period the gift is received are reported as unrestricted revenue and net position.

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June 30, 2017

Unconditional gifts are reported at their net realizable value. Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional.

Income Taxes

The Foundation is exempt from income taxes under Section 501 of the U. S. Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction.

Note 2: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a governments' deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law allows for deposits in banks, savings banks, savings and loan associations and credit unions. Deposits not collateralized or insured by an agency of the federal government shall not exceed 75 percent of the capital stock and surplus in the case of a bank, 75 percent of the net worth in the case of a savings bank or savings and loan association or 50 percent of the unimpaired capital and surplus in the case of a credit union. Under state law, the District may enter into an agreement requiring collateralization in an amount equal to at least the fair value of funds deposited in excess of federal depository insurance limits.

At June 30, 2017, the District's deposits were included in a common bank account where all deposits were insured or collateralized with the exception of \$1,890,000.

Investments

The District is authorized by state statute to invest in obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper rated within the three highest classifications by at least two standard rating services; obligations of states and their political subdivisions; savings accounts; certificates of deposit; time deposits; money market mutual funds; credit union shares; the Illinois Funds; and the Illinois School District Liquid Asset Fund Plus.

At June 30, 2017, the District's investments were in the Illinois Funds and the Illinois School District Liquid Asset Fund Plus. The District's investments qualify as an exception to GASB Statement No. 72 as they are recorded at amortized cost, and are not placed into the fair value hierarchy.

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Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the District's investments at June 30, 2017 are held by the counterparties in the District's name.

Credit Risk

Credit risk is the risk that an insurer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's deposits with financial institutions are not subject to credit risk rating. Both the Illinois Funds and the Illinois School District Liquid Asset Fund Plus have been rated AAAM by Standard and Poor's. Credit risk exposure and investment guidelines are addressed in the District's investment policy.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment with a single issuer. The investment policy of the District contains no limitations on the amounts that can be invested in any one issuer. Deposits with financial institutions and investments in external investment pools are exempt from the concentration disclosure.

Summary of Carrying Values

The carrying values of deposits and investments as of June 30, 2017 are as follows:

	2017
Statement of Net Position	
Carrying value	
Deposits	\$ 23,347,055
Investments	<u>21,734,037</u>
	<u>\$ 45,081,092</u>
 Included in the following Statement of Net Position captions	
Cash	\$ 23,347,055
Investments	<u>21,734,037</u>
	<u>\$ 45,081,092</u>

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Statement of Fiduciary Net Position

Carrying value	
Deposits	\$ 90,588
Investments	<u>415,326</u>
	<u>\$ 505,914</u>

Included in the following Statement of Fiduciary Net Position captions

Cash	\$ 90,588
Investments	<u>415,326</u>
	<u>\$ 505,914</u>

Investments owned at June 30, 2017 consisted of:

Illinois Funds	\$ 14,331,294
Illinois School District Liquid Asset Fund Plus	<u>7,818,069</u>
	<u>\$ 22,149,363</u>

Investment Income

Investment income for the year ended June 30, 2017 consisted of:

Interest income	<u>\$ 179,710</u>
-----------------	-------------------

Note 3: Disclosures About Fair Value of Assets for the Foundation

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

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Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2017:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mutual funds	\$ 589,778	\$ 589,778	\$ -	\$ -
Money market funds	350	350	-	-
	<u>\$ 590,128</u>	<u>\$ 590,128</u>	<u>\$ -</u>	<u>\$ -</u>

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of net position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2017. The Foundation had no liabilities measured at fair value on a recurring basis. In addition, the Foundation had no assets or liabilities measured at fair value on a nonrecurring basis.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Note 4: Contributions Receivable for the Foundation

Contributions receivable totaling \$48,487 as of June 30, 2017, consists of unrestricted contributions due within one year. No allowance has been recorded as of June 30, 2017, as all contributions are considered fully collectible.

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Notes to Financial Statements
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Note 5: Conditional Gifts for the Foundation

The Foundation has received \$170,000 in conditional promises to give at June 30, 2017, that are not recognized in the financial statements. These conditional promises to give are based upon the annual completion of a school program for \$85,000 in 2018 and 2019.

Note 6: Net Position for the Foundation

Temporarily Restricted Net Position

Temporarily restricted net position of \$217,737 at June 30, 2017, is available for designated school programs.

Net Position Released from Restrictions

A portion of net position was released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. Purpose restrictions accomplished in 2017 related to grant program expenses totaling \$205,418.

Note 7: 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 2015 levy was passed by the Board on December 8, 2015. The 2016 levy was passed by the Board on December 13, 2016. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments on June 1 and September 1. The district receives significant distributions of tax receipts approximately one month after these due dates.

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The following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation:

	Maximum Rate	Actual Rate		
		2016 Levy	2015 Levy	2014 Levy
Educational Fund	2.5700	2.57000	2.57000	2.57000
Operations and Maintenance Fund	.5000	.50000	.50000	.50000
Debt Service Fund	None	.43504	.30275	.26595
Transportation Fund	.2000	.20000	.20000	.20000
Illinois Municipal Retirement Fund	None	.34150	.06529	.26982
Fire Prevention and Safety Fund	.0500	.05000	.05000	.05000
Tort Immunity	None	.40025	.36519	.23069
Special Education	.0400	.04000	.04000	.04000
Social Security	None	.22772	.47943	.19369
Lease Facilities	.0500	.05000	.05000	.05000
Working Cash Fund	.0500	<u>.05000</u>	<u>.05000</u>	<u>.05000</u>
Total		<u>4.86451</u>	<u>4.67266</u>	<u>4.42015</u>

Current year tax receipts include tax collections of the 2015 tax levy and the first distribution of the 2016 levy.

Note 8: Common Bank Account

Separate bank accounts are not maintained for all District funds. Certain funds maintain their uninvested cash balances in a common checking account, with accounting records being maintained to show the portion of the common bank account balance attributable to each participating fund. Occasionally, certain funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Board of Education. Such overdrafts constitute unauthorized interfund transfers since such loans are not authorized by the Board of Education.

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Notes to Financial Statements
June 30, 2017

Note 9: Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
Land	\$ 1,979,076	\$ —	\$ —	\$ 1,979,076
Buildings and improvements	148,741,772	1,956,034	415,119	150,282,687
Land improvements	2,364,198	70,792	—	2,434,990
Equipment	<u>32,555,477</u>	<u>1,024,928</u>	<u>123,683</u>	<u>33,456,722</u>
	183,661,447	3,051,754	538,802	186,174,399
Less accumulated depreciation	<u>64,465,138</u>	<u>3,257,913</u>	<u>531,210</u>	<u>67,191,841</u>
	<u>119,196,309</u>	<u>(206,159)</u>	<u>7,592</u>	<u>118,982,558</u>
	<u>\$ 121,175,385</u>	<u>\$ (206,159)</u>	<u>\$ 7,592</u>	<u>\$ 120,961,634</u>

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 126,174
Student activities	6,249
Instructional staff support	226,791
General administration	3,529
School administration	3,394
Business	2,561,137
Central services	323,098
Other	2,569
Community service	<u>4,972</u>
	<u>\$ 3,257,913</u>

Note 10: Changes in Long-Term Debt

The following is a summary of bond transactions of the District for the year ended June 30, 2017.

Bonds payable at July 1, 2016	\$ 85,395,000
Bonds retired	<u>2,620,000</u>
Bonds payable at June 30, 2017	<u>\$ 82,775,000</u>

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On July 30, 2013, the District issued \$8,995,000 in General Obligation Bonds, Series 2013A and B, with interest rates ranging from 3.65 percent to 4.60 percent to replenish the Working Cash Fund and advance refund \$1,910,000 outstanding principal of the 2007 Series Working Cash and Life Safety Bonds with interest rates ranging from 4.00 percent to 4.75 percent. Net proceeds of \$2,121,805 (after \$44,408 in underwriting fees, insurance and other issuance costs) have been deposited in an irrevocable trust with an escrow agent. The escrow agent has purchased U.S. Treasury securities (State and Local Government Series), to provide for all future debt service on the \$1,910,000 advance refunded amount of the 2007 Series bonds. As a result, the \$1,910,000 advance refunded amount of the 2007 Series bonds have been removed from the government-wide statements of net position. If at any time the available proceeds of the Treasury securities and deposits on demand in the escrow account are not sufficient to make any payment due to the holders of any of the prior bonds, the escrow agent shall notify the Treasurer and the Board and the District shall make available such funds to make up the anticipated deficit. The District completed the advance refunding to levelize its tax rate over the next several years which resulted in additional debt service payments of \$505,560, an economic loss (difference between the present values of the old and new debt service payments) of \$221,841 and an accounting loss of \$211,805.

The trust account assets and the liability for the defeased bonds are not included in the District's financial statements. On June 30, 2017, \$550,000 of bonds outstanding are considered defeased.

Bonds payable at June 30, 2017, are comprised of the following issues:

2007 Life Safety/Working Cash Fund Bonds due in annual installments varying from \$225,000 to \$1,975,000 from 2010 through 2019; interest rates varying from 4.0 percent to 4.95 percent. \$1,985,000 is outstanding as of June 30, 2017, of which \$1,425,000 is due within one year.

2011 General Obligation Bonds (Alternative Revenue Source) due in annual installments varying from \$900,000 to \$5,450,000 from 2013 to 2042; interest rates varying from 2.0 percent to 5.25 percent. \$65,970,000 is outstanding as of June 30, 2017, of which \$1,145,000 is due within one year.

2011 QZAB Series Bonds (Alternate Revenue Source) due in annual installments varying from \$100,000 to \$1,080,000 from 2021 to 2029; the interest rate is 2.25 percent. \$4,675,000 is outstanding as of June 30, 2017, of which nothing is due within one year.

2013 Series A and B General Obligation/Working Cash Bonds due in annual installments varying from \$530,000 to \$1,850,000 from 2018 to 2023; interest rates varying from 3.65 percent to 4.60 percent. \$8,995,000 is outstanding as of June 30, 2017, of which nothing is due within one year.

2016 General Obligation/Life Safety Bonds due in annual installments varying from \$205,000 to \$1,150,000 from 2017 to 2018; interest rates varying from 1.99 percent to 2.10 percent. \$1,150,000 is outstanding as of June 30, 2017, all of which is due within one year.

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Notes to Financial Statements
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The annual requirements to amortize all debt outstanding at June 30, 2017, including interest payments of \$56,151,300 are as follows:

	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 3,720,000	\$ 2,164,185	\$ 5,884,185
2019	2,730,000	3,680,002	6,410,002
2020	2,885,000	3,582,480	6,467,480
2021	3,060,000	3,473,665	6,533,665
2022	3,260,000	3,331,817	6,591,817
2023-2027	12,255,000	14,974,225	27,229,225
2028-2032	12,760,000	12,522,869	25,282,869
2033-2037	17,760,000	8,826,494	26,586,494
2038-2042	<u>24,345,000</u>	<u>3,595,563</u>	<u>27,940,563</u>
Total	<u>\$ 82,775,000</u>	<u>\$ 56,151,300</u>	<u>\$ 138,926,300</u>

The District has a legal debt margin of \$84,411,207 based on the 2016 assessed valuation of \$699,573,967.

Note 11: Retirement Commitments

The District provides pension benefits to its employees under two separate defined benefit plans as discussed below. As discussed in Footnote 1, because the District uses a modified cash basis of accounting for financial reporting purposes, it does not report pension obligations in its basic financial statements, thus the recognition requirements for such amounts (assets, deferred outflows of resources, liabilities and deferred inflows of resources) under Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* are not presented in the District’s financial statements. However, the footnote disclosure and required supplementary information required under GASB 68, which was adopted by the District for the year ended June 30, 2017, do apply and are provided herein.

Illinois Municipal Retirement Fund (IMRF)

Plan Description

The District contributes to the IMRF Plan, an agent multiple-employer defined benefit pension plan covering substantially all employees. The IMRF Plan is administered by the Illinois Municipal Retirement Fund.

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Notes to Financial Statements
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Benefits Provided

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

The employees covered by the Plan at December 31, 2016 are:

Inactive employees or beneficiaries currently receiving benefits	652
Inactive employees entitled to but not yet receiving benefits	346
Active employees	<u>550</u>
	<u><u>1,548</u></u>

Contributions

As set by statute, the District regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The District’s annual required contribution rate for calendar year 2016 was 12.11 percent. The District also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the year ended December 31, 2016, employees contributed \$884,201 and the District contributed \$2,473,663 to the IMRF Plan.

Net Pension Liability

The District’s net pension liability was measured as of December 31, 2016, for the year ended June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 %
Salary increases	3.75 % to 14.50 %, average, including inflation
Investment rate of return	7.50 %

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Notes to Financial Statements
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Mortality rates were developed from the RP-2014 Blue Collar Health Annuity Mortality Table, with adjustments to match current IMRF experience.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of an actuarial experience study for the period 2011 through 2014.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	38%	7.38%
International Equities	17%	1.88%
Fixed Income	27%	5.20%
Real Estate	8%	5.11%
Alternative Investments	9%	6.46%
Short-term Investments	<u>1%</u>	(1.64)%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the year ended December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that District contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Notes to Financial Statements
June 30, 2017

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	2017		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance, beginning of year	\$ <u>108,098,514</u>	\$ <u>92,912,843</u>	\$ <u>15,185,671</u>
Changes for the year:			
Service cost	2,154,539	—	2,154,539
Interest on total pension liability	7,946,008	—	7,946,008
Differences between expected and actual experience	317,947	—	317,947
Assumption changes	(375,196)	—	(375,196)
Employer contributions	—	2,473,663	(2,473,663)
Employee contributions	—	884,201	(884,201)
Pension Plan net investment income	—	6,284,049	(6,284,049)
Benefit payments and refunds	(5,607,051)	(5,607,051)	—
Other changes	<u>—</u>	<u>816,512</u>	<u>(816,512)</u>
Net changes	<u>4,436,247</u>	<u>4,851,374</u>	<u>(415,127)</u>
Balance, end of year	\$ <u>112,534,761</u>	\$ <u>97,764,217</u>	\$ <u>14,770,544</u>

The net pension liability of the District has been calculated using a discount rate of 7.50 percent. The following presents the net pension liability using a discount rate 1 percent higher (8.50 percent) and 1 percent lower (6.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 125,969,275	\$ 112,534,761	\$ 101,345,581
Plan fiduciary net position	<u>97,764,217</u>	<u>97,764,217</u>	<u>97,794,217</u>
DSD No. 61's net pension liability	\$ <u>28,205,058</u>	\$ <u>14,770,544</u>	\$ <u>3,551,364</u>

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Notes to Financial Statements
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Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the District did not recognize pension expense or deferred inflows and outflows of resources as their financial statements are on the modified cash basis of accounting. The pension expense that would have been recorded on the accrual basis was \$5,022,597. At June 30, 2017, the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, under the accrual method:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,070,619	\$ 29,223
Changes of assumptions	289,433	262,474
Net difference between projected and actual earning on pension plan investments	4,919,553	—
District's contribution subsequent to the measurement date	<u>1,740,503</u>	<u>—</u>
Total	<u>\$ 8,020,108</u>	<u>\$ 291,697</u>

At June 30, 2017, the District would have reported \$1,740,503 disclosed as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date as a reduction of the net pension liability in the reporting year ended June 30, 2018.

Other amounts that would have been reported as deferred outflows of resources and deferred inflows of resources at June 30, 2017, related to pensions would have been recognized in pension expense as follows:

2018	\$ 2,590,327
2019	1,847,049
2020	1,424,325
2021	<u>126,207</u>
	<u>\$ 5,987,908</u>

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Teachers' Retirement System of the State of Illinois

Plan Description

The 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 nonannuitants 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 publically available financial report that can be obtained at <http://trsil.org>; by writing to TRS at 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794; or by calling (888) 678-3675.

Benefits Provided

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

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.

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Notes to Financial Statements

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Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, the 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 District, and the District recognized revenue and expenditures of \$13,460,571 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute .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, 2017 were \$238,660 and are deferred outflows because they were paid after the June 30, 2016 measurement date.

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

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, salaries totaling \$2,031,250 were paid from federal and special trust funds that required employer contributions of \$782,844. These contributions are deferred because they were paid after the June 30, 2016 measurement date.

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District Retirement Cost Contributions. Under GASB Statement No. 68, contributions that a District is required to pay because of a TRS member retiring are categorized as specific liability payments. The District 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, 2017. The District paid \$105,916 to TRS for employer ERO contributions for retirements that occurred before July 31, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree’s final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, DSD No. 61 paid \$42,181 to TRS for employer contributions due on salary increases in excess of 6.0 percent and \$2,580 for sick leave days granted in the excess of the normal annual allotment.

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

At June 30, 2017, the District did not recognize a pension liability for its proportionate share of the net pension liability as their financial statements are on the modified cash basis of accounting. The pension liability on the accrual basis for its proportionate share of the net pension liability would have reflected a reduction for state pension support provided to the District. The amount that would have been 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:

District’s proportionate share of the net pension liability	\$ 12,349,527
State’s proportionate share of the net pension liability associated with the District	<u>336,805,353</u>
Total	<u>\$ 349,154,880</u>

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. DSD No. 61’s proportion of the net pension liability was based on DSD No. 61’s share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, DSD No. 61’s proportion was .0156449777 percent, which was a decrease of .0125723297 from its proportion measured as of June 30, 2015.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

For the year ended June 30, 2017, the District would have recognized pension expense and revenue of \$671,168 for support provided by the state under the accrual method. At June 30, 2017, the District would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,314	\$ 8,376
Net difference between projected and actual earning on pension plan investments	1,060,640	—
Changes of assumptions	348,896	—
Changes in proportion and differences between the District's contributions and proportionate share of contributions	—	7,894,619
District's contributions subsequent to the measurement date	<u>2,701,450</u>	<u>—</u>
Total	<u>\$ 4,202,300</u>	<u>\$ 7,902,995</u>

The District reported \$2,701,450 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

2018	\$ (1,680,003)
2019	(1,680,003)
2020	(1,534,250)
2021	(1,227,276)
2022	<u>(280,613)</u>
	<u>\$ 6,402,145</u>

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	varies by amount of service credit
Investment rate of return	7.50 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.

For June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S equities/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	<u>14.0%</u>	10.63%
	<u>100.0%</u>	

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily –required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive member 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 costs are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well as because TRS’s fiduciary net position and the subsidy provided by Tier II were not 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 proportional share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage point higher (7.83 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District’s proportionate share of the net pension liability	\$ 15,103,973	\$ 12,349,527	\$ 10,099,875

Decatur School District No. 61

Notes to Financial Statements

June 30, 2017

Note 12: THIS Fund Employer Contributions

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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). 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 salary actually required to be paid in the previous fiscal year.

- **On behalf contributions to the THIS Fund.** The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$395,663 and the District recognized revenue and expenditures of this amount during the year.
- **Employer contributions to the THIS Fund.** The District also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.84 percent during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$296,747 to the THIS Fund, which was 100 percent of the required contribution.

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

Note 13: Transportation Agreement

The District has contracted its transportation needs with an outside vendor under an agreement which expires July 31, 2020. Transportation needs are provided at agreed-upon rates as specified in the contract. Total costs for transportation needs for the year ended June 30, 2017 under the agreement were \$5,549,863.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Note 14: Leases

The District has entered into various lease agreements that expire at various dates through 2018 for one-to-one classroom technology. Future minimum lease payments at June 30, 2017 were:

2018	\$ <u>425,369</u>
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Lease expenditures disbursed for these agreements for the year ended June 30, 2017 were \$691,491.

Note 15: Contingencies

The District has received funding from state and federal grants in the current and prior years which is subject to audit and approval by the granting agencies. The Board of Education believes any adjustments that may arise from these audits will be insignificant to the District's operations.

The District is subject to claims and lawsuits that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position of the District.

Note 16: Loss Exposure

Significant losses are covered by commercial insurance for all major programs: property and liability. The District has chosen self-insurance for workers' compensation by membership in the Illinois Association of School Boards – Sponsored Workers' Compensation Self-Insurance Trust. During the year ended June 30, 2017, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Note 17: Postemployment Benefits Other Than Pension

Plan Description

The District administers a single-employer defined benefit healthcare plan (“the Postretirement Health Plan”). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the District’s group health insurance plan, which covers both active and retired members. The Postretirement Health Plan does not issue a publicly available financial report.

Funding Policy

Employees can elect to continue coverage into retirement on the District plan if they pay the entire premium plus any surcharge imposed. Single retiree coverage ends upon attainment of age 65 by the retiree. Coverage for dependents of retirees ends at the earlier of attainment of age 65 by the retiree or the dependent. Coverage is the same for the following groups: Administrative Support Staff, Maintenance employees and Custodial employees.

Annual OPEB Cost and Net OPEB Obligations

The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s net OPEB obligation to the Postretirement Health Plan:

Annual required contribution	\$	66,595
Interest on net OPEB obligation		24,976
Adjustment to annual required contribution		<u>(37,487)</u>
Annual OPEB cost (expense)		54,084
Estimated Employer Contributions (Payments)		<u>(131,473)</u>
Change in Net OPEB Obligation		(77,389)
Net OPEB obligation, July 1, 2016		<u>713,598</u>
Net OPEB obligation, June 30, 2017	\$	<u><u>636,208</u></u>

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

The District’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 54,084	243%	\$ 636,208
6/30/15	77,760	87%	709,039

Funded Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$801,119, all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and net estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is to present multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered groups, active plan members were assumed to retire at age 55 through 70, or at the first subsequent year in which the member would qualify for benefits.

Marital status – 30 percent of actives are assumed to be married at retirement and elect spouse coverage with husbands three years older than wives. Actual spouse data was used for current retirees.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Mortality – Life expectancies were based on rates from the December 1, 2016 IMRF Actuarial Valuation Report.

Turnover – Non-group-specific age-based turnover data from the Pension’s Actuary Handbook.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7.0 percent initially, reduced to an ultimate rate of 5.0 percent after ten years, was used.

Health insurance premiums – 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the District’s short-term investment portfolio, a discount rate of 3.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was thirty years.

The schedule of funding progress presented as supplementary information is to present multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 18: Significant Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant current vulnerabilities due to certain concentrations. Those matters include the following:

Current Economic Conditions

The current economic environment presents school districts with difficult circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in governmental support, grant revenue and tax revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the District.

Current economic conditions have made it difficult for many districts. A significant decline in governmental support, grant revenue and tax revenue could have an adverse impact on the District’s future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the District’s ability to maintain sufficient liquidity.

Decatur School District No. 61
Notes to Financial Statements
June 30, 2017

Labor Agreement

A large percentage (85 percent) of the District's employees are covered by collective bargaining agreements. Collective bargaining agreements covering approximately 60 percent of these employees expire within the next year.

Note 19: Facilities Occupation Sales Tax

Macon County, Illinois imposed a 1 percent county sales tax effective July 1, 2011, which is to be used exclusively for school facility purposes. The District received \$5,172,174 from this tax during the year ended June 30, 2017, which has been budgeted to address current and future building improvement needs.

Note 20: Health Insurance Plan

Effective January 1, 2014, the District became a member and participates in the Education Benefits Cooperative (Cooperative) for employee health insurance coverage. The Plan is a self-funded plan and administration is provided through a third-party administrator. The Plan also carries specific stop-loss insurance at such levels as approved by the Cooperative's Board of Directors. Benefits are paid directly from the Plan through a claims administrator, while Plan contributions are made by the District at a rate determined by the Cooperative annually.

Additional Audited Financial Information

Decatur School District No. 61
Combining Statement of Assets, Liabilities and Fund Balances
Major Funds
Modified Cash Basis
June 30, 2017

	Educational Fund	Operations and Maintenance Fund	Working Cash Fund
Assets			
Cash	\$ 5,640,973	\$ 3,178,888	\$ 3,200,215
Investments	14,211,930	988,484	1,513,064
Vocational projects for resale-at cost	105,986	—	—
Inventories-at moving-average cost	<u>141,464</u>	<u>—</u>	<u>—</u>
Total assets	<u>\$ 20,100,353</u>	<u>\$ 4,167,372</u>	<u>\$ 4,713,279</u>
Liabilities			
Payroll deductions payable	\$ 4,518,955	\$ —	\$ —
Other	<u>17,358</u>	<u>—</u>	<u>—</u>
	<u>4,536,313</u>	<u>—</u>	<u>—</u>
Fund Balances			
	<u>15,564,040</u>	<u>4,167,372</u>	<u>4,713,279</u>
Total liabilities and fund balances	<u>\$ 20,100,353</u>	<u>\$ 4,167,372</u>	<u>\$ 4,713,279</u>

Tort Immunity/ Judgment Fund	Total General Fund	Total Major Funds
\$ 2,660,575	\$ 14,680,651	\$ 14,680,651
265,628	16,979,106	16,979,106
—	105,986	105,986
<u>—</u>	<u>141,464</u>	<u>141,464</u>
<u>\$ 2,926,203</u>	<u>\$ 31,907,207</u>	<u>\$ 31,907,207</u>
\$ —	\$ 4,518,955	\$ 4,518,955
<u>—</u>	<u>17,358</u>	<u>17,358</u>
<u>—</u>	<u>4,536,313</u>	<u>4,536,313</u>
<u>2,926,203</u>	<u>27,370,894</u>	<u>27,370,894</u>
<u>\$ 2,926,203</u>	<u>\$ 31,907,207</u>	<u>\$ 31,907,207</u>

Decatur School District No. 61
Combining Statement of Revenue Received, Expenditures Disbursed,
Other Financing Sources (Uses) and Changes in Fund Balances
Major Funds
Modified Cash Basis
Year Ended June 30, 2017

	Educational Fund	Operations and Maintenance Fund	Working Cash Fund
Revenue Received			
Taxes	\$ 17,894,359	\$ 3,363,585	\$ 336,359
Corporate personal property replacement taxes	3,986,388	—	—
Earnings on investments	96,919	15,465	82
Tuition	55,256	—	—
Food services	88,661	—	—
District/school activity income	136,723	—	—
Textbook fees	151,683	—	—
State grants	44,057,569	2,318,945	—
Federal grants	13,939,401	293	—
Other	822,131	174,508	—
On-behalf receipts	<u>13,856,234</u>	<u>—</u>	<u>—</u>
	<u>95,085,324</u>	<u>5,872,796</u>	<u>336,441</u>
Expenditures Disbursed			
Instruction			
Regular programs	27,045,586	—	—
Tuition payments to charter schools	2,977,825	—	—
Pre-kindergarten programs	1,905,247	—	—
Special Ed programs	5,848,464	—	—
Remedial and supplemental programs			
K-12	5,236,215	—	—
Adult continuing education programs	81,894	—	—
CTE programs	15,048	—	—
Interscholastic programs	879,906	—	—
Summer school programs	45,667	—	—
Gifted programs	1,631	—	—
Driver's education programs	134,991	—	—
Bilingual programs	221,993	—	—
Truant alternative and optional programs	<u>247,977</u>	<u>—</u>	<u>—</u>
	<u>44,642,444</u>	<u>—</u>	<u>—</u>
Supporting services			
Pupils	4,399,636	—	—
Instructional staff	3,947,031	—	—
General administration	1,680,768	—	—
School administration	5,635,363	—	—
Business	9,691,109	5,692,852	—
Central	5,209,910	—	—
Other	<u>115,136</u>	<u>—</u>	<u>—</u>
	<u>30,678,953</u>	<u>5,692,852</u>	<u>—</u>

Tort Immunity/ Judgment Fund	Total General Fund	Total Major Funds
\$ 2,577,283	\$ 24,171,586	\$ 24,171,586
—	3,986,388	3,986,388
9,967	122,433	122,433
—	55,256	55,256
—	88,661	88,661
—	136,723	136,723
—	151,683	151,683
—	46,376,514	46,376,514
—	13,939,694	13,939,694
294	996,933	996,933
—	<u>13,856,234</u>	<u>13,856,234</u>
<u>2,587,544</u>	<u>103,882,105</u>	<u>103,882,105</u>
—	27,045,586	27,045,586
—	2,977,825	2,977,825
—	1,905,247	1,905,247
—	5,848,464	5,848,464
—	5,236,215	5,236,215
—	81,894	81,894
—	15,048	15,048
—	879,906	879,906
—	45,667	45,667
—	1,631	1,631
—	134,991	134,991
—	221,993	221,993
—	<u>247,977</u>	<u>247,977</u>
—	<u>44,642,444</u>	<u>44,642,444</u>
—	4,399,636	4,399,636
—	3,947,031	3,947,031
2,242,483	3,923,251	3,923,251
—	5,635,363	5,635,363
—	15,383,961	15,383,961
—	5,209,910	5,209,910
—	<u>115,136</u>	<u>115,136</u>
<u>2,242,483</u>	<u>38,614,288</u>	<u>38,614,288</u>

Decatur School District No. 61
Combining Statement of Revenue Received, Expenditures Disbursed,
Other Financing Sources (Uses) and Changes in Fund Balances
Major Funds
Modified Cash Basis
Year Ended June 30, 2017

	Educational Fund	Operations and Maintenance Fund	Working Cash Fund
(Continued)			
Community Services	\$ 1,472,007	\$ —	\$ —
Payments to Other Governmental Units	5,435,242	—	—
On-behalf Disbursements	<u>13,856,234</u>	<u>—</u>	<u>—</u>
	<u>96,084,880</u>	<u>5,692,852</u>	<u>—</u>
Excess (Deficiency) of Revenue Received Over (Under) Expenditures Disbursed	<u>(999,556)</u>	<u>179,944</u>	<u>336,441</u>
Other Financing Sources (Uses)			
Proceeds from sale of fixed assets	325	—	—
Proceeds from sale of supplies	2,434	11,641	—
Proceeds from sale of vehicle	—	2,000	—
Decrease in worker's compensation reserve	<u>—</u>	<u>—</u>	<u>—</u>
	<u>2,759</u>	<u>13,641</u>	<u>—</u>
Excess (Deficiency) of Revenue Received and Other Financing Sources (Uses) Over (Under) Expenditures Disbursed and Other Financing Uses	<u>(996,797)</u>	<u>193,585</u>	<u>336,441</u>
Fund Balances, Beginning of Year	<u>16,560,837</u>	<u>3,973,787</u>	<u>4,376,838</u>
Fund Balances, End of Year	<u>\$ 15,564,040</u>	<u>\$ 4,167,372</u>	<u>\$ 4,713,279</u>

Tort Immunity/ Judgment Fund	Total General Fund	Total Major Funds
\$ —	\$ 1,472,007	\$ 1,472,007
—	5,435,242	5,435,242
—	<u>13,856,234</u>	<u>13,856,234</u>
<u>2,242,483</u>	<u>104,020,215</u>	<u>104,020,215</u>
<u>345,061</u>	<u>(138,110)</u>	<u>(138,110)</u>
—	325	325
—	14,075	14,075
—	2,000	2,000
<u>(181,031)</u>	<u>(181,031)</u>	<u>(181,031)</u>
<u>(181,031)</u>	<u>(164,631)</u>	<u>(164,631)</u>
164,030	(302,741)	(302,741)
<u>2,762,173</u>	<u>27,673,635</u>	<u>27,673,635</u>
<u>\$ 2,926,203</u>	<u>\$ 27,370,894</u>	<u>\$ 27,370,894</u>

Decatur School District No. 61
Combining Statement of Assets, Liabilities and Fund Balances
Other Nonmajor Governmental Funds
Modified Cash Basis
June 30, 2017

	Transportation Fund	Debt Service Fund	Illinois Municipal Retirement Fund
Assets			
Cash	\$ 1,642,999	\$ 1,911,214	\$ 2,059,760
Investments	<u>595,944</u>	<u>105,300</u>	<u>2,370,667</u>
Total assets	<u>\$ 2,238,943</u>	<u>\$ 2,016,514</u>	<u>\$ 4,430,427</u>
Fund Balances	<u>\$ 2,238,943</u>	<u>\$ 2,016,514</u>	<u>\$ 4,430,427</u>

Capital Projects Fund	Fire Prevention and Safety Fund	Total Other Nonmajor Governmental Funds
\$ 865,728	\$ 2,186,703	\$ 8,666,404
<u>234,809</u>	<u>1,448,211</u>	<u>4,754,931</u>
<u>\$ 1,100,537</u>	<u>\$ 3,634,914</u>	<u>\$ 13,421,335</u>
<u>\$ 1,100,537</u>	<u>\$ 3,634,914</u>	<u>\$ 13,421,335</u>

Decatur School District No. 61
Combining Statement of Revenue Received, Expenditures
Disbursed and Changes in Fund Balances
Other Nonmajor Governmental Funds
Modified Cash Basis
Year Ended June 30, 2017

	Transportation Fund	Debt Service Fund	Illinois Municipal Retirement Fund
Revenue Received			
Taxes	\$ 1,345,432	\$ 2,491,662	\$ 3,748,690
Corporate personal property replacement taxes	—	—	53,265
School facility occupation tax proceeds	—	4,344,626	—
Earnings on investments	4,994	4,003	16,734
State grants	4,320,521	—	—
Federal grants	177,200	—	—
Other	<u>14,289</u>	<u>—</u>	<u>14,829</u>
	<u>5,862,436</u>	<u>6,840,291</u>	<u>3,833,518</u>
Expenditures Disbursed			
Instruction			
Regular programs	—	—	313,464
Pre-kindergarten programs	—	—	107,163
Special Ed programs Pre-K	—	—	180,525
Remedial and supplemental programs K-12	—	—	282,264
Adult continuing education programs	—	—	7,255
CTE programs	—	—	2,120
Interscholastic programs	—	—	41,163
Summer school programs	—	—	649
Driver's education programs	—	—	1,814
Bilingual programs	—	—	2,104
Truant alternative and optional programs	<u>—</u>	<u>—</u>	<u>10,559</u>
	<u>—</u>	<u>—</u>	<u>949,080</u>
Supporting services			
Pupils	—	—	257,238
Instructional staff	—	—	229,524
General administration	—	—	170,558
School administration	—	—	322,689
Business administration	5,844,460	—	1,381,022
Central	—	—	194,120
Other	<u>—</u>	<u>—</u>	<u>931</u>
	<u>5,844,460</u>	<u>—</u>	<u>2,556,082</u>

Capital Projects Fund	Fire Prevention and Safety Fund	Total Other Nonmajor Governmental Funds
\$ —	\$ 336,359	\$ 7,922,143
—	—	53,265
827,548	—	5,172,174
11,775	19,771	57,277
—	—	4,320,521
—	—	177,200
—	—	29,118
<u>839,323</u>	<u>356,130</u>	<u>17,731,698</u>
—	—	313,464
—	—	107,163
—	—	180,525
—	—	282,264
—	—	7,255
—	—	2,120
—	—	41,163
—	—	649
—	—	1,814
—	—	2,104
—	—	10,559
<u>—</u>	<u>—</u>	<u>949,080</u>
—	—	257,238
—	—	229,524
—	—	170,558
—	—	322,689
1,078,554	872,480	9,176,516
—	—	194,120
—	—	931
<u>1,078,554</u>	<u>872,480</u>	<u>10,351,576</u>

Decatur School District No. 61
Combining Statement of Revenue Received, Expenditures
Disbursed and Changes in Fund Balances
Other Nonmajor Governmental Funds
Modified Cash Basis
Year Ended June 30, 2017

	Transportation Fund	Debt Service Fund	Illinois Municipal Retirement Fund
(Continued)			
Community Services	\$ —	\$ —	\$ 166,522
Debt Services	<u>—</u>	<u>6,493,190</u>	<u>—</u>
	<u>5,844,460</u>	<u>6,493,190</u>	<u>3,671,684</u>
Excess (Deficiency) of Revenue Received Over (Under) Expenditures Disbursed	<u>17,976</u>	<u>347,101</u>	<u>161,834</u>
Fund Balances, Beginning of Year	<u>2,220,967</u>	<u>1,669,413</u>	<u>4,268,593</u>
Fund Balances, End of Year	<u>\$ 2,238,943</u>	<u>\$ 2,016,514</u>	<u>\$ 4,430,427</u>

Capital Projects Fund	Fire Prevention and Safety Fund	Total Other Nonmajor Governmental Funds
\$ —	\$ —	\$ 166,522
<u>—</u>	<u>—</u>	<u>6,493,190</u>
<u>1,078,554</u>	<u>872,480</u>	<u>17,960,368</u>
<u>(239,231)</u>	<u>(516,350)</u>	<u>(228,670)</u>
<u>1,339,768</u>	<u>4,151,264</u>	<u>13,650,005</u>
<u>\$ 1,100,537</u>	<u>\$ 3,634,914</u>	<u>\$ 13,421,335</u>

Decatur School District No. 61
Combining Statement of Fiduciary Net Position
Fiduciary Funds
Modified Cash Basis
June 30, 2017

	<u>Student Activity Funds</u>
Assets	
Cash	\$ 90,588
Investments	<u>415,326</u>
Total assets	<u>\$ 505,914</u>
Liability	
Due to organizations	<u>\$ 505,914</u>

Decatur School District No. 61
Combining Statement of Cash Receipts
and Disbursements
Fiduciary Funds
Year Ended June 30, 2017

	Balance July 1, 2016	Cash Received	Cash Disbursed	Balance June 30, 2017
Activity Funds	\$ <u>479,516</u>	\$ <u>584,146</u>	\$ <u>557,748</u>	\$ <u>505,914</u>

Decatur School District No. 61
Educational Fund
Statement of Revenue Received and Other Financing Sources
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local Sources			
Taxes	\$ 18,055,385	\$ 17,894,359	\$ 161,026
Corporate personal property replacement taxes	3,986,395	3,986,388	7
Earnings on investments	51,465	96,919	(45,454)
Tuition	60,100	55,256	4,844
Food services	91,870	88,661	3,209
District/school activity income	157,580	136,723	20,857
Textbook fees	139,750	151,683	(11,933)
Other, including rental	<u>1,502,210</u>	<u>822,131</u>	<u>680,079</u>
	<u>24,044,755</u>	<u>23,232,120</u>	<u>812,635</u>
State Sources			
Unrestricted Grants			
General state aid	41,188,665	41,188,666	(1)
Orphanage tuition	<u>72,830</u>	<u>59,830</u>	<u>13,000</u>
	<u>41,261,495</u>	<u>41,248,496</u>	<u>12,999</u>
Restricted Grants			
Driver education	83,500	63,221	20,279
Bilingual education	51,605	10,144	41,461
Special education	1,413,010	1,413,009	1
Adult education	142,405	142,269	136
Truant alternative and optional programs	99,719	41,497	58,222
Early childhood	1,833,759	1,114,071	719,688
Food services	41,874	24,862	17,012
State library grant	<u>4,907</u>	<u>—</u>	<u>4,907</u>
	<u>3,670,779</u>	<u>2,809,073</u>	<u>861,706</u>
	<u>44,932,274</u>	<u>44,057,569</u>	<u>874,705</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Revenue Received and Other Financing Sources
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Federal Sources			
Adult education	\$ 53,116	\$ 8,886	\$ 44,230
Title I	7,986,408	7,066,284	920,124
Food services	4,790,990	4,789,271	1,719
Title II – Teacher quality	1,215,482	724,736	490,746
Title IV	145,000	139,154	5,846
Title III – English Language Acquisition	21,692	5,459	16,233
Medicaid matching funds	80,740	80,834	(94)
Race to the top – preschool expansion grant	648,998	554,862	94,136
Other	<u>670,182</u>	<u>569,915</u>	<u>100,267</u>
	<u>15,612,608</u>	<u>13,939,401</u>	<u>1,673,207</u>
On-behalf receipts	<u>18,000,000</u>	<u>13,856,234</u>	<u>4,143,766</u>
Total revenue received	<u>102,589,637</u>	<u>95,085,324</u>	<u>7,504,313</u>
Other Financing Sources			
Proceeds from sale of supplies	3,000	2,434	566
Proceeds from sale of capital assets	<u>3,000</u>	<u>325</u>	<u>2,675</u>
Total other financing sources	<u>6,000</u>	<u>2,759</u>	<u>3,241</u>
Total Revenue Received and Other Financing Sources	<u>\$ 102,595,637</u>	<u>\$ 95,088,083</u>	<u>\$ 7,507,554</u>

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Expenditures Disbursed			
Instruction			
Regular Programs			
Salaries	\$ 19,154,060	\$ 19,117,449	\$ 36,611
Employee benefits	7,113,010	7,113,914	(904)
Purchased services	220,364	190,739	29,625
Supplies and materials	857,500	613,128	244,372
Capital outlay	—	4,960	(4,960)
Other	4,500	4,070	430
Non-capitalized equipment	<u>40,000</u>	<u>1,326</u>	<u>38,674</u>
	<u>27,389,434</u>	<u>27,045,586</u>	<u>343,848</u>
 Tuition Payments to Charter Schools			
Purchased services	<u>2,977,825</u>	<u>2,977,825</u>	<u>—</u>
 Pre-K Programs			
Salaries	1,149,818	1,161,881	(12,063)
Employee benefits	500,231	491,422	8,809
Purchased services	11,048	11,317	(269)
Supplies and materials	197,269	237,631	(40,362)
Capital outlay	12,000	—	12,000
Non-capitalized equipment	<u>1,702</u>	<u>2,996</u>	<u>(1,294)</u>
	<u>1,872,068</u>	<u>1,905,247</u>	<u>(33,179)</u>
 Remedial and supplemental programs K-12			
Salaries	2,978,224	2,900,930	77,294
Employee benefits	1,704,034	1,475,120	228,914
Purchased services	146,371	121,160	25,211
Supplies and materials	129,736	450,032	(320,296)
Non-capitalized equipment	<u>572,900</u>	<u>288,973</u>	<u>283,927</u>
	<u>5,531,265</u>	<u>5,236,215</u>	<u>295,050</u>
 Special Ed programs			
Salaries	4,334,005	4,403,860	(69,855)
Employee benefits	1,293,075	1,305,591	(12,516)
Purchased services	3,300	7,002	(3,702)
Supplies and materials	34,000	95,303	(61,303)
Other	<u>25,000</u>	<u>36,708</u>	<u>(11,708)</u>
	<u>5,689,380</u>	<u>5,848,464</u>	<u>(159,084)</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
Instruction (Continued)			
Adult Continuing Education Programs			
Salaries	\$ 64,699	\$ 70,777	\$ (6,078)
Purchased services	4,400	5,425	(1,025)
Supplies and materials	<u>6,511</u>	<u>5,692</u>	<u>819</u>
	<u>75,610</u>	<u>81,894</u>	<u>(6,284)</u>
CTE Programs			
Salaries	23,671	11,826	11,845
Employee benefits	6,723	3,222	3,501
Purchased services	<u>913</u>	<u>—</u>	<u>913</u>
	<u>31,307</u>	<u>15,048</u>	<u>16,259</u>
Interscholastic Programs			
Salaries	619,865	613,619	6,246
Employee benefits	46,790	46,471	319
Purchased services	109,565	101,003	8,562
Supplies and materials	120,270	69,751	50,519
Capital outlay	—	4,500	(4,500)
Other	48,975	42,400	6,575
Non-capitalized equipment	<u>—</u>	<u>2,162</u>	<u>(2,162)</u>
	<u>945,465</u>	<u>879,906</u>	<u>65,559</u>
Summer School Programs			
Salaries	50,200	45,029	5,171
Employee benefits	<u>715</u>	<u>638</u>	<u>77</u>
	<u>50,915</u>	<u>45,667</u>	<u>5,248</u>
Gifted Programs			
Purchased services	50	—	50
Supplies and materials	<u>2,650</u>	<u>1,631</u>	<u>1,019</u>
	<u>2,700</u>	<u>1,631</u>	<u>1,069</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Instruction (Continued)			
Driver's Education Programs			
Salaries	\$ 120,000	\$ 128,387	\$ (8,387)
Employee benefits	1,710	1,808	(98)
Purchased services	1,000	—	1,000
Supplies and materials	<u>8,000</u>	<u>4,796</u>	<u>3,204</u>
	<u>130,710</u>	<u>134,991</u>	<u>(4,281)</u>
 Bilingual Programs			
Salaries	158,176	153,563	4,613
Employee benefits	66,149	65,170	979
Supplies and materials	<u>9,874</u>	<u>3,260</u>	<u>6,614</u>
	<u>234,199</u>	<u>221,993</u>	<u>12,206</u>
 Truant Alternative and Optional Programs			
Salaries	219,005	201,815	17,190
Employee benefits	42,535	43,048	(513)
Purchased services	50	—	50
Supplies and materials	<u>4,740</u>	<u>3,114</u>	<u>1,626</u>
	<u>266,330</u>	<u>247,977</u>	<u>18,353</u>
 Total instruction	<u>45,197,208</u>	<u>44,642,444</u>	<u>554,764</u>
 Supporting Services			
Pupils			
Salaries	3,322,609	3,237,133	85,476
Employee benefits	1,079,347	1,093,367	(14,020)
Purchased services	41,137	40,016	1,121
Supplies and materials	36,873	25,732	11,141
Other	856	161	695
Non-capitalized equipment	—	695	(695)
Termination benefits	<u>2,535</u>	<u>2,532</u>	<u>3</u>
	<u>4,483,357</u>	<u>4,399,636</u>	<u>83,721</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
Supporting Services (Continued)			
Instructional staff			
Salaries	\$ 2,427,164	\$ 2,112,714	\$ 314,450
Employee benefits	871,187	766,155	105,032
Purchased services	722,749	624,198	98,551
Supplies and materials	145,410	101,232	44,178
Capital outlay	12,070	11,070	1,000
Other	2,800	3,865	(1,065)
Non-capitalized equipment	<u>613,095</u>	<u>327,797</u>	<u>285,298</u>
	<u>4,794,475</u>	<u>3,947,031</u>	<u>847,444</u>
General administration			
Salaries	954,846	962,356	(7,510)
Employee benefits	278,090	260,825	17,265
Purchased services	523,396	407,128	116,268
Supplies and materials	58,792	28,314	30,478
Capital outlay	—	595	(595)
Other	21,000	18,787	2,213
Non-capitalized equipment	2,000	—	2,000
Termination benefits	<u>2,765</u>	<u>2,763</u>	<u>2</u>
	<u>1,840,889</u>	<u>1,680,768</u>	<u>160,121</u>
School administration			
Salaries	4,273,689	4,344,979	(71,290)
Employee benefits	1,120,139	1,096,170	23,969
Purchased services	105,067	102,544	2,523
Supplies and materials	64,881	74,163	(9,282)
Capital outlay	500	—	500
Other	13,906	10,398	3,508
Non-capitalized equipment	5,500	4,583	917
Termination benefits	<u>—</u>	<u>2,526</u>	<u>(2,526)</u>
	<u>5,583,682</u>	<u>5,635,363</u>	<u>(51,681)</u>
Business Administration			
Operation and maintenance of Plant			
Salaries	3,291,550	3,301,578	(10,028)
Employee benefits	819,200	779,558	39,642
Purchased services	176,625	124,429	52,196
Supplies and materials	59,580	46,846	12,734
Capital outlay	5,000	5,000	—
Non-capitalized equipment	4,000	1,375	2,625
Termination benefits	<u>40,955</u>	<u>44,287</u>	<u>(3,332)</u>
	<u>4,396,910</u>	<u>4,303,073</u>	<u>93,837</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Supporting Services (Continued)			
Business Administration (Continued)			
Food Services			
Salaries	\$ 27,550	\$ 25,254	\$ 2,296
Purchased services	3,820,695	3,821,988	(1,293)
Supplies and materials	123,545	120,506	3,039
Capital outlay	20,590	25,082	(4,492)
Other	—	7,557	(7,557)
Non-capitalized equipment	<u>9,565</u>	<u>13,191</u>	<u>(3,626)</u>
	<u>4,001,945</u>	<u>4,013,578</u>	<u>(11,633)</u>
Central business services			
Salaries	1,110,160	1,105,761	4,399
Employee benefits	217,015	203,108	13,907
Purchased services	18,250	38,058	(19,808)
Supplies and materials	47,455	26,135	21,320
Other	3,325	875	2,450
Non-capitalized equipment	<u>2,000</u>	<u>521</u>	<u>1,479</u>
	<u>1,398,205</u>	<u>1,374,458</u>	<u>23,747</u>
Total business administration	<u>9,797,060</u>	<u>9,691,109</u>	<u>105,951</u>
Research, information, personnel, and data			
Salaries	1,013,728	1,074,568	(60,840)
Employee benefits	320,207	300,609	19,598
Purchased services	1,413,370	1,289,536	123,834
Supplies and materials	802,200	748,043	54,157
Capital outlay	655,045	637,465	17,580
Other	11,020	10,448	572
Non-capitalized equipment	1,145,200	1,143,923	1,277
Termination benefits	<u>5,320</u>	<u>5,318</u>	<u>2</u>
	<u>5,366,090</u>	<u>5,209,910</u>	<u>156,180</u>
Other supporting services			
Salaries	65,450	65,450	—
Employee benefits	16,015	16,086	(71)
Purchased services	<u>33,600</u>	<u>33,600</u>	<u>—</u>
	<u>115,065</u>	<u>115,136</u>	<u>(71)</u>
Total supporting services	<u>31,980,618</u>	<u>30,678,953</u>	<u>1,301,665</u>

(Continued)

Decatur School District No. 61
Educational Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
Community Services			
Salaries	\$ 901,529	\$ 904,330	\$ (2,801)
Employee benefits	209,195	208,581	614
Purchased services	399,283	307,537	91,746
Supplies and materials	113,833	49,875	63,958
Non-capitalized equipment	<u>1,900</u>	<u>1,684</u>	<u>216</u>
Total community services	<u>1,625,740</u>	<u>1,472,007</u>	<u>153,733</u>
Payments to Other Governmental Units			
Purchased services	76,560	78,633	(2,073)
Other	<u>5,644,185</u>	<u>5,356,609</u>	<u>287,576</u>
Total payments to other governmental units	<u>5,720,745</u>	<u>5,435,242</u>	<u>285,503</u>
On-behalf Disbursements	<u>18,000,000</u>	<u>13,856,234</u>	<u>4,143,766</u>
Total Expenditures Disbursed	<u>\$ 102,524,311</u>	<u>\$ 96,084,880</u>	<u>\$ 6,439,431</u>

Decatur School District No. 61
Operations and Maintenance Fund
Statement of Revenue Received and Other Financing Sources
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local Sources			
Taxes	\$ 3,335,500	\$ 3,363,585	\$ (28,085)
Earnings on investments	4,575	15,465	(10,890)
Other, including rental	<u>155,750</u>	<u>174,508</u>	<u>(18,758)</u>
	<u>3,495,825</u>	<u>3,553,558</u>	<u>(57,733)</u>
State Sources			
General state aid	2,313,445	2,313,445	—
Early childhood	<u>11,003</u>	<u>5,500</u>	<u>5,503</u>
	<u>2,324,448</u>	<u>2,318,945</u>	<u>5,503</u>
Federal Sources			
Title I	1,500	1,433	67
Other	<u>—</u>	<u>(1,140)</u>	<u>1,140</u>
	<u>1,500</u>	<u>293</u>	<u>1,207</u>
Total revenue received	<u>5,821,773</u>	<u>5,872,796</u>	<u>(51,023)</u>
Other Financing Sources			
Proceeds from sale of supplies	1,500	11,641	(10,141)
Proceeds from sale of vehicle	<u>—</u>	<u>2,000</u>	<u>(2,000)</u>
Total other financing sources	<u>1,500</u>	<u>13,641</u>	<u>(12,141)</u>
Total Revenue Received and Other Financing Sources	<u>\$ 5,823,273</u>	<u>\$ 5,886,437</u>	<u>\$ 63,164</u>

Decatur School District No. 61
Operations and Maintenance Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Expenditures Disbursed			
Supporting services, Business			
Facilities acquisition and construction			
Purchased services	\$ 63,125	\$ 44,508	\$ 18,617
Supplies and materials	18,397	5,722	12,675
Capital outlay	389,150	238,236	150,914
Other	450	215	235
Non-capitalized equipment	59,274	28,625	30,649
	530,396	317,306	213,090
Operation and maintenance of plant			
Salaries	2,150,011	2,081,053	68,958
Employee benefits	521,100	488,038	33,062
Purchased services	536,491	473,363	63,128
Supplies and materials	2,392,635	2,215,871	176,764
Capital outlay	123,251	70,792	52,459
Other	3,270	1,887	1,383
Non-capital equipment	102,349	44,542	57,807
	5,829,107	5,375,546	453,561
Total Expenditures Disbursed	\$ 6,359,503	\$ 5,692,852	\$ 666,651

Decatur School District No. 61
Debt Service Fund
Statement of Revenue Received and Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local sources			
Taxes	\$ 2,544,580	\$ 2,491,662	\$ 52,918
School facility occupation tax proceeds	4,330,000	4,344,626	(14,626)
Earnings on investments	<u>1,700</u>	<u>4,003</u>	<u>(2,303)</u>
Total Revenue Received	<u>\$ 6,876,280</u>	<u>\$ 6,840,291</u>	<u>\$ 35,989</u>
Expenditures Disbursed			
Interest and service charges on bonded debt	\$ 3,885,000	\$ 3,873,190	\$ 11,810
Principal repayment on bonded debt	<u>2,620,000</u>	<u>2,620,000</u>	<u>—</u>
Total Expenditures Disbursed	<u>\$ 6,505,000</u>	<u>\$ 6,493,190</u>	<u>\$ 11,810</u>

Decatur School District No. 61
Debt Service Fund
Schedule of Bonds Outstanding
June 30, 2017

	Date of Issue	Interest Rate	Amount Originally Issued	Amount Outstanding July 1, 2016
Life Safety/Working Cash Fund Bonds	08/01/07	4.00% to 4.95%	\$ 9,000,000	\$ 3,325,000
General Obligation School Bonds Series 2011A	10/11/11	2.00% to 5.25%	70,920,000	67,045,000
QZAB Series 2011	11/03/11	2.25%	4,675,000	4,675,000
Working Cash/Refunding Bonds Series 2013A and B	07/30/13	3.65% to 4.60%	8,995,000	8,995,000
Life Safety Bonds	02/29/16	1.99% to 2.10%	<u>1,355,000</u>	<u>1,355,000</u>
			<u>\$ 94,945,000</u>	<u>\$ 85,395,000</u>

Requirements for Bonds and Interest

	Future Years		
	Bonds	Interest	Total Requirements
2018	\$ 3,720,000	\$ 2,164,185	\$ 5,884,185
2019	2,730,000	3,680,002	6,410,002
2020	2,885,000	3,582,480	6,467,480
2021	3,060,000	3,473,665	6,533,665
2022	3,260,000	3,331,817	6,591,817
2023-2027	12,255,000	14,974,225	27,229,225
2028-2032	12,760,000	12,522,869	25,282,869
2033-2037	17,760,000	8,826,494	26,586,494
2038-2042	<u>24,345,000</u>	<u>3,595,563</u>	<u>27,940,563</u>
	<u>\$ 82,775,000</u>	<u>\$ 56,151,300</u>	<u>\$ 138,926,300</u>

Legal Debt Margin

Assessed valuation, 2015	\$ <u>699,573,967</u>
Statutory debt limitation (13.8 percent of assessed valuation)	\$ 96,541,207
Bonded debt less alternate revenue source bonds of \$70,645,000	<u>12,130,000</u>
Legal debt margin	<u>\$ 84,411,207</u>

Amount Issued This Fiscal Year	Amount Retired This Fiscal Year	Amount Outstanding June 30, 2017	Payable Next Twelve Months
\$ —	\$ 1,340,000	\$ 1,985,000	\$ 1,425,000
—	1,075,000	65,970,000	1,145,000
—	—	4,675,000	—
—	—	8,995,000	—
<u>—</u>	<u>205,000</u>	<u>1,150,000</u>	<u>1,150,000</u>
<u>\$ —</u>	<u>\$ 2,620,000</u>	<u>\$ 82,775,000</u>	<u>\$ 3,720,000</u>

Decatur School District No. 61
Transportation Fund
Statement of Revenue Received and Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local Sources			
Taxes	\$ 1,353,950	\$ 1,345,432	\$ 8,518
Earnings on investments	1,125	4,994	(3,869)
Other	<u>15,800</u>	<u>14,289</u>	<u>1,511</u>
	<u>1,370,875</u>	<u>1,364,715</u>	<u>6,160</u>
State Sources			
Unrestricted Grants			
General state aid	<u>1,870,880</u>	<u>1,870,880</u>	<u>—</u>
Restricted Grants			
Transportation Aid			
Regular students	1,430,000	1,430,961	(961)
Special education	<u>833,490</u>	<u>837,939</u>	<u>(4,449)</u>
	2,263,490	2,268,900	(5,410)
Other restricted grants	<u>306,942</u>	<u>180,741</u>	<u>126,201</u>
	<u>2,570,432</u>	<u>2,449,641</u>	<u>120,791</u>
	<u>4,441,312</u>	<u>4,320,521</u>	<u>120,791</u>
Federal Sources			
Title I	23,164	73,920	(50,756)
Title IV	55,000	33,444	21,556
Race to the top – preschool expansion grant	<u>90,000</u>	<u>69,836</u>	<u>20,164</u>
	<u>168,164</u>	<u>177,200</u>	<u>(9,036)</u>
Total Revenue Received	<u>\$ 5,980,351</u>	<u>\$ 5,862,436</u>	<u>\$ 117,915</u>
Expenditures Disbursed			
Supporting services, Business			
Pupil transportation			
Salaries	\$ 110,870	\$ 107,122	\$ 3,748
Employee benefits	9,120	8,236	884
Purchased services	6,573,260	5,616,773	956,487
Supplies and materials	82,500	9,309	73,191
Capital equipment	<u>120,000</u>	<u>103,020</u>	<u>16,980</u>
Total Expenditures Disbursed	<u>\$ 6,895,750</u>	<u>\$ 5,844,460</u>	<u>\$ 1,051,290</u>

Decatur School District No. 61
Illinois Municipal Retirement/Social Security Fund
Statement of Revenue Received
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local sources			
Taxes	\$ 3,666,480	\$ 3,748,690	\$ (82,210)
Corporate personal property replacement taxes	53,261	53,265	(4)
Earnings on investments	3,740	16,734	(12,994)
Other	<u>—</u>	<u>14,829</u>	<u>(14,829)</u>
 Total Revenue Received	 <u>\$ 3,723,481</u>	 <u>\$ 3,833,518</u>	 <u>\$ (110,037)</u>

Decatur School District No. 61
Illinois Municipal Retirement/Social Security Fund
Statement of Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Expenditures Disbursed			
Instruction			
Employee benefits			
Regular programs	\$ 347,910	\$ 313,464	\$ 34,446
Pre-kindergarten programs	106,910	107,163	(253)
Special Ed programs	182,985	180,525	2,460
Remedial and supplemental programs	269,998	282,264	(12,266)
Adult continuing education program	10,188	7,255	2,933
Career and technical education programs	4,736	2,120	2,616
Interscholastic programs	38,645	41,163	(2,518)
Summer school programs	735	649	86
Driver's education programs	1,835	1,814	21
Bilingual programs	2,175	2,104	71
Truant alternative and optional programs	11,170	10,559	611
	977,287	949,080	28,207
Supporting services			
Employee benefits			
Pupils	329,069	257,238	71,831
Instructional staff	265,350	229,524	35,826
General administration	175,200	170,558	4,642
School administration	335,246	322,689	12,557
Business	1,409,910	1,381,022	28,888
Central	185,110	194,120	(9,010)
Other	950	931	19
	2,700,835	2,556,082	144,753
Community Services			
Employee Benefits			
Other	167,170	166,522	648
Total expenditures disbursed	\$ 3,845,292	\$ 3,671,684	\$ 173,608

Decatur School District No. 61
Tort Immunity/Judgment Fund
Statement of Revenue Received and Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local sources			
Taxes	\$ 2,584,550	\$ 2,577,283	\$ 7,267
Earnings on investments	2,675	9,967	(7,292)
Other	<u>—</u>	<u>294</u>	<u>(294)</u>
Total Revenue Received	<u>\$ 2,587,225</u>	<u>\$ 2,587,544</u>	<u>\$ (319)</u>
Expenditures Disbursed			
Supporting Services, General Administration			
Tort immunity services			
Salaries	\$ 517,855	\$ 490,921	\$ 26,934
Employee benefits	153,193	156,858	(3,665)
Purchased services	1,809,210	1,335,972	473,238
Supply	—	5,546	(5,546)
Other	—	20	(20)
Non-capitalized equipment	<u>364,700</u>	<u>253,166</u>	<u>111,534</u>
Total Expenditures Disbursed	<u>\$ 2,844,958</u>	<u>\$ 2,242,483</u>	<u>\$ 602,475</u>

Decatur School District No. 61
Capital Projects Fund
Statement of Revenues Received and Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local Sources			
School facility occupation tax proceeds	\$ 822,000	\$ 827,548	\$ (5,548)
Earnings on investments	<u>11,000</u>	<u>11,775</u>	<u>(775)</u>
Total Revenue Received	<u>\$ 833,000</u>	<u>\$ 839,323</u>	<u>\$ (6,323)</u>
Expenditures Disbursed			
Supporting Services, Business			
Facilities acquisition and construction			
Salaries	\$ 45,000	\$ 43,488	\$ 1,512
Purchased services	1,977,876	1,030,202	947,674
Supplies and materials	<u>19,120</u>	<u>4,864</u>	<u>14,256</u>
Total Expenditures Disbursed	<u>\$ 2,041,996</u>	<u>\$ 1,078,554</u>	<u>\$ 963,442</u>

Decatur School District No. 61
Fire Prevention and Safety Fund
Statement of Revenue Received and Expenditures Disbursed
Modified Cash Basis
Year Ended June 30, 2017

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local sources			
Taxes	\$ 333,465	\$ 336,359	\$ (2,894)
Earnings on investments	<u>10,535</u>	<u>19,771</u>	<u>(9,236)</u>
Total revenue received	<u>\$ 344,000</u>	<u>\$ 356,130</u>	<u>\$ (12,130)</u>
Expenditures Disbursed			
Supporting Services, Business			
Facilities acquisition and construction			
Salaries	\$ 205,000	\$ 48,959	\$ 156,041
Purchased services	1,254,120	789,129	464,991
Supplies and materials	288,000	33,182	254,818
Non-capital equipment	<u>1,210</u>	<u>1,210</u>	<u>—</u>
Total Expenditures Disbursed	<u>\$ 1,748,330</u>	<u>\$ 872,480</u>	<u>\$ 875,850</u>

Decatur School District No. 61

Working Cash Fund Statement of Revenue Received

Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
Revenue Received			
Local sources			
Taxes	\$ 333,465	\$ 336,359	\$ (2,894)
Earnings on investments	<u>16,210</u>	<u>82</u>	<u>16,128</u>
Total Revenue Received	<u>\$ 349,675</u>	<u>\$ 336,441</u>	<u>\$ 13,234</u>

Supplementary Information

Other Information

Decatur School District No. 61
Budgetary Comparison
General Fund
Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
Revenue Received			
Taxes	\$ 24,308,900	\$ 24,171,586	\$ 137,314
Corporate personal property replacement taxes	3,986,395	3,986,388	7
Earnings on investments	74,925	122,433	(47,508)
Tuition	60,100	55,256	4,844
Food services	91,870	88,661	3,209
District/school activity income	157,580	136,723	20,857
Textbook fees	139,750	151,683	(11,933)
State grants	47,256,722	46,376,514	880,208
Federal grants	15,614,108	13,939,694	1,674,414
Other	1,657,960	996,933	661,027
On-behalf receipts	<u>18,000,000</u>	<u>13,856,234</u>	<u>4,143,766</u>
	<u>111,348,310</u>	<u>103,882,105</u>	<u>7,466,205</u>
Expenditures Disbursed			
Instruction			
Regular programs	27,389,434	27,045,586	343,848
Tuition payments to charter schools	2,977,825	2,977,825	—
Pre-kindergarten programs	1,872,068	1,905,247	(33,179)
Special Ed programs	5,689,380	5,848,464	(159,084)
Remedial and supplemental programs K-12	5,531,265	5,236,215	295,050
Adult continuing education programs	75,610	81,894	(6,284)
CTE programs	31,307	15,048	16,259
Interscholastic programs	945,465	879,906	65,559
Summer school programs	50,915	45,667	5,248
Gifted programs	2,700	1,631	1,069
Driver's education programs	130,710	134,991	(4,281)
Bilingual programs	234,199	221,993	12,206
Truant alternative and optional programs	<u>266,330</u>	<u>247,977</u>	<u>18,353</u>
	<u>45,197,208</u>	<u>44,642,444</u>	<u>554,764</u>
Supporting services			
Pupils	4,483,357	4,399,636	83,721
Instructional staff	4,794,475	3,947,031	847,444
General administration	4,685,847	3,923,251	762,596
School administration	5,583,682	5,635,363	(51,681)
Business	16,156,563	15,383,961	772,602
Central	5,366,090	5,209,910	156,180
Other	<u>115,065</u>	<u>115,136</u>	<u>(71)</u>
	<u>41,185,079</u>	<u>38,614,288</u>	<u>2,570,791</u>

Decatur School District No. 61
Budgetary Comparison
General Fund
Modified Cash Basis
Year Ended June 30, 2017

	<u>Budget</u>	<u>Actual</u>	<u>Budget Over (Under) Actual</u>
(Continued)			
Community Services	\$ 1,625,740	\$ 1,472,007	\$ 153,733
Payments to Other Governmental Units	5,720,745	5,435,242	285,503
On-behalf Disbursements	<u>18,000,000</u>	<u>13,856,234</u>	<u>4,143,766</u>
	<u>111,728,772</u>	<u>104,020,215</u>	<u>7,708,557</u>
Excess (Deficiency) of Revenues Received Over (Under) Expenditures Disbursed	<u>(380,462)</u>	<u>(138,110)</u>	<u>(242,352)</u>
Other Financing Sources (Uses)			
Proceeds from sale of capital assets	3,000	325	2,675
Proceeds from sale of supplies	4,500	14,075	(9,575)
Proceeds from sale of vehicle	—	2,000	(2,000)
Decrease in worker's compensation reserve	<u>—</u>	<u>(181,031)</u>	<u>181,031</u>
	<u>7,500</u>	<u>(164,631)</u>	<u>172,131</u>
Excess of Revenue Received and Other Financing Sources Over (Under) Expenditures Disbursed and Other Financing Uses	(372,962)	(302,741)	(70,221)
Fund Balances, Beginning of Year	<u>27,673,635</u>	<u>27,673,635</u>	<u>—</u>
Fund Balances, End of Year	<u>\$ 27,300,673</u>	<u>\$ 27,370,894</u>	<u>\$ (70,221)</u>

Decatur School District No. 61
Schedule of Changes in Net Pension Liability and Related Ratios (IMRF Plan)
June 30, 2017

Calendar Year December 31,	2016	2015	2014
Total Pension Liability			
Service cost	\$ 2,154,539	\$ 1,977,283	\$ 2,102,804
Interest on the total pension liability	7,946,008	7,466,865	6,897,460
Benefit changes	—	—	—
Differences between expected and actual experience	317,947	2,215,811	(615,261)
Assumptions changes	(375,196)	244,515	4,123,017
Benefit payments and refunds	<u>(5,607,051)</u>	<u>(5,016,874)</u>	<u>(4,423,677)</u>
Net Change in Total Pension Liability	<u>4,436,247</u>	<u>6,887,600</u>	<u>8,084,343</u>
Total Pension Liability - Beginning	<u>108,098,514</u>	<u>101,210,914</u>	<u>93,126,571</u>
Total Pension Liability - Ending (a)	<u>\$ 112,534,761</u>	<u>\$ 108,098,514</u>	<u>\$ 101,210,914</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 2,473,663	\$ 2,297,080	\$ 2,023,057
Employee contributions	884,201	851,958	813,108
Pension plan net investment income	6,284,049	464,208	5,411,370
Benefit payments and refunds	(5,607,051)	(5,016,874)	(4,423,677)
Other	<u>816,512</u>	<u>541,013</u>	<u>446,855</u>
Net Change in Plan Fiduciary Net Position	<u>4,851,374</u>	<u>(862,615)</u>	<u>4,270,713</u>
Plan Fiduciary Net Position - Beginning	<u>92,912,843</u>	<u>93,775,458</u>	<u>89,504,745</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 97,764,217</u>	<u>\$ 92,912,843</u>	<u>\$ 93,775,458</u>
Net Pension Liability - Ending (a) – (b)	<u>\$ 14,770,544</u>	<u>\$ 15,185,671</u>	<u>\$ 7,435,456</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.87%	85.95%	92.65%
Covered-Employee Payroll	\$ 19,067,751	\$ 18,637,438	\$ 17,241,968
Net Pension Liability as a Percentage of Covered-Employee Payroll	77.46%	81.48%	43.12%

Note: This schedule is presented to illustrate the requirements of GASB 68 to show information for 10 years. However, until a full 10-year trend is compiled, the District will present only available information measured in accordance with the requirements of GASB 68. Information presented in this schedule has been determined as of the Plan's measurement date (December 31, 2016).

Decatur School District No. 61
Schedule of the District's Contributions (IMRF Plan)
June 30, 2017

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 1,998,344	\$ 2,023,057	\$ (24,713)	\$17,241,968	11.73%
2015	2,266,312	2,297,080	(30,768)	18,637,438	12.33%
2016	2,309,105	2,473,663	(164,558)	19,067,751	12.97%

Valuation Date:

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

Methods and Assumptions Used to Determine 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): 7-year closed period until remaining period reaches 15 years (then 15-year rolling period).
 Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
 SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

Asset valuation method: 5-Year smoother market; 20 percent corridor

Wage Growth: 3.50 percent

Price Inflation: 2.75 percent – approximate; No explicit price inflation assumption is used in this valuation

Salary increases: 3.75 percent to 14.50 percent, including inflation

Investment rate of return: 7.50 percent

Retirement age: Experience-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.

Decatur School District No. 61
Schedule of the District's Contributions (IMRF Plan)
June 30, 2017

Mortality: For non-disabled retirees, an IMRF specific retirement table was used with fully generational scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuity 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, 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 Employee Mortality Table with adjustments to match current IMRF experience.

Other information

Notes: There were no benefit changes during the year.

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

Decatur School District No. 61
Schedule of the District's Proportionate Share
of the Net Pension Liability (TRS Plan)
June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0156449777%	0.0282173074%	0.0314427699%
District's proportionate share of the net pension liability	\$ 12,349,527	\$ 18,485,179	\$ 19,135,527
State's proportionate share of the net pension liability associated with the District	<u>336,805,353</u>	<u>278,430,285</u>	<u>264,759,437</u>
Total	<u>\$ 349,154,880</u>	<u>\$ 296,915,464</u>	<u>\$ 283,894,964</u>
District's covered-employee payroll	<u>\$ 41,138,583</u>	<u>\$ 42,436,571</u>	<u>\$ 43,033,431</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.02%	43.56%	44.47%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

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

Note: This schedule is presented to illustrate the requirements of GASB 68 to show information for 10 years. However, until a full 10-year trend is compiled, the District will present only available information measured in accordance with the requirements of GASB 68.

Decatur School District No. 61
Schedule of the District's Contributions (TRS Plan)
June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 238,604	\$ 246,157	\$ 249,632
Contributions in relation to the contractually required contribution	<u>238,660</u>	<u>246,157</u>	<u>249,632</u>
Contribution deficiency (excess)	<u>\$ (56)</u>	<u>\$ —</u>	<u>\$ —</u>
District's covered-employee payroll	\$ 41,138,583	\$ 42,436,571	\$ 43,033,431
Contributions as a percentage of covered-employee payroll	0.58%	0.58%	0.58%

Notes to Schedule:

Changes of assumptions. For the 2016 measurement year, the assumed investment rate of return of was 7.0 percent, an inflation rate of 2.5 percent and 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 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.

Note: This schedule is presented to illustrate the requirements of GASB 68 to show information for 10 years. However, until a full 10-year trend is compiled, the District will present only available information measured in accordance with the requirements of GASB 68.

Decatur School District No. 61
Postretirement Health Plan
Schedule of Funding Progress
June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/17	\$ —	\$ 801,119	\$ 801,119	0.00%	\$48,096,073	1.67%
6/30/15	—	686,122	686,122	0.0%	53,186,174	1.29%
6/30/13	—	807,286	807,286	0.0%	15,006,525	5.40%

In accordance with GASB 45, an actuarial valuation has to be performed every two years for OPEB plans over 200 participants. The District will contract for another valuation in fiscal year 2019.

Supporting Schedules

Decatur School District No. 61
Schedule of Investments and Investment Income
Year Ended June 30, 2017

	Balance July 1, 2016	Purchased During Year	Sold During Year	Balance June 30, 2017
Educational Fund	\$ 12,531,121	\$ 9,081,626	\$ 7,400,817	\$ 14,211,930
Operations and Maintenance Fund	1,523,488	2,015,210	2,550,214	988,484
Debt Service Fund	1,582	3,003,818	2,900,100	105,300
Transportation Fund	1,341,137	754,846	1,500,040	595,943
Illinois Municipal Retirement/Social Security Fund	1,601,180	3,569,815	2,800,327	2,370,668
Capital Projects Fund	723,034	512,147	1,000,372	234,809
Working Cash Fund	4,113,029	221,972	2,821,936	1,513,065
Tort Immunity/Judgment Fund	1,656,003	1,259,838	2,650,214	265,627
Fire Prevention and Safety Fund	4,028,487	120,058	2,700,334	1,448,211
Trust and Agency Funds	<u>412,354</u>	<u>53,018</u>	<u>50,046</u>	<u>415,326</u>
Total	<u>\$ 27,931,415</u>	<u>\$ 20,592,348</u>	<u>\$ 26,374,400</u>	<u>\$ 22,149,363</u>

**Schedule of Investments Owned
at June 30, 2017**

Description	Amounts of Investments
Illinois Funds	\$ 14,331,294
Illinois Liquid Asset Fund	<u>7,818,069</u>
Total	<u>\$ 22,149,363</u>

Income Received from Matured Investments	Income Received from Repurchase Agreements, and Back Taxes	Total Interest Received
\$ 94,422	\$ 2,497	\$ 96,919
14,996	469	15,465
3,719	284	4,003
4,806	188	4,994
16,223	511	16,734
11,775	—	11,775
35	47	82
9,624	343	9,967
19,724	47	19,771
<u>2,583</u>	<u>—</u>	<u>2,583</u>
<u>\$ 177,907</u>	<u>\$ 4,386</u>	<u>\$ 182,293</u>

Decatur School District No. 61
Schedule of Assessed Valuations, Tax Levies, and Settlements

Assessed Valuations	2014 Levy
Macon County	<u>\$ 687,759,707</u>
Rate Per One Hundred Dollars of Assessed Valuations	
Educational Fund	2.57000
Operations and Maintenance Fund	0.50000
Fire Prevention and Safety	0.05000
Debt Service Fund	0.26595
Transportation Fund	0.20000
Illinois Municipal Retirement Fund	0.26982
Social Security	0.19369
Tort Immunity	0.23069
Special Education ⁽¹⁾	0.04000
Working Cash	0.05000
Lease Facilities ⁽¹⁾	<u>0.05000</u>
Total	<u><u>4.42015</u></u>

Taxes Assessed	2014 Levy		
	Extensions	Costs and Losses	Collected
Educational Fund	\$ 17,675,424	\$ 266,929	\$ 17,408,495
Operations and Maintenance Fund	3,438,799	51,933	3,386,866
Fire Prevention and Safety	343,880	5,192	338,688
Debt Service Fund	1,829,097	27,621	1,801,476
Transportation Fund	1,375,519	20,773	1,354,746
Illinois Municipal Retirement Fund	1,855,713	28,025	1,827,688
Social Security	1,332,122	20,118	1,312,004
Tort Immunity	1,586,593	23,960	1,562,633
Special Education ⁽¹⁾	275,104	4,155	270,949
Working Cash	343,880	5,192	338,688
Lease Facilities ⁽¹⁾	<u>343,880</u>	<u>5,192</u>	<u>338,688</u>
Total	<u>\$ 30,400,011</u>	<u>\$ 459,090</u>	<u>\$ 29,940,921</u>

⁽¹⁾ Considered part of Educational Fund.

Decatur School District No. 61
Schedule of Assessed Valuations, Tax Levies, and Settlements
(Continued)

Assessed Valuations	<u>2015 Levy</u>
Macon County	<u>\$ 689,331,328</u>
Rate Per One Hundred Dollars of Assessed Valuations	
Educational Fund	2.57000
Operations and Maintenance Fund	0.50000
Fire Prevention and Safety	0.05000
Debt Service Fund	0.30275
Transportation Fund	0.20000
Illinois Municipal Retirement Fund	0.06529
Social Security	0.47943
Tort Immunity	0.36519
Special Education ⁽¹⁾	0.04000
Working Cash	0.05000
Lease Facilities ⁽¹⁾	<u>0.05000</u>
Total	<u><u>4.67266</u></u>

Taxes Assessed	<u>2015 Levy</u>		
	<u>Extensions</u>	<u>Costs and Losses</u>	<u>Collected</u>
Educational Fund	\$ 17,715,815	\$ 183,143	\$ 17,532,672
Operations and Maintenance Fund	3,446,657	35,648	3,411,009
Fire Prevention and Safety	344,666	3,564	341,102
Debt Service Fund	2,086,950	21,585	2,065,365
Transportation Fund	1,378,663	14,260	1,364,403
Illinois Municipal Retirement Fund	450,064	4,653	445,411
Social Security	3,304,861	34,180	3,270,681
Tort Immunity	2,517,369	26,036	2,491,333
Special Education ⁽¹⁾	275,732	2,851	272,881
Working Cash	344,666	3,564	341,102
Lease Facilities ⁽¹⁾	<u>344,666</u>	<u>3,564</u>	<u>341,102</u>
Total	<u>\$ 32,210,109</u>	<u>\$ 333,048</u>	<u>\$ 31,877,061</u>

⁽¹⁾ Considered part of Educational Fund.

Decatur School District No. 61
Schedule of Assessed Valuations, Tax Levies, and Settlements
(Continued)

Assessed Valuations	<u>2016 Levy</u>
Macon County	<u>\$ 699,573,967</u>
Rate Per One Hundred Dollars of Assessed Valuations	
Educational Fund	2.57000
Operations and Maintenance Fund	0.50000
Fire Prevention and Safety	0.05000
Debt Service Fund	0.43504
Transportation Fund	0.20000
Illinois Municipal Retirement Fund	0.34150
Social Security	0.22772
Tort Immunity	0.40025
Special Education ⁽¹⁾	0.04000
Working Cash	0.05000
Lease Facilities ⁽¹⁾	<u>0.05000</u>
Total	<u><u>4.86451</u></u>

Taxes Assessed	<u>2016 Levy</u>		
	<u>Extensions</u>	<u>Estimated Costs and Losses</u>	<u>Estimated Collections</u>
Educational Fund	\$ 17,979,051	\$ 197,770	\$ 17,781,281
Operations and Maintenance Fund	3,497,870	38,477	3,459,393
Fire Prevention and Safety	349,787	3,848	345,939
Debt Service Fund	3,043,426	33,478	3,009,948
Transportation Fund	1,399,148	15,391	1,383,757
Illinois Municipal Retirement Fund	2,389,045	26,279	2,362,766
Social Security	1,593,070	17,524	1,575,546
Tort Immunity	2,800,045	30,800	2,769,245
Special Education ⁽¹⁾	279,829	3,078	276,751
Working Cash	349,787	3,848	345,939
Lease Facilities ⁽¹⁾	<u>349,787</u>	<u>3,848</u>	<u>345,939</u>
Total	<u>\$ 34,030,845</u>	<u>\$ 374,341</u>	<u>\$ 33,656,504</u>

⁽¹⁾ Considered part of Educational Fund.

Decatur School District No. 61
Schedule of Collections
Year Ended June 30, 2017

Taxes Assessed	2015 Levy	2016 Levy	Total
Educational Fund	\$ 8,427,866	\$ 8,839,475	\$ 17,267,341
Operations and Maintenance Fund	1,639,638	1,719,749	3,359,387
Debt Service Fund	992,804	1,496,316	2,489,120
Transportation Fund	655,855	687,899	1,343,754
Illinois Municipal Retirement Fund	214,106	1,174,584	1,388,690
Social Security	1,572,189	783,239	2,355,428
Fire Prevention and Safety	163,964	171,975	335,939
Tort Liability Insurance	1,197,563	1,376,654	2,574,217
Special Education ⁽¹⁾	131,171	137,580	268,751
Working Cash	163,964	171,975	335,939
Lease Facilities ⁽¹⁾	<u>163,964</u>	<u>171,975</u>	<u>335,939</u>
Total	<u>\$ 15,323,084</u>	<u>\$ 16,731,421</u>	<u>\$ 32,054,505</u>

⁽¹⁾ Considered as part of Educational Fund.

Decatur School District No. 61
Athletic Revolving Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Dwight D. Eisenhower High School	Douglas MacArthur High School	Thomas Jefferson Middle School
Cash Balance, Beginning of Year	\$ —	\$ —	\$ —
Receipts			
Advance from Educational Fund	5,000	5,000	2,500
Reimbursement from Educational Fund	27,004	30,474	4,209
Other	<u>—</u>	<u>—</u>	<u>—</u>
Total Receipts	<u>32,004</u>	<u>35,474</u>	<u>6,709</u>
Disbursements			
Meal, officials, entry fees, transportation, etc.	30,887	31,970	4,511
Advance returned to Educational Fund	<u>1,117</u>	<u>3,504</u>	<u>2,198</u>
Total Disbursements	<u>32,004</u>	<u>35,474</u>	<u>6,709</u>
Cash Balance, End of Year	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>	\$ <u><u>—</u></u>

Stephen Decatur Middle School	Johns Hill Magnet School	Hope Academy	Garfield Montessorri School	Dennis Lab	Total
\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
2,500	2,500	2,500	2,500	2,500	25,000
2,845	1,928	3,175	2,360	1,215	73,210
<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<u>5,345</u>	<u>4,428</u>	<u>5,675</u>	<u>4,860</u>	<u>3,715</u>	<u>98,210</u>
4,369	2,751	4,755	3,856	2,167	85,266
<u>976</u>	<u>1,677</u>	<u>920</u>	<u>1,004</u>	<u>1,548</u>	<u>12,944</u>
<u>5,345</u>	<u>4,428</u>	<u>5,675</u>	<u>4,860</u>	<u>3,715</u>	<u>98,210</u>
<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

Decatur School District No. 61
Organizational Data
Year Ended June 30, 2017

Name of District

Decatur School District No. 61,
in Decatur, Illinois

Type of Organization

Special charter school district

Principal Office

101 West Cerro Gordo Street
Decatur, Illinois

Administration

Bobbi Williams	Interim Superintendent
Michael Dugan	Interim Superintendent
Dr. Todd Covault	Chief Operational Officer, Treasurer
Kathleen Horath	Director Special Ed District
James Altig	Director of Information Technology
Deanne Hillman	Director of Human Resources
Edward Moyer, Jr.	Chief Instructional Officer

Board of Education

Dan Oakes	President
Beth Nolan	Vice President
Sheri Perkins	Member
Brian Hodges	Member
Kendall Brisco	Member
Courtney Carson	Member
Beth Creighton	Member

Student Activity Funds

Decatur School District No. 61
Elementary and Middle School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance July 1, 2016	Receipts	Disbursements	Balance June 30, 2017
Elementary Schools				
Michael E. Baum	\$ 3,360	\$ 4,468	\$ 5,957	\$ 1,871
Dennis	32,618	47,052	37,364	42,306
Durfee	2,072	441	1,570	943
Enterprise	2,974	386	2,165	1,195
Benjamin Franklin	5,973	632	878	5,727
French	5,002	5,369	4,377	5,994
Garfield	4,210	11,310	8,780	6,740
William Harris	264	2,573	1,990	847
Hope Academy	5,510	17,239	17,648	5,101
Muffley	3,179	7,296	8,704	1,771
Oak Grove	3,454	2,067	1,835	3,686
James B. Parsons	3,662	8,976	10,068	2,570
Pershing	19,033	17,954	10,718	26,269
South Shores	23,754	6,121	6,689	23,186
Adlai E. Stevenson	641	11,461	9,145	2,957
Johns Hill	30,489	11,581	16,804	25,266
Middle Schools				
Thomas Jefferson	36,960	10,846	13,007	34,799
Stephen Decatur	16,152	17,892	22,099	11,945
Convenience Funds	104,810	170,706	212,268	63,248
Scholarship Funds	<u>110,111</u>	<u>817</u>	<u>744</u>	<u>110,184</u>
Total	\$ <u>414,228</u>	\$ <u>355,187</u>	\$ <u>392,810</u>	\$ <u>376,605</u>
Cash Deposited in Hickory Point Bank & Trust	\$ 58,018			\$ 67,434
Investments	<u>356,210</u>			<u>309,171</u>
Total, as above	\$ <u>414,228</u>			\$ <u>376,605</u>

Decatur School District No. 61
High School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance				Balance
	July 1, 2016	Receipts	Disbursements		June 30, 2017
Dwight D. Eisenhower High School	\$ 50,331	\$ 74,014	\$ 78,656		\$ 45,689
Douglas MacArthur High School	14,374	154,944	86,159		83,159
Phoenix Alternative School	<u>583</u>	<u>1</u>	<u>123</u>		<u>461</u>
Total	\$ <u>65,288</u>	\$ <u>228,959</u>	\$ <u>164,938</u>		\$ <u>129,309</u>
Cash Deposited in Hickory Point Bank & Trust Investments	\$ 9,144				\$ 23,154
	<u>56,144</u>				<u>106,155</u>
Total, as above	\$ <u>65,288</u>				\$ <u>129,309</u>

Decatur School District No. 61
Phoenix Alternative School
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance July 1, 2016	Receipts	Disbursements	Balance June 30, 2017
DPS Foundation	\$ 284	\$ —	\$ —	\$ 284
Interest income	4	1	—	5
Library Fines	136	—	—	136
Student/Staff	124	—	123	1
Teen Moms	<u>35</u>	<u>—</u>	<u>—</u>	<u>35</u>
Total	<u>\$ 583</u>	<u>\$ 1</u>	<u>\$ 123</u>	<u>\$ 461</u>

Decatur School District No. 61
Dwight D. Eisenhower High School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance				Balance
	July 1, 2016	Receipts	Disbursements		June 30, 2017
Academic Bowl Team	\$ 99	\$ —	\$ —	\$	99
American Field Service	292	—	—		292
Art Club	28	—	—		28
Athletic Director	5,076	2,536	3,631		3,981
Baseball Fund	7	—	—		7
Band	315	—	—		315
Bond Account	146	—	—		146
Boys' Basketball Fund	3,534	5,020	4,447		4,107
Business Education Club	257	—	—		257
Buttons, Inc.	477	409	300		586
Cheerleaders	—	—	—		—
Choir Fund	379	318	—		697
Class of 2015	1,426	—	1,086		340
Class of 2016	411	—	302		109
Class of 2017	3,333	909	2,815		1,427
Class of 2018	1,637	1,527	761		2,403
Class of 2019	404	271	—		675
Class of 2020	—	127	—		127
Crimestoppers	—	—	—		—
Drama Club	475	331	99		707
DPS Foundation	15,597	22,091	37,688		—
Football Club	19	2,411	645		1,785
French Club	14	—	—		14
Girls' Basketball Fund	6	—	—		6
Girls' Softball	232	—	—		232
Girls' Volleyball	37	—	—		37
A Gray Memorial	660	—	—		660
Guidance	64	—	—		64
Home Economics Club	291	—	—		291
Industrial Tech	935	—	—		935
Interest Income	143	275	—		418
Jets	81	—	—		81
Library Fines	727	8,585	5,954		3,358
Life Skills	1,011	359	323		1,047
National Honor Society	385	329	664		50
Operation Calculus	—	—	—		—
Orchestra Fund	32	—	—		32
Pantherama	1,377	2,210	—		3,587
Panther Press	31	—	—		31
PE Uniforms	941	—	500		441
Pepsi	35	—	—		35
Principal's Office Fund	1,346	4,138	2,016		3,468
Robotics	—	3,900	1,310		2,590
Secretary Staff	29	—	—		29
Science	89	—	—		89

Decatur School District No. 61
Dwight D. Eisenhower High School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance July 1, 2015	Receipts	Disbursements	Balance June 30, 2017
(Continued)				
Social Studies Club	\$ —	\$ —	\$ —	\$ —
Soccer	102	300	—	402
Spanish Club	103	—	—	103
Special Education VCE Class	49	—	—	49
Staff Welfare Fund	385	195	144	436
Stage Fund	101	3,154	2,166	1,089
Student Council	5,865	12,943	12,907	5,901
Talent Show	813	661	—	1,474
Testing Fund – Guidance Dept.	306	1,015	898	423
VICE	2	—	—	2
Video Productions	225	—	—	225
Wrestling Club	<u>2</u>	<u>—</u>	<u>—</u>	<u>2</u>
Total	<u>\$ 50,331</u>	<u>\$ 74,014</u>	<u>\$ 78,656</u>	<u>\$ 45,689</u>

Decatur School District No. 61
Douglas MacArthur High School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance				Balance
	July 1, 2015	Receipts	Disbursements		June 30, 2017
Athletic Director					
Discretionary	\$ 6,195	\$ 7,074	\$ 3,085	\$	10,184
Band	—	8,429	5,063	\$	3,366
Baseball	—	3,378	725		2,653
Bowling	—	216	—		216
Boys Basketball	—	4,660	2,379		2,281
Boys Track	—	82	—		82
Chemistry	—	837	740		97
Cheerleading	—	17,409	12,266		5,143
Class of 2017	—	30,358	30,182		176
Class of 2018	—	9,121	636		8,485
Class of 2019	—	410	72		338
Class of 2020	—	375	—		375
Cross Country	—	3,148	1,323		1,825
Choir	—	2,397	839		1,558
Drama	—	1,709	734		975
DPS Foundation	1,820	(1,820)	—		—
Essential Skills	—	318	44		274
Faculty Fund	—	141	120		21
Faculty Social Committee	—	2,683	2,581		102
Fashion Hour Club	—	4,984	4,268		716
Football	—	1,351	—		1,351
FBLA (Future Business					
Leaders of America)	—	2,275	—		2,275
Girls Basketball	—	908	275		633
Girls Softball	—	5,222	1,104		4,118
Girls Track	—	150	—		150
Girls Volleyball	—	2,810	107		2,703
National Honor Society	6	422	428		—
Interest Income	57	456	7		506
IJAG	313	43	346		10
Library Fines	598	2	213		387
Life Skills	—	395	25		370
Life Skills Athletics	—	59	—		59
Office/School Community					
Fund	—	1,071	1,027		44
Office Pop Fund	—	176	—		176
Orchestra/Music	—	2,059	560		1,499
PE	—	2,584	2,031		553
Pepsi	13	317	—		330
Principal Achievement	—	8,889	2,893		5,996
Prom	—	4,787	1,379		3,408
Robotics Team	—	3,900	1,158		2,742

Decatur School District No. 61
Douglas MacArthur High School Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017

	Balance July 1, 2015	Receipts	Disbursements	Balance June 30, 2017
(Continued)				
Scholastic Bowl	\$ —	\$ 212	\$ 110	\$ 102
School Store	—	3,005	1,717	1,288
Soccer	—	1,129	80	1,049
Spanish Club	100	498	—	598
Student Council	2,579	9,557	3,652	8,484
Wrestling	—	2,358	79	2,279
Yearbook	<u>2,693</u>	<u>4,400</u>	<u>3,911</u>	<u>3,182</u>
Total	<u>\$ 14,374</u>	<u>\$ 154,944</u>	<u>\$ 86,159</u>	<u>\$ 83,159</u>

Decatur School District No. 61
Statement of Per Capita Cost and Reimbursable Cost for Tuition
(Unaudited)
Year Ended June 30, 2017

Average Daily Attendance 7,466.19

Computations of Per Capital Cost

Operating Disbursements	
Educational Fund	\$ 82,228,646
Operations and Maintenance Fund	5,692,852
Debt Service Fund	6,493,190
Transportation Fund	5,844,460
Illinois Municipal Retirement/Social Security Fund	3,671,684
Tort Immunity/Judgment	<u>2,242,493</u>
Total	106,173,325
Less expenses not applicable	<u>(14,800,079)</u>
Net Operating Disbursements	91,373,246

Operating Expense Per Student \$ 12,238.27

Computation of Reimbursement Cost of Tuition

Revenue from governmental divisions and others for special programs	<u>18,669,930</u>
	72,703,316
Depreciation allowable	<u>3,469,590</u>
Net cost for tuition purposes	<u>76,172,906</u>

Reimbursable cost for tuition per student \$ 10,202.38

The above data was taken from the report filed by the District with the Illinois State Board of Education.

Annual Federal Financial Compliance Report

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Education
Decatur School District No. 61
Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited the compliance of Decatur School District No. 61 (District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The District's basic financial statements include the operations of Macon-Piatt Special Education District (component unit), which received \$4,874,277 in federal awards, which were not included in the District's schedule of expenditures of federal awards for the year ended June 30, 2017. Our audit described below, did not include the operations of Macon-Piatt Special Education District because there is a separately issued report.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 the 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 the 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 the District'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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Decatur School District No. 61, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Decatur School District No. 61, 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 the District'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 the District'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Decatur, Illinois
October 10, 2017

Decatur School District No. 61
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts 7/1/15 – 6/30/16
U.S. Department of Education			
Pass Through Illinois State Board of Education			
IASA – Title I – Low Income	84.010A	16-4300-00 17-4300-00	\$ 6,532,158 —
IASA – Title I – Low Income – Neg. & Del. Private Institutions	84.010A	16-4305-00 17-4305-00	36,211 —
Total CFDA #84.010A			<u>6,568,369</u>
Title IV – 21 st Century Community Learning Centers	84.287C	16-4421-00 17-4421-00	217,194 —
Total CFDA #84.287C			<u>217,194</u>
ESEA – Title II – Teacher Quality	84.367A	16-4932-00 17-4932-00	612,083 —
Total CFDA #84.367A			<u>612,083</u>
Math and Science Partnership	84.366	17-4936-7B	—
Total CFDA #84.366			<u>—</u>
Preschool Expansion Grant	84.419B	16-4902-00 17-4902-00	483,419 —
Total CFDA #84.419B			<u>483,419</u>
LIPLEPS – Title III	84.365A	16-4909-00 17-4909-00	681 —
Total CFDA #84.365A			<u>681</u>
Pass Through Illinois Reading Council	84.365A	16-4909-00	—
Total CFDA #84.365A			<u>681</u>
Pass Through Illinois Community College Board			
Federal Adult Basic Education, PL91-230	84.002	16-4810-00 17-4810-00	73,025 —
Total CFDA #84.002			<u>73,025</u>
Total U.S. Department of Education			<u>7,954,771</u>

Receipts 7/1/16 – 6/30/17	Disbursements 7/1/15 – 6/30/16	Passed Through to Subrecipients 7/1/15 – 6/30/16	Disbursements 7/1/16 – 6/30/17	Passed Through to Subrecipients 7/1/16 – 6/30/17	Obligations/ Encumbrances	Final Status	Budget
\$ 844,640 6,201,543	\$ 7,202,823 —	\$ 262,087 —	\$ 173,975 7,348,889	\$ — 157,408	\$ — 45,878	\$ 7,376,798 7,394,767	\$ 8,178,207 8,033,243
5,461 89,993	41,582 —	— —	90 94,389	— —	— —	41,672 94,389	97,614 142,775
<u>7,141,637</u>	<u>7,244,405</u>	<u>262,087</u>	<u>7,617,343</u>	<u>157,408</u>	<u>45,878</u>	<u>14,907,626</u>	<u>16,451,839</u>
6,839 165,759	224,033 —	— —	— 166,741	— —	— —	224,033 166,741	233,044 200,000
<u>172,598</u>	<u>224,033</u>	<u>—</u>	<u>166,741</u>	<u>—</u>	<u>—</u>	<u>390,774</u>	<u>433,044</u>
224,033 500,304	729,370 —	— —	107,145 701,472	— 20,387	— 778	836,515 702,250	1,221,713 1,205,734
<u>724,736</u>	<u>729,370</u>	<u>—</u>	<u>808,617</u>	<u>20,387</u>	<u>778</u>	<u>1,538,765</u>	<u>2,427,447</u>
—	—	—	22,968	—	—	22,968	250,000
—	—	—	22,968	—	—	22,968	250,000
109,801 513,757	587,641 —	— —	5,579 610,018	— —	— 1,486	593,220 611,504	738,998 738,998
<u>623,558</u>	<u>587,641</u>	<u>—</u>	<u>615,597</u>	<u>—</u>	<u>1,486</u>	<u>1,204,724</u>	<u>1,477,996</u>
4,059 — 4,059	4,474 — 4,474	— — —	266 5,550 5,816	— — —	— 635 635	4,740 6,185 10,925	11,750 20,292 32,042
<u>1,400</u>	<u>1,400</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,400</u>	<u>1,400</u>
<u>5,459</u>	<u>5,874</u>	<u>—</u>	<u>5,816</u>	<u>—</u>	<u>635</u>	<u>12,325</u>	<u>33,442</u>
8,886 —	81,911 —	— —	— 44,230	— —	— —	81,911 44,230	81,911 44,230
<u>8,886</u>	<u>81,911</u>	<u>—</u>	<u>44,230</u>	<u>—</u>	<u>—</u>	<u>126,141</u>	<u>126,141</u>
<u>8,676,874</u>	<u>8,873,234</u>	<u>262,087</u>	<u>9,281,312</u>	<u>177,795</u>	<u>48,777</u>	<u>18,203,323</u>	<u>21,199,909</u>

Decatur School District No. 61
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts 7/1/15 – 6/30/16
(Continued)			
U.S. Department of Agriculture			
Pass Through Illinois State Board of Education			
Commodities (Non-Cash)	10.555	N/A	\$ —
Commodities (D.D Fruits and Vegetables)		N/A	—
School Lunch, Regular, Free and Reduced		16-4210-00	2,151,331
		17-4210-00	—
Total CFDA #10.555			<u>2,151,331</u>
School Breakfast	10.553	16-4220-00	1,040,747
		17-4220-00	—
Total CFDA #10.553			<u>1,040,747</u>
Total Child Nutrition Cluster			<u>3,192,078</u>
Child and Adult Care Food Program	10.558	16-4226-00	75,337
		17-4226-00	—
Total CFDA #10.558			<u>75,337</u>
Fresh Fruit and Vegetable Program	10.582	17-4240-00	—
Total CFDA #10.582			<u>—</u>
Total U.S. Department of Agriculture			<u>3,267,415</u>
U.S. Department of Health and Human Services			
Pass Through Illinois Department of Human Services			
MIECHVP – Affordable Care Act (ACA) Maternal, Infant and Early Childhood Home Visiting Grant	93.505	FCSUVS04095	—
Total CFDA #93.505			<u>—</u>
MIECHVP – Maternal, Infant and Early Childhood Home Visiting Grant	93.870	6FCSUS03561	63,966
		FCSUVS04095	—
Total CFDA #93.870			<u>63,966</u>
Total Maternal, Infant, and Early Childhood Home Visiting Cluster			<u>63,966</u>
Pass Through Illinois Department of Healthcare and Family Services			
Medicaid – Administrative Outreach	93.778	16-4991-00	62,403
		17-4991-00	—
Total CFDA #93.778 and Medicaid Cluster			<u>62,403</u>
Pass Through Illinois State Board of Education			
SAMHS-IL-AWARE	93.243	16-4999-AW	—
		17-4999-AW	—
Total CFDA #93.243			<u>—</u>
Total U.S. Department of Health and Human Services			<u>126,369</u>

Receipts 7/1/16 – 6/30/17	Disbursements 7/1/15 – 6/30/16	Passed Through to Subrecipients 7/1/15 – 6/30/16	Disbursements 7/1/16 – 6/30/17	Passed Through to Subrecipients 7/1/16 – 6/30/17	Obligations/ Encumbrances	Final Status	Budget
\$ 247,417	\$ —	\$ —	\$ 247,417	\$ —	\$ —	\$ 247,417	\$ N/A
88,101	—	—	88,101	—	—	88,101	N/A
807,573	2,411,127	—	547,777	—	—	2,958,904	N/A
<u>2,372,633</u>	<u>—</u>	<u>—</u>	<u>2,674,759</u>	<u>—</u>	<u>—</u>	<u>2,674,759</u>	<u>N/A</u>
<u>3,515,724</u>	<u>2,411,127</u>	<u>—</u>	<u>3,558,054</u>	<u>—</u>	<u>—</u>	<u>5,969,181</u>	<u>N/A</u>
404,908	1,168,350	—	277,305	—	—	1,445,655	N/A
<u>1,108,018</u>	<u>—</u>	<u>—</u>	<u>1,263,166</u>	<u>—</u>	<u>—</u>	<u>1,263,166</u>	<u>N/A</u>
<u>1,512,926</u>	<u>1,168,350</u>	<u>—</u>	<u>1,540,471</u>	<u>—</u>	<u>—</u>	<u>2,708,821</u>	<u>N/A</u>
<u>5,028,650</u>	<u>3,579,477</u>	<u>—</u>	<u>5,098,525</u>	<u>—</u>	<u>—</u>	<u>8,678,002</u>	<u>N/A</u>
8,550	75,337	—	8,550	—	—	83,887	N/A
<u>75,800</u>	<u>—</u>	<u>—</u>	<u>82,242</u>	<u>—</u>	<u>—</u>	<u>82,242</u>	<u>N/A</u>
<u>84,350</u>	<u>75,337</u>	<u>—</u>	<u>90,792</u>	<u>—</u>	<u>—</u>	<u>166,129</u>	<u>N/A</u>
<u>11,789</u>	<u>—</u>	<u>—</u>	<u>15,207</u>	<u>—</u>	<u>—</u>	<u>15,207</u>	<u>N/A</u>
<u>11,789</u>	<u>—</u>	<u>—</u>	<u>15,207</u>	<u>—</u>	<u>—</u>	<u>15,207</u>	<u>N/A</u>
<u>5,124,789</u>	<u>3,654,814</u>	<u>—</u>	<u>5,204,524</u>	<u>—</u>	<u>—</u>	<u>8,859,338</u>	<u>N/A</u>
<u>3,480</u>	<u>—</u>	<u>—</u>	<u>3,480</u>	<u>—</u>	<u>—</u>	<u>3,480</u>	<u>3,480</u>
<u>3,480</u>	<u>—</u>	<u>—</u>	<u>3,480</u>	<u>—</u>	<u>—</u>	<u>3,480</u>	<u>3,480</u>
27,396	91,362	—	—	—	—	91,362	103,695
<u>68,229</u>	<u>—</u>	<u>—</u>	<u>110,333</u>	<u>—</u>	<u>—</u>	<u>110,333</u>	<u>112,873</u>
<u>95,625</u>	<u>91,362</u>	<u>—</u>	<u>110,333</u>	<u>—</u>	<u>—</u>	<u>201,695</u>	<u>216,568</u>
<u>99,105</u>	<u>91,362</u>	<u>—</u>	<u>113,813</u>	<u>—</u>	<u>—</u>	<u>205,175</u>	<u>220,048</u>
16,742	62,403	—	16,742	—	—	79,145 ⁽¹⁾	N/A
<u>64,092</u>	<u>—</u>	<u>—</u>	<u>64,092</u>	<u>—</u>	<u>—</u>	<u>64,092</u> ⁽²⁾	<u>N/A</u>
<u>80,834</u>	<u>62,403</u>	<u>—</u>	<u>80,834</u>	<u>—</u>	<u>—</u>	<u>143,237</u>	<u>N/A</u>
248,526	120,737	—	127,786	—	—	248,523	459,388
<u>165,377</u>	<u>—</u>	<u>—</u>	<u>200,053</u>	<u>—</u>	<u>—</u>	<u>200,053</u>	<u>459,388</u>
<u>413,903</u>	<u>120,737</u>	<u>—</u>	<u>327,839</u>	<u>—</u>	<u>—</u>	<u>448,576</u>	<u>918,776</u>
<u>593,842</u>	<u>274,502</u>	<u>—</u>	<u>522,486</u>	<u>—</u>	<u>—</u>	<u>796,988</u>	<u>1,138,824</u>

Decatur School District No. 61
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Receipts 7/1/15 – 6/30/16
(Continued)			
U.S. Department of Labor			
Pass Through Macon County			
WIOA Instruction	17.259	16-4999-00 17-4999-00	\$ 60,058 <u> —</u>
Total CFDA #17.259, WIOA Cluster and U.S. Department of Labor			<u>60,058</u>
Total Federal Awards			<u>\$ 11,408,613</u>

- (1) Local Match \$4,219,974
- (2) Local Match \$4,218,033

Receipts 7/1/16 – 6/30/17	Disbursements 7/1/15 – 6/30/16	Passed Through to Subrecipients 7/1/15 – 6/30/16	Disbursements 7/1/16 – 6/30/17	Passed Through to Subrecipients 7/1/16 – 6/30/17	Obligations/ Encumbrances	Final Status	Budget
\$ 17,537 <u>39,370</u>	\$ 77,595 <u>—</u>	\$ — <u>—</u>	\$ — <u>60,187</u>	\$ — <u>—</u>	\$ — <u>—</u>	\$ 77,595 <u>60,187</u>	\$ N/A <u>N/A</u>
<u>56,907</u>	<u>77,595</u>	<u>—</u>	<u>60,187</u>	<u>—</u>	<u>—</u>	<u>137,782</u>	<u>N/A</u>
<u>\$ 14,452,412</u>	<u>\$ 12,880,145</u>	<u>\$ 262,087</u>	<u>\$ 15,068,509</u>	<u>\$ 177,795</u>	<u>\$ 48,777</u>	<u>\$ 27,997,431</u>	<u>\$ 22,338,733</u>

Decatur School District No. 61
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Decatur School District No. 61
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:
 Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

Decatur School District No. 61
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

7. The District's major programs were:

Cluster/Program	CFDA Number
Title I – Low Income	84.010A

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The District qualified as a low-risk auditee? Yes No

Decatur School District No. 61
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Findings Required to be Reported by *Government Auditing Standards*

**Reference
Number**

Finding

No matters are reportable.

Decatur School District No. 61
Schedule of Findings and Questioned Costs
Year Ended June 30, 2017

Findings Required to be Reported by the Uniform Guidance

**Reference
Number**

Finding

No matters are reportable.

Decatur School District No. 61
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017

Reference Number	Summary of Finding	Status
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No matters are reportable.

Decatur School District No. 61

Illinois Community College Board
Adult Education and Family Literacy Grant
Independent Auditor's Report and Financial Statements
June 30, 2017



Decatur School District No. 61
Illinois Community College Board
Adult Education and Family Literacy Grant
June 30, 2017

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Independent Auditor’s Report on Compliance with State Requirements for Adult Education and Family Literacy Grant	8
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	10
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Independent Auditor's Report

Board of Education of Decatur School District No. 61 and
Illinois Community College Board

Report on the Financial Statements

We have audited the accompanying financial statements of Decatur School District No. 61 (District) Adult Education and Family Literacy Grant (Grant), which comprise the statement of assets, liabilities and fund balance (deficit) as of June 30, 2017, and the related statement of revenues collected, expenditures paid and changes in cash balances for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the 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 fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balance (deficit) of Decatur School District No. 61 Adult Education and Family Literacy Grant as of June 30, 2017, and its revenues collected, expenditures paid and changes in cash balances during the year then ended in accordance with the 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 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 this matter.

Emphasis of Matter

These financial statements were prepared to conform with Illinois Community College Board requirements. As discussed in Note 1, the financial statements of the Grant are intended to present the financial position and results of operations of the portion of the District that is attributable to the transactions of the Grant. They do not purport to, and do not, present fairly the financial position of the District as of June 30, 2017 or the changes in its financial position for the year then ended in conformity with the basis of accounting described in Note 1. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of expressing our opinion on the financial statements as a whole. The accompanying supplementary information, expenditure amounts and percentages for ICCB Grant Funds, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2017 on our consideration of the Decatur School District No. 61 Adult Education and Family Literacy Grant's internal control over financial reporting and 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 Grant's internal control over financial reporting and compliance.

Other Matter

This report is intended solely for the information and use of the Board of Education, management and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Decatur, Illinois
October 10, 2017

Illinois Department of Professional Regulation
License Number 066-003844

Decatur School District No. 61
Illinois Community College Board
State Adult Education and Family Literacy Grant
Statement of Assets, Liabilities and Fund Balance (Deficit)
As of June 30, 2017

	Basic	Performance	Total (Memorandum Only)
Assets			
Cash	\$ <u> —</u>	\$ <u> —</u>	\$ <u> —</u>
Fund Balance – Unassigned	\$ <u> —</u>	\$ <u> —</u>	\$ <u> —</u>

Decatur School District No. 61
Illinois Community College Board
Adult Education and Family Literacy Grant
Statement of Revenues Collected, Expenditures Paid,
and Changes in Cash Balances
Year Ended June 30, 2017

	Basic	Performance	Total (Memorandum Only)
Revenues Collected:			
Grant revenue	\$ <u>108,133</u>	<u>34,336</u>	<u>142,469</u>
Expenditures Paid by Program:			
Instruction	30,770	—	30,770
Social work services	19,777	7	19,784
Guidance services	13,597	—	13,597
Student transportation services	<u>200</u>	<u>—</u>	<u>200</u>
Instructional and student services	<u>64,344</u>	<u>7</u>	<u>64,351</u>
Improvement of instructional services	—	—	—
General administration	587	—	587
Operation and maintenance of plant services	—	—	—
Data and information services	<u>—</u>	<u>—</u>	<u>—</u>
Program support	<u>587</u>	<u>—</u>	<u>587</u>
Total expenditures	<u>64,931</u>	<u>7</u>	<u>64,938</u>
Excess of Revenues Collected Over Expenditures Paid	43,202	34,329	77,531
Cash (Deficit), July 1, 2016	<u>(43,202)</u>	<u>(34,329)</u>	<u>(77,531)</u>
Cash, June 30, 2017	\$ <u>—</u>	\$ <u>—</u>	\$ <u>—</u>

Decatur School District No. 61
Illinois Community College Board
Adult Education and Family Literacy Grant
Notes to Financial Statements
June 30, 2017

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The financial statements present only the activity of the Grant and do not purport to, and do not, present the financial position of the District as of June 30, 2017 and the changes in its financial position for the year then ended.

Basis of accounting refers to when receipts and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The Grant maintains its accounting records on the cash basis under guidelines prescribed by the Illinois State Board of Education. Accordingly, revenue is recorded when cash is received and expenditures are recorded when checks or cash are disbursed. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Cash-basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions.

Fund Balance Reporting

In accordance with 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. The grant had no nonspendable, restricted, committed or assigned fund balances.

Unassigned Fund Balances

The unassigned fund balance classification is the residual classification for amounts that have not been restricted, committed, or assigned to specific purposes within the Grant.

Decatur School District No. 61
Illinois Community College Board
Adult Education and Family Literacy Grant
Notes to Financial Statements
June 30, 2017

Note 2: Nature of Grant Program

Basic

Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21 and not otherwise in attendance in public school for the purpose of providing adults in the community, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as child care facilities or provision.

Public Assistance

Grant awarded to Adult Education and Family Literacy providers to pay for instruction, fees, books, and materials incurred in the program for students who are identified as recipients of public assistance. Priority for services must be given to educationally disadvantaged students with basic literacy skills from beginning literacy through low intermediate ABE/ESL and to recipients of Temporary Assistance for Needy Families (TANF). Persons eligible for services on a priority basis are employed and unemployed TANF clients and persons who have been cancelled from TANF and receive extended medical assistance. Other eligible persons are those who receive TANF Medical Assistance No Grant (MANG)/KidCare Assist, non-assistance food stamps, and noncustodial parents who are referred by the Department of Human Services or by the court system.

Performance

Grant awarded to Adult Education and Family Literacy providers based on performance outcomes.

Independent Auditor's Report on Compliance with State Requirements for Adult Education and Family Literacy Grant

Board of Education of Decatur School District No. 61 and
Illinois Community College Board

Report on Compliance for Adult Education and Family Literacy Grant

We have audited the compliance of the Decatur School District No. 61 (District) Adult Education and Literacy Grant (Grant) with the types of compliance requirements described in the Illinois Community College Board's *Adult Education and Family Literacy Audit Requirements for School Districts* (Guidelines) that are applicable to the Grant.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, terms and grants conditions applicable to the Grant.

Auditor's Responsibility

Our responsibility is to express an opinion on the compliance of Decatur School District No. 61 Adult Education and Literacy Grant 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 the Illinois Community College Board's *Adult Education and Family Literacy Audit Requirements for School Districts*. Those standards and the Guidelines 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 the Grant occurred. An audit includes examining, on a test basis, evidence about the District'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. Our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Adult Education and Family Literacy Grant

In our opinion, Decatur School District No. 61 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its Grant for the year ended June 30, 2017.

Other Matter

This report is intended solely for the information and use of the Board of Education, management and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

BKD, LLP

Decatur, Illinois
October 10, 2017

Illinois Department of Professional Regulation
License Number 066-003844

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed
in Accordance With *Government Auditing Standards***

Board of Education of Decatur School District No. 61 and
Illinois Community College Board

We have audited, 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, the financial statements of the Decatur School District No. 61 (District) Adult Education and Family Literacy Grant (Grant), which comprise the statement of assets, liabilities, and fund balance (deficit) and the statement of revenues collected, expenditures paid, and changes in cash balances as of and for the year ended June 30, 2017, prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the Grant's internal control to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Grant's internal control. Accordingly, we do not express an opinion on the effectiveness of the Grant'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 Grant'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.

Compliance

As part of obtaining reasonable assurance about whether the Grant'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 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 Grant'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 Grant's internal control and compliance. Accordingly, this communication is not suitable for any other purposes.

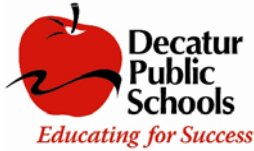
BKD, LLP

Decatur, Illinois
October 10, 2017

Supplementary Information

Decatur School District No. 61
Illinois Community College Board
Compliance Statement for the Adult Education and Family Literacy Grant
Expenditure Amounts and Percentages for ICCB Grant Funds
For the Year Ended June 30, 2017

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Basic:		
Instruction (45% minimum)	\$ 30,770	47.39%
General Administration (9% maximum)	\$ 587	0.90%
Performance:		
General Administration (9% maximum)	\$ —	0.00%



**Board of Education
Decatur Public School District 61**

Date: October 24, 2017	Subject: Macon-Piatt Special Education District FY17 Annual Audit
Initiated By: Todd Covault, EdD, Chief Operational Officer	Attachments: Macon-Piatt Special Education District FY17 Audit
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

At the end of each fiscal year, an independent financial audit is performed by an external firm. This audit includes the financials for the Macon-Piatt Special Education District. The results of the audit are then presented to the Board.

CURRENT CONSIDERATIONS:

The financial audit for the Macon-Piatt Special Education District has been completed. There were no deficiencies, material weaknesses, or significant deficiencies reported that would reasonably cause a material misstatement of the District’s financial statements.

Heather Powell, BKD, LLP will be in attendance at the meeting to formally present the audit to the Board.

FINANCIAL CONSIDERATIONS:

n/a

STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the Fiscal Year 2017 Audit for the Macon-Piatt Special Education District’s Financial Statements as presented.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____

**Macon-Piatt Special Education District,
A Component Unit of
Decatur School District No. 61**

Decatur, Illinois

Independent Auditor's Reports and Financial Statements
As of and for the year ended June 30, 2017

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
June 30, 2017**

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**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
June 30, 2017**

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Independent Auditor's Report

Administrative Board
Macon-Piatt Special Education District
Decatur, Illinois

Report on the Financial Statements

We have audited the accompanying modified cash basis financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Macon-Piatt Special Education District (District), a component unit of Decatur School District No. 61, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District'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, as described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement 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 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 the financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require us to 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 District'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 District'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, each major fund and the aggregate remaining fund information of Macon-Piatt Special Education District, a component unit of Decatur School District No. 61, as of June 30, 2017, and the respective changes in financial position, thereof for the year then ended in conformity with the modified cash basis of accounting described in Note 1.

Basis of Accounting

As described in the notes to the financial statements, Macon-Piatt Special Education District, a component unit of Decatur School District No. 61, prepares its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to the matter.

Other Matters

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. The information, except for the management discussion and analysis, page 6, and the statement of operation disbursements by program compared with budget, page 62, 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 basic financial statements as a whole on the basis of accounting described in Note 1.

The management discussion and analysis, page 6, and the statement of operation disbursements by program compared with budget, page 62, under supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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 October 10, 2017 on our consideration of Macon-Piatt Special Education District's, a component unit of Decatur School District No. 61, internal control over financial reporting and 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 Macon-Piatt Special Education District's, a component unit of Decatur School District No. 61, internal control over financial reporting and compliance.

BKD, LLP

Decatur, Illinois
October 10, 2017

**Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of the Financial Statements Performed
in Accordance With *Government Auditing Standards***

Administrative Board
Macon-Piatt Special Education District
Decatur, Illinois

We have audited, 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Macon-Piatt Special Education District (District), a component unit of Decatur School District No. 61, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise its basic financial statements, prepared on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America, and have issued our report thereon dated October 10, 2017.

Internal Control Over Financial Reporting

Management of the District is responsible for establishing and maintaining effective internal control over financial reporting (internal control). In planning and performing our audit, we considered the District's 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 District'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District'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 reported to the District's management in a separate letter dated October 10, 2017.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BKD, LLP

Decatur, Illinois
October 10, 2017

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

USING THIS ANNUAL REPORT

The Management's Discussion and Analysis (MD&A) for the District provides an overview and analysis of the District's financial activities for the year ended June 30, 2017.

The Macon-Piatt Special Education District (District) annual report consists of a series of financial statements that show information for the District as a whole, its funds, and its fiduciary responsibilities. The Statement of Net Position and the Statement of Activities (on pages 15 and 16) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Our fund financial statements start on page 17. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund financial statements also report the District's operations in more detail than the government-wide financial statements providing information about the District's General Fund.

Our auditors have provided reasonable assurance in their independent auditor's report, located immediately preceding this Management Discussion and Analysis, that the basic financial statements are fairly stated in all material respects, in accordance with the modified cash basis of accounting. Varying degrees of assurance are provided by the auditor regarding the required supplementary information and other supplemental information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the District as a whole begins on page 15. One of the most important questions asked about the District is, "Is the District as a whole better off or worse off financially as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which appear first in the District's financial statements, report information on the District as a whole and its activities in a way that helps you answer this question. We prepare these statements to include certain assets and liabilities, using the modified cash basis of accounting.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

These two statements report the District's net position – the difference between assets and liabilities, as reported in the Statement of Net Position – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position – as reported in the Statement of Activities – are one indicator of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the District's operating results. However, the District's goal is to provide services to our students, not to generate profits as commercial entities do. One must consider many other nonfinancial factors, such as the quality of the education provided and the safety of the schools to assess the overall health of the District.

The Statement of Net Position and the Statement of Activities report the District's governmental activity. All of the District's services are reported here, including instruction, plant services, and transportation. Tuition, as well as state and federal grants, finances most of these activities.

Reporting the District's Most Significant Funds

Fund Balance (Net Position) Reporting

The District previously adopted Governmental Accounting Standards Board Statement No. 54 which defined the different types of fund balances (net position) that must be used. For a more complete description of the major classifications of the fund balances (net position) please refer to the Fund Balance (Net Position) Reporting section of Note 1 of the financial statements on page 23.

Fund Financial Statements

The District's fund financial statements, which begin on page 17, provide detailed information about the most significant funds, not the District as a whole. These funds are required to be established by State law. The District has only one governmental fund. Governmental fund reporting focuses on showing how money flows into and out of funds and the balances left at year-end that are available for spending. They are reported using an accounting method called modified cash basis accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information 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. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation on page 20.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

Reporting the District's Fiduciary Responsibilities

Fiduciary Funds

The District is the trustee, or fiduciary, for student activity funds. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position on page 21. Fiduciary funds are excluded from government-wide financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE DISTRICT AS A WHOLE

The District's net position was \$3,389,609 and \$5,353,923 at June 30, 2017 and 2016, respectively. Of these amounts, \$1,192,481 and \$3,148,555 were unrestricted. Restricted and committed net position are reported separately to show legal constraints from debt covenants and enabling legislation that limit the District's ability to use those assets for day-to-day operations. Our analysis below focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

**Table 1
Net Position
June 30**

	Governmental Activities	
	2017	2016
Assets		
Current assets	\$ 3,312,959	\$ 5,252,108
Capital assets	<u>76,650</u>	<u>101,815</u>
Total assets	<u>3,389,609</u>	<u>5,353,923</u>
Net position		
Investment in capital assets	76,650	101,815
Restricted	2,120,478	2,103,553
Unrestricted	<u>1,192,481</u>	<u>3,148,555</u>
Total net position	<u>\$ 3,389,609</u>	<u>\$ 5,353,923</u>

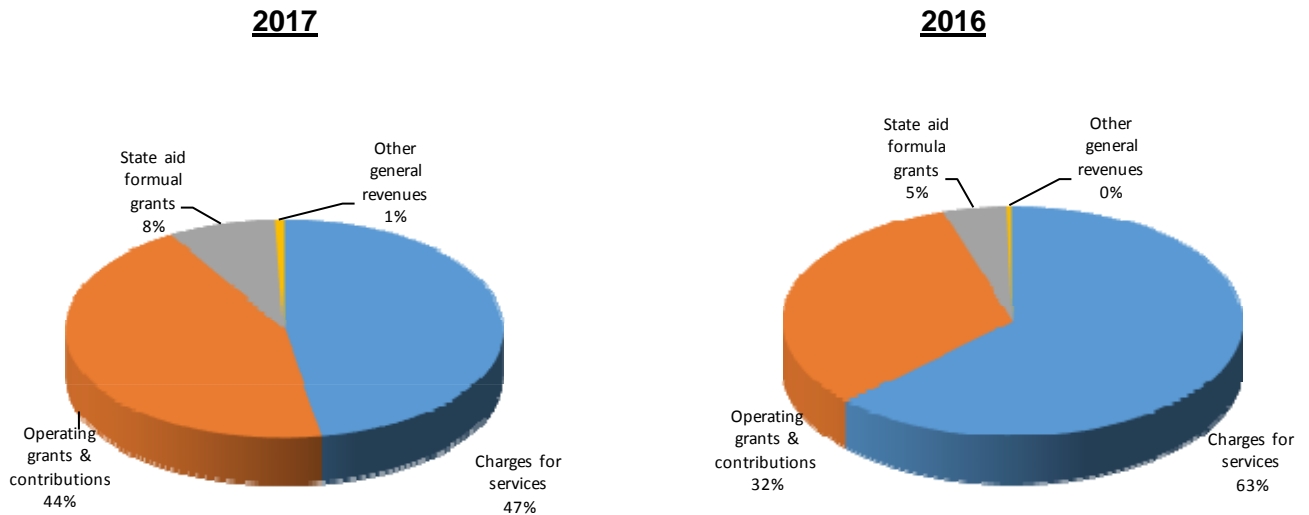
**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

The following are significant current year transactions that have had an impact on the Statement of Net Position:

- There was an increase in tuition carryover for the 12 districts.
- There was an increase in Medicaid fee for services carryover revenue.

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 16. Table 2 takes the information from the Statement and rearranges them slightly so you can see our total revenues for the year.

**Table 2
Changes in Net Position
Years Ended June 30
Revenues**



2017 2016

Revenues:

Program revenues:

Charges for services

\$ 7,066,066 \$ 15,323,536

Operating grants and contributions

6,622,085 7,886,811

General revenues:

State aid formula grants

1,209,343 1,100,329

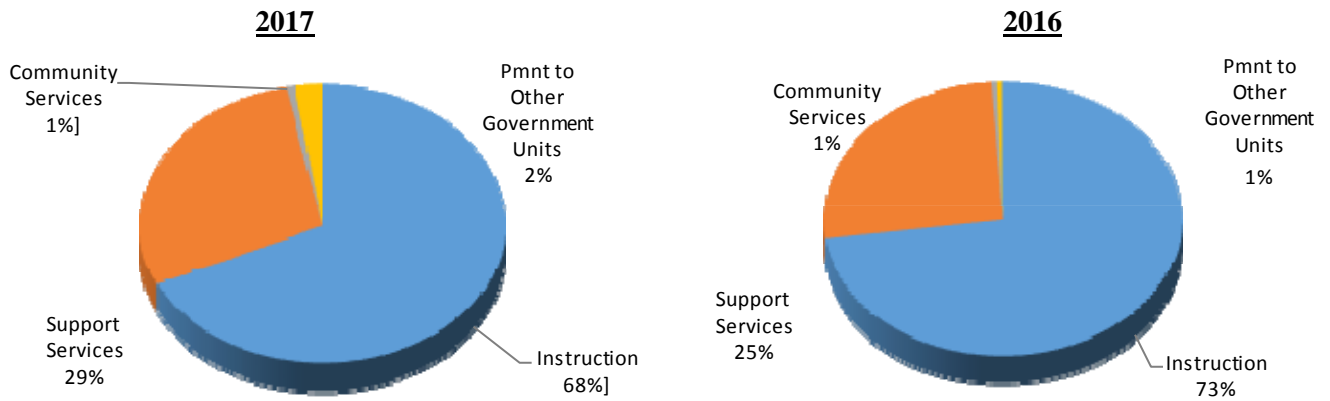
Other general revenues

88,902 79,393

\$ 14,986,396 \$ 24,390,069

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

**Table 2 – Continued
Changes in Net Position
Years Ended June 30
Expenses**



<u>Functions/Program Expenses:</u>	<u>2017</u>	<u>2016</u>
Instruction:	\$ 11,551,339	\$ 17,930,782
Support Services:		
Pupils	2,317,715	3,930,703
Instructional staff	388,065	338,956
General administration	1,658,836	1,758,299
School administration	88,082	82,827
Business	289,132	263,013
Central	95,286	93,299
Community services	146,151	124,424
Payment to other government units	<u>416,104</u>	<u>118,857</u>
Total expenses	<u>16,950,710</u>	<u>24,641,160</u>
Decrease in net position	\$ <u>(1,964,314)</u>	\$ <u>(251,091)</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

Governmental Activities

As reported in the Statement of Activities on page 16, the cost of all of our governmental activities this year was \$16,950,710. We paid for these costs with \$7,066,066 in tuition payments, \$7,831,428 with state and federal aid and with our other revenues like interest and fees charged for services of \$88,902, resulting in a decrease in net position of \$1,964,314.

The following table presents the cost of each of the District's major functional activities – instruction, support services (pupils, instructional staff, general administration, and business), as well as each program's net cost (total cost less charges for services generated by the activities and intergovernmental aid provided for specific programs). As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows our citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

For the Year Ended June 30, 2017

	Governmental Activities	
	Total Cost of Services	Net Cost of Services
	<hr/>	<hr/>
Instruction	\$ 11,551,339	\$ 742,153
Support services		
Pupils	2,317,715	987,950
Instructional staff	388,065	174,989
General administration	1,658,836	737,459
School administration	88,082	39,719
Business	289,132	165,771
Central	95,286	55,457
Community services	146,151	83,608
Payments to other governmental units	<u>416,104</u>	<u>275,453</u>
	<u>\$ 16,950,710</u>	<u>\$ 3,262,559</u>

The District does not project changes in net position. Tuition is established to cover the difference between projected expenditures and projected revenues. Total revenues were \$2,720,691 less than expected and expenditures were \$781,542 less than projected.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

For the Year Ended June 30, 2016

	Governmental Activities	
	Total Cost of	Net Cost
	Services	(Revenue) of
	Services	Services
Instruction	\$ 17,930,782	\$ (302,121)
Support services	3,930,703	949,729
Pupils	338,956	90,219
Instructional staff	1,758,299	458,213
General administration	82,827	22,046
Business	263,013	99,202
Central	93,299	36,606
Community services	124,424	46,675
Payments to other governmental units	<u>118,857</u>	<u>30,244</u>
	<u>\$ 24,641,160</u>	<u>\$ 1,430,813</u>

The District does not project changes in net position. Tuition is established to cover the difference between projected expenditures and projected revenues. Total revenues were \$2,248,611 less than expected and expenditures were \$1,999,594 less than originally projected.

THE DISTRICT'S FUNDS

Looking at the general fund helps you consider whether the District is being accountable for the resources provided to it but may also give you more insight into the District's overall financial health.

As the District completed this year, our general fund reported a fund balance of \$3,312,959 which is a decrease of \$1,939,149 from last year. The primary reason for this decrease is:

- Purposeful decrease in assets due to projected FY17 reduction in budget.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

General Fund Budgetary Highlights

The District adopts its budget annually prior to the end of August. Budgetary comparison for major fund expenditures required to be budgeted are shown, beginning on page 47, compared to actual expenditures. For the year, the District incurred less instructional and support services costs than budgeted.

CAPITAL ASSETS

Capital Assets

At June 30, 2017, the District had \$76,650 invested in improvements, furniture and equipment. The District made no capital purchases during the 2017 fiscal year. Total depreciation for the year was \$25,165.

Capital assets, net of depreciation as of year-end:

	Governmental Activities	
	2017	2016
Improvements, furniture and equipment	\$ <u>76,650</u>	\$ <u>101,815</u>

We present more detailed information about our capital assets in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Our elected and appointed officials considered many factors when setting the District's 2016-2017 fiscal year budget. The most important factors affecting the budget are our student count and employee salaries. Also considered in the development of the budget is our local economy.

These indicators were considered when adopting the budget for fiscal 2017-2018. Budgeted expenditures in the General Fund increased 1.3 percent to \$ 20,179,245 for fiscal 2017-2018. The primary reason for the decrease is shifting of educational responsibilities to member districts (specifically, teachers, speech-language pathologists and social workers).

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Management's Discussion and Analysis (MD&A)
Year Ended June 30, 2017
(Unaudited)**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, and investors and creditors with a general overview of the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact the Business Affairs Department, Decatur Public School District No. 61, 101 W. Cerro Gordo Street, Decatur, IL 62523.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Statement of Net Position
Modified Cash Basis**

June 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash	\$ 1,728,691
Investments	1,584,268
Capital assets, net of accumulated depreciation of \$2,288,152	<u>76,650</u>
Total assets	<u>\$ 3,389,609</u>
Net Position	
Net investment in capital assets	\$ 76,650
Restricted	2,120,478
Unrestricted	<u>1,192,481</u>
Total net position	<u>\$ 3,389,609</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Statement of Activities
Modified Cash Basis
Year Ended June 30, 2017**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 11,551,339	\$ 4,935,903	\$ 5,873,283	\$ (742,153)
Supporting services				
Pupils	2,317,715	991,336	338,429	(987,950)
Instructional staff	388,065	166,066	47,010	(174,989)
General administration	1,658,836	709,335	212,042	(737,459)
School administration	88,082	37,693	10,670	(39,719)
Business	289,132	123,361	—	(165,771)
Central	95,286	39,829	—	(55,457)
Community services	146,151	62,543	—	(83,608)
Payment to other governmental units	<u>416,104</u>	<u>—</u>	<u>140,651</u>	<u>(275,453)</u>
Total	<u>\$ 16,950,710</u>	<u>\$ 7,066,066</u>	<u>\$ 6,622,085</u>	(3,262,559)
General Revenues				
				1,209,343
				14,979
				<u>73,923</u>
				<u>1,298,245</u>
				(1,964,314)
				<u>5,353,923</u>
				<u>\$ 3,389,609</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Statement of Assets and Fund Balance
Governmental Funds
Modified Cash Basis**

June 30, 2017

	Total Governmental and General Funds
	<u> </u>
Assets	
Cash	\$ 1,728,691
Investments	<u>1,584,268</u>
Total assets	<u>\$ 3,312,959</u>
Fund Balance	
Restricted	\$ 2,120,478
Committed	40,230
Unassigned	<u>1,152,251</u>
Total fund balance	<u>\$ 3,312,959</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Reconciliation of the Statement of Assets
and Fund Balance — Governmental Funds
With the Statement of Net Position**

June 30, 2017

Total fund balance for governmental funds	\$ 3,312,959
Total net position reported for governmental activities in the statement of net position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the individual funds	<u>76,650</u>
Total net position – governmental activities	<u>\$ 3,389,609</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Statement of Revenue Received, Expenditures
Disbursed and Changes in Fund Balance
Governmental Funds**

**Modified Cash Basis
Year Ended June 30, 2017**

	Total Governmental and General Funds
Revenue Received	
Local sources	
Tuition from members of joint agreement	\$ 7,064,941
Other	<u>90,027</u>
	7,154,968
State sources	1,977,422
Federal sources	5,854,006
On-behalf receipts	<u>2,992,594</u>
	17,978,990
Expenditures Disbursed	
Instructional services	11,531,653
Supporting services	
Pupils	2,316,565
Instructional staff	388,065
General administration	1,657,582
School administration	88,082
Business	288,271
Central	<u>93,072</u>
	4,831,637
Community services	146,151
Payments to other governmental units	416,104
On-behalf disbursements	<u>2,992,594</u>
	19,918,139
Deficiency of Revenue Received Under Expenditures Disbursed	(1,939,149)
Fund Balance, Beginning of Year	<u>5,252,108</u>
Fund Balance, End of Year	<u>\$ 3,312,959</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Reconciliation of the Statement of Revenue Received,
Expenditures Disbursed and Changes in Fund
Balance — Governmental Funds
to the Statement of Activities
Year Ended June 30, 2017**

Net change in fund balance – total governmental funds \$ (1,939,149)

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation (\$25,165) exceeded capital outlays (\$0) in the current period.

(25,165)

Change in net position of governmental activities \$ (1,964,314)

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

Statement of Fiduciary Net Position

Fiduciary Funds

Modified Cash Basis

June 30, 2017

	<u>Total Fiduciary Funds</u>
Assets	
Cash	\$ 161
Investments	<u>737</u>
Total assets	<u>\$ 898</u>
Liability	
Due to organizations	<u>\$ 898</u>
Net Position	<u>\$ —</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Component Unit

Macon-Piatt Special Education District (District) is a component unit of Decatur School District No. 61. The District is established under a joint agreement involving several cooperating school districts. Decatur School District No. 61 administers the District, establishes and approves the District's budget, and has ultimate authority over the District's operations. The District is included as a discretely presented component unit in the Decatur School District No. 61's financial statements.

Nature of Operations

Macon-Piatt Special Education District is a joint agreement of the noted school district located in Central Illinois for the purpose of serving students in all disability categories in a variety of educational settings.

Basis of Presentation

The District'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 District as a whole. These statements include the nonfiduciary financial activities of the District. These statements report those activities of the District that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds are not included in the government-wide financial statements.

The statement of net position presents the financial position of the District's governmental activities at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District'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 and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District. 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.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Fund Financial Statements

The District maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at a more detailed level. Separate financial statements are provided for governmental funds and fiduciary funds. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. The fiduciary funds are reported by fiduciary fund type.

Governmental Funds

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 are to be used. Liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The District's only major governmental fund is the General Fund.

The General Fund, which consists of the Educational Fund is the general operating fund of the District and accounts for the general activities of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of changes in net assets. The District's fiduciary funds consist of the following agency funds:

The Agency Fund (Student Activity Funds) account for assets held by the District as an agent for others. These funds are custodial in nature and do not involve the measurement of the results of operations. The financial statements reflect the amounts due to organizations equal to the assets owned.

Fund Balance (Net Position) Reporting

In accordance with 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 and a reconciliation of how these balances are reported.

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 and prepaid amounts. Due to the cash basis nature of the District, all such items are expensed at the time of purchase, so there is nothing to report for this classification.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

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. The District has several revenue sources received within the Educational Fund that falls into these categories.

1. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational Fund. At June 30, 2017, expenditures disbursed exceeded revenue received from state grants, resulting in no restricted balance.

2. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational Fund. The District receives money for the Illinois Medical Assistance program administered by the Illinois Department of Public Aid. The Medicaid dollars are supplemental federal funds required to be used to expand and enhance special education services for students with at-risk disabilities. At June 30, 2017, revenues received from this grant exceeded expenditures disbursed resulting in a restricted balance of \$1,945,688.

3. The District receives money from the Department of Rehabilitation Services that must be spent to support the Macon-Piatt Special Education District vocational work-study program. At June 30, 2017, revenues received from this grant exceeded expenditures disbursed resulting in a restricted balance \$174,790.

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 Administrative Board). 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 Administrative 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.

Employee contracts for services rendered during the school year include provisions for paid vacation days. At June 30, 2017, the total amount of unpaid vacation days for services performed during the fiscal year ended June 30, 2017 amounted to \$40,230.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

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 or committed. Intent may be expressed by (a) the Administrative Board itself or (b) the finance committee or by the Superintendent when the Administrative Board has delegated the authority to assign amounts to be used for specific purposes.

Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating 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 as the Educational Fund.

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.

Basis of Accounting/Measurement Focus

The financial statements of the District have been prepared using the modified cash basis of accounting. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles.

Government-wide Financial Statements

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the modified cash basis of accounting. The modifications to the cash basis are for the recording of capital assets and the recognition of depreciation. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements. Pension liabilities are not included in the modified cash basis statement, therefore no assets or liabilities have been recorded for the provisions of GASB Statement No. 68.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified cash basis of accounting. Accordingly, revenues are recognized and recorded in the accounts when cash is received. In the same manner, expenditures are recognized and recorded upon the disbursement of cash. Assets of a fund are only recorded when a right to receive cash exists which arises from a previous cash transaction. Liabilities of a fund, similarly, result from previous cash transactions. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds from general long-term debt are reported as other financing sources.

Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants, entitlements, and donations. Revenue from grants, entitlements, and donations are recognized when received, consistent with the cash basis of accounting. Liabilities of a fund, similarly, result from previous cash transactions.

Under the 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 first apply cost-reimbursement grant resources to such programs, followed by categorical grants, and then by general revenues.

Budgets and Budgetary Accounting

The District's budget is prepared so that budgeted receipts and expenditures can be compared to the cash basis of accounting. The budget, which was amended on June 27, 2017, was passed on August 23, 2016.

For each fund, total fund expenditures may not legally exceed the budgeted expenditures. 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 August 1, the Superintendent submits to the Board of Education a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at a public meeting to obtain taxpayer comments.
3. Prior to September 1, the budget is legally adopted through passage of a resolution.
4. The Board of Education is authorized to transfer up to 10 percent of the total budget between items within any fund.
5. Formal budgetary integration is employed as a management control device during the year.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

6. The Board of Education may amend the budget (in other ways) by the same procedures required of its original adoption.

Capital Assets

Capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the governmental funds statement of assets and fund balance.

Capital assets are recorded at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their estimated fair value as of the date received. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District does not possess any material amounts of real estate or infrastructure capital assets.

The District maintains a formal capitalization policy and follows grant guidelines when applicable.

Since surplus assets are sold for an immaterial amount when declared as no longer needed for public school purposes, no salvage value is taken into consideration for depreciation purposes. Depreciation is computed using the straight-line method over the estimated life of the asset. The District has established estimated useful lives as follows:

Asset Class	Estimated Useful Lives
Building and Improvements	50 years
Equipment	5 to 10 years
Transportation Equipment	5 years

Investments

Investment balances, which consist of money market funds or pooled separate accounts, are stated at cost, which approximate fair value. Assets of the different funds are commingled for investment purposes, and interest earnings are prorated back to the various funds when recognized as revenue. The District has adopted a formal written investment and cash management policy.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

Notes to Financial Statements

June 30, 2017

Note 2: Capital Assets

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	Balance, July 1, 2016	Additions	Deletions	Balance, June 30, 2017
Building and improvements	\$ 43,068	\$ —	\$ —	\$ 43,068
Equipment	<u>2,321,734</u>	<u>—</u>	<u>—</u>	<u>2,321,734</u>
	2,364,802	—	—	2,364,802
Less accumulated depreciation	<u>2,262,987</u>	<u>25,165</u>	<u>—</u>	<u>2,288,152</u>
	<u>\$ 101,815</u>	<u>\$ (25,165)</u>	<u>\$ —</u>	<u>\$ 76,650</u>

Depreciation expense was charged to functions as follows:

Instruction	\$ 19,683
Support Services	
Pupils	1,150
General administration	1,254
Business	864
Central	<u>2,214</u>
	<u>\$ 25,165</u>

Note 3: Common Bank Account

Separate bank accounts are not maintained for all District funds. Certain funds maintain their uninvested cash balances in a common checking account with accounting records maintained to show the portion of the common bank account balance attributable to each participating fund.

Occasionally, certain of the funds participating in the common bank account will incur overdrafts (deficits) in the account. The overdrafts result from expenditures which have been approved by the Board. Such overdrafts constitute unauthorized interfund loans since they are not authorized by the Board of Education.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Note 4: Deposits, Investments and Investment Income

Deposits

Custodial credit risk is the risk that, in the event of a bank failure, a governments' deposits may not be returned to it. The District's deposit policy for custodial credit risk requires compliance with the provisions of state law.

State law allows for deposits in banks, savings banks, savings and loan associations and credit unions. Deposits not collateralized or insured by an agency of the federal government shall not exceed 75 percent of the capital stock and surplus in the case of a bank, 75 percent of the net worth in the case of a savings bank or savings and loan association or 50 percent of the unimpaired capital and surplus in the case of a credit union. Under state law, the District may enter into an agreement requiring collateralization in an amount equal to at least the fair value of funds deposited in excess of federal depository insurance limits.

At June 30, 2017, The District's deposits were included in a common bank account where all deposits were insured or collateralized.

Investments

The District is authorized by state statute to invest in obligations of the U.S. Treasury, Agencies and Instrumentalities; commercial paper rated within the three highest classifications by at least two standard rating services; obligations of states and their political subdivisions; savings accounts; certificates of deposit; time deposits; money market mutual funds; credit union shares; the Illinois Funds; and the Illinois School District Liquid Asset Fund Plus.

At June 30, 2017, the District's investments were in the Illinois Funds and the Illinois School District Liquid Asset Fund Plus. The District's investments qualify as an exception to GASB Statement No. 72 as they are recorded at amortized cost and are not placed into the fair value hierarchy.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the underlying securities for the District's investments at June 30, 2017 are held by the counterparties in the District's name.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Credit Risk

Credit risk is the risk that an insurer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's deposits with financial institutions are not subject to credit risk rating. Both the Illinois Funds and the Illinois School District Liquid Asset Fund Plus have been rated AAAM by Standard and Poor's. Credit risk exposure and investment guidelines are addressed in the District's investment policy.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment with a single issuer. The investment policy of the District contains no limitations on the amounts that can be invested in any one issuer. Deposits with financial institutions and investments in external investment pools are exempt from the concentration disclosure.

Summary of Carrying Values

The carrying values of deposits and investments as of June 30, 2017 are as follows:

	2017
Statement of Net Position	
Carrying value	
Deposits	\$ 1,728,691
Investments	<u>1,584,268</u>
	<u>\$ 3,312,959</u>
 Included in the following statement of net position captions	
Cash	\$ 1,728,691
Investments	<u>1,584,268</u>
	<u>\$ 3,312,959</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

	2017
Statement of Net Fiduciary Position	
Carrying value	
Deposits	\$ 161
Investments	737
	\$ 898
Included in the Statement of Fiduciary Net Position -	
Fiduciary Funds captions	
Cash	\$ 161
Investments	737
	\$ 898

Investment Income

Investment income for the year ended June 30, 2017 consisted of:

Interest income	\$ <u>14,979</u>
-----------------	------------------

Note 5: Retirement Commitments

As a component unit of Decatur School District No. 61 (DSD No. 61), the District participates in DSD No. 61's retirement plans. The following information generally consists of DSD No. 61 information, with some specific disclosures of the District.

DSD No. 61 provides pension benefits to its employees under two separate defined benefit plans as discussed below. As discussed in Footnote 1, because DSD No. 61 uses a modified cash basis of accounting for financial reporting purposes, it does not report pension obligations in its basic financial statements, thus the recognition requirements for such amounts (assets, deferred outflows of resources, liabilities and deferred inflows of resources) under Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* are not presented in the District's financial statements. However, the footnote disclosure and required supplementary information required under GASB 68, which was adopted by DSD No. 61 for the year ended June 30, 2017, do apply and are provided herein.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Illinois Municipal Retirement Fund (IMRF)

Plan Description

DSD No. 61 contributes to the IMRF Plan, an agent multiple-employer defined benefit pension plan covering substantially all employees. The IMRF Plan is administered by the Illinois Municipal Retirement Fund.

Benefits Provided

Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publically available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

The employees covered by the Plan at December 31, 2016 are:

Inactive employees or beneficiaries currently receiving benefits	652
Inactive employees entitled to but not yet receiving benefits	346
Active employees	<u>550</u>
	<u><u>1,548</u></u>

Contributions

As set by statute, DSD No. 61 regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. DSD No. 61's annual required contribution rate for calendar year 2016 was 12.11 percent. DSD No. 61 also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

For the year ended December 31, 2016, employees contributed \$884,201 and DSD No. 61 contributed \$2,473,663 to the IMRF Plan.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Net Pension Liability

DSD No. 61's net pension liability was measured as of December 31, 2016, for the year ended June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

The total pension liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.75% to 14.50%, average, including inflation
Investment rate of return	7.50%

Mortality rates were developed from the RP-2014 Blue Collar Health Annuity Mortality Table, with adjustments to match current IMRF experience.

The actuarial assumptions used in the December 31, 2016, valuation were based on the results of an actuarial experience study for the period 2011 through 2014.

The long-term expected rate of return on pension plan investments was based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information. The target allocation and best estimates of rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	38%	7.38%
International Equities	17%	1.88%
Fixed Income	27%	5.20%
Real Estate	8%	5.11%
Alternative Investments	9%	6.46%
Short-term Investments	<u>1%</u>	(1.64)%
	<u>100%</u>	

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

Notes to Financial Statements

June 30, 2017

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent for the year ended December 31, 2016. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that DSD No. 61 contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the total pension liability, plan fiduciary net position and the net pension liability are:

	Total Pension Liability (a)	2016 Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, beginning of year	\$ 108,098,514	\$ 92,912,843	\$ 15,185,671
Changes for the year:			
Service cost	2,154,539	—	2,154,539
Interest on total pension liability	7,946,008	—	7,946,008
Differences between expected and actual experience	317,947	—	317,947
Assumption changes	(375,196)	—	(375,196)
Employer contributions	—	2,473,663	(2,473,663)
Employee contributions	—	884,201	(884,201)
Pension plan net investment income	—	6,284,049	(6,284,049)
Benefit payments and refunds	(5,607,051)	(5,607,051)	—
Other changes	—	816,512	(816,512)
Net changes	<u>4,436,247</u>	<u>4,851,374</u>	<u>(415,127)</u>
Balance, end of year	<u>\$ 112,534,761</u>	<u>\$ 97,764,217</u>	<u>\$ 14,770,544</u>

**Macon-Piatt Special Education District,
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Notes to Financial Statements

June 30, 2017

The net pension liability of DSD No. 61 has been calculated using a discount rate of 7.50 percent. The following presents the net pension liability using a discount rate 1 percent higher and 1 percent lower than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
Total pension liability	\$ 125,969,275	\$ 112,534,761	\$ 101,345,581
Plan fiduciary net position	<u>97,764,217</u>	<u>97,764,217</u>	<u>97,794,217</u>
DSD No. 61's net pension liability	<u>\$ 28,205,058</u>	<u>\$ 14,770,544</u>	<u>\$ 3,551,364</u>

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

For the year ended June 30, 2017, DSD No. 61 did not recognize pension expense or deferred inflows and outflows of resources as their financial statements are on the modified cash basis of accounting. The pension expense that would have been recorded on the accrual basis was \$5,022,597. At June 30, 2017, DSD No. 61 would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources, under the accrual method:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,070,619	\$ 29,223
Changes of assumptions	289,433	262,474
Net difference between projected and actual earning on pension plan investments	4,919,553	—
District's contribution subsequent to the measurement date	<u>1,740,503</u>	<u>—</u>
Total	<u>\$ 8,020,108</u>	<u>\$ 291,697</u>

At June 30, 2017, the District would have reported \$1,740,503 disclosed as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date as a reduction of the net pension liability in the reporting year ended June 30, 2018.

**Macon-Piatt Special Education District,
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Notes to Financial Statements
June 30, 2017**

Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2017, related to pensions will be recognized in pension expense as follows:

2018	\$ 2,590,327
2019	1,847,049
2020	1,424,325
2021	<u>126,207</u>
	<u>\$ 5,987,908</u>

Teachers' Retirement System of the State of Illinois

Plan Description

DSD No. 61 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 nonannuitants 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 publically available financial report that can be obtained at <http://trsil.org>; by writing to TRS at 2815 West Washington Street, P.O. Box 19253, Springfield, Illinois 62794; or by calling (888) 678-3675.

Benefits Provided

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

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.

Macon-Piatt Special Education District, A Component Unit of Decatur School District No. 61

Notes to Financial Statements

June 30, 2017

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

Contributions

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

Contributions from active members and TRS contributing employers are also required by the Illinois Pension Code. The contribution rates are specified in the pension code. The active member contribution rate for the year ended June 30, 2017, was 9.4 percent of creditable earnings. On July 1, 2016, the rate dropped to 9.0 percent of pay due to the expiration of the Early Retirement Option (ERO). The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On behalf contributions to TRS. The State of Illinois makes employer pension contributions on behalf of the District. For the year ended June 30, 2017, the 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 District, and the District recognized revenue and expenditures of \$2,927,505 in pension contributions from the State of Illinois.

2.2 formula contributions. Employers contribute .58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. DSD No. 61's contributions for the year ended June 30, 2017 were \$238,660 and are deferred outflows because they were paid after the June 30, 2016 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by DSD No. 61, there is a statutory requirement for DSD No. 61 to pay an employer pension contribution from those funds. Under a policy adopted by the TRS Board of Trustees that has been in effect since the fiscal year ended June 30, 2006, employer contributions for employees paid from federal and special trust funds will be the same as the state contribution rate to TRS. Public Act 98-0674 now requires the two rates to be the same.

For the year ended June 30, 2017, the employer pension contribution was 38.54 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2017, DSD No. 61 salaries totaling \$2,031,250 were paid from federal and special trust funds that required employer contributions of \$782,844. These contributions are deferred outflows because they were paid after the June 30, 2016 measurement date.

**Macon-Piatt Special Education District,
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Notes to Financial Statements

June 30, 2017

District Retirement Cost Contributions. Under GASB Statement No. 68, contributions that a District is required to pay because of a TRS member retiring are categorized as specific liability payments. DSD No. 61 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 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, 2017, the District paid \$105,916 to TRS for employer ERO contributions for retirements that occurred before July 31, 2016.

The employer is also required to make a one-time contribution to TRS for members granted salary increases over 6 percent if those salaries are used to calculate a retiree's final average salary. A one-time contribution is also required for members granted sick leave days in excess of the normal annual allotment if those days are used as TRS service credit. For the year ended June 30, 2017, DSD No. 61 paid \$42,181 to TRS for employer contributions due on salary increases in excess of 6.0 percent and \$2,580 for sick leave days granted in excess of the normal annual allotment.

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

At June 30, 2017, DSD No. 61 did not recognize a pension liability for its proportionate share of the net pension liability as their financial statements are on the modified cash basis of accounting. The pension liability on the accrual basis for its proportionate share of the net pension liability would have reflected a reduction for state pension support provided to DSD No. 61. The amount that would have been recognized by DSD No. 61 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 DSD No. 61 were as follows:

District's proportionate share of the net pension liability	\$ 12,349,527
State's proportionate share of the net pension liability associated with DSD No. 61	<u>336,805,353</u>
Total	<u>\$ 349,154,880</u>

The net pension liability was measured as of June 30, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2015, and rolled forward to June 30, 2016. DSD No. 61's proportion of the net pension liability was based on DSD No. 61's share of contributions to TRS for the measurement year ended June 30, 2016, relative to the contributions of all participating TRS employers and the state during that period. At June 30, 2016, DSD No. 61's proportion was .0156449777 percent, which was a decrease of .0125723297 from its proportion measured as of June 30, 2015.

**Macon-Piatt Special Education District,
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Notes to Financial Statements
June 30, 2017**

For the year ended June 30, 2017, DSD No. 61 would have recognized pension expense and revenue of \$671,168 for support provided by the state. At June 30, 2017, DSD No. 61 reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 91,314	\$ 8,376
Changes of assumptions	348,896	—
Net difference between projected and actual earning on pension plan investments	1,060,640	—
Changes in proportion and differences between the District's contributions and proportionate share of contributions	—	7,894,619
DSD No. 61's contributions subsequent to the measurement date	<u>2,701,450</u>	<u>—</u>
Total	<u>\$ 4,202,300</u>	<u>\$ 7,902,995</u>

At June 30, 2017, DSD No. 61 reported \$2,701,450 as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows in these reporting years:

2018	\$ (1,680,003)
2019	(1,680,003)
2020	(1,534,250)
2021	(1,227,276)
2022	<u>(280,613)</u>
	<u>\$ (6,402,145)</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	varies by amount of service credit
Investment rate of return	7.00%, 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.

For the June 30, 2016 valuation, the investment return assumption was lowered from 7.50 percent to 7.0 percent. Salary increase assumptions were lowered from their 2015 levels. Other assumptions were based on the 2015 experience analysis which increased retirement rates, improved mortality assumptions and made other changes.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities/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	<u>14.0%</u>	10.63%
	<u>100.0%</u>	

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

Notes to Financial Statements

June 30, 2017

Discount Rate

At June 30, 2016, the discount rate used to measure the total pension liability was a blended rate of 6.83 percent, which was a change from the June 30, 2015 rate of 7.47 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily –required rates.

Based on those assumptions, TRS’s fiduciary net position at June 30, 2016 was not projected to be available to make all projected future benefit payments of current active and inactive member 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 costs are also included in the determination of the discount rate. Despite the subsidy, all projected future payments were not covered, so a slightly lower long-term expected rate of return on TRS investments was applied to all periods of projected benefit payments to determine the total pension liability.

At June 30, 2015, the discount rate used to measure the total pension liability was 7.47 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year as well as because TRS’s fiduciary net position and the subsidy provided by Tier II were not sufficient to cover all projected benefit payments.

Sensitivity of DSD No. 61’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents DSD No. 61’s proportional share of the net pension liability calculated using the discount rate of 6.83 percent, as well as what DSD No. 61’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.83 percent) or 1-percentage point higher (7.83 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
DSD No. 61’s proportionate share of the net pension liability	\$ 15,103,973	\$ 12,349,527	\$ 10,099,875

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Note 6: THIS Fund Employer Contributions

DSD No. 61 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 retired Illinois public school teachers employed outside the city of Chicago. The THIS Fund provides medical, prescription, and behavioral health benefits, but does not provide vision, dental, or life insurance benefits to annuitants of the Teachers' Retirement System (TRS). 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 salary actually required to be paid in the previous fiscal year.

- **On behalf contributions.** The State of Illinois makes employer retiree health insurance contributions on behalf of the District. State contributions are intended to match contributions to the THIS Fund from active members which were 1.12 percent of pay during the year ended June 30, 2017. State of Illinois contributions were \$65,089 and the District recognized revenue and expenditures of this amount during the year.
- **Employer contributions.** DSD No. 61 also makes contributions to THIS Fund. The employer THIS Fund contribution was 0.84 during the year ended June 30, 2017. For the year ended June 30, 2017, the District paid \$48,817 to the THIS Fund, which was 100 percent of the required contribution.

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

**Macon-Piatt Special Education District,
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Notes to Financial Statements
June 30, 2017**

Note 7: Contingencies

The District has received funding from state and federal grants in the current and prior years which is subject to audit and approval by the granting agencies. The Board of Education believes any adjustments that may arise from these audits will be insignificant to the District's operations.

Note 8: Loss Exposure

Significant losses are covered by commercial insurance or memberships in insurance pools for all major programs: property, liability, and workers' compensation. During the year ended June 30, 2017, there were no significant reductions in coverage. Also, there have been no settlement amounts which have exceeded insurance coverage in the past three years.

Note 9: Postemployment Benefits Other Than Pension

As a component unit of Decatur School District No. 61 (DSD No. 61), the District participates in DSD No. 61's postretirement health plan. The following information consists of DSD No. 61 information.

Plan Description

The District administers a single-employer defined benefit healthcare plan ("the Postretirement Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members. The Postretirement Health Plan does not issue a publicly available financial report.

Funding Policy

Employees can elect to continue coverage into retirement on the District plan if they pay the entire premium plus any surcharge imposed. Single retiree coverage ends upon attainment of age 65 by the retiree. Coverage for dependents of retirees ends at the earlier of attainment of age 65 by the retiree or the dependent. Coverage is the same for the following groups: Administrative and Administrative Support Staff, Certified teachers, Maintenance employees and Custodial employees.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to Financial Statements
June 30, 2017**

Annual OPEB Cost and Net OPEB Obligations

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC). The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of DSD No. 61's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in DSD No. 61's net OPEB obligation to the Postretirement Health Plan:

Annual required contribution	\$	66,595
Interest on net OPEB obligation		24,976
Adjustment to annual required contribution		<u>(37,487)</u>
Annual OPEB cost (expense)		54,084
Estimated Employer Contributions (Payments)		<u>(131,473)</u>
Change in Net OPEB Obligation		(77,389)
Net OPEB obligation, July 1, 2016		<u>713,598</u>
Net OPEB obligation, June 30, 2017	\$	<u><u>636,208</u></u>

DSD No. 61's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2017 was as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/17	\$ 54,084	243%	\$ 636,208
6/30/15	77,760	87%	709,039

**Macon-Piatt Special Education District,
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Notes to Financial Statements
June 30, 2017**

Funded Status and Funding Progress

As of June 30, 2017, the actuarial accrued liability for benefits was \$801,119 all of which was unfunded.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and net estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, is to present multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees – Based on the historical average retirement age for the covered groups, active plan members were assumed to retire at age 55 through 70, or at the first subsequent year in which the member would qualify for benefits.

Marital status – 30 percent of actives are assumed to be married at retirement and elect spouse coverage with husbands three years older than wives. Actual spouse data was used for current retirees.

Mortality – Life expectancies were based on rates from the December 31, 2016 IMRF Actuarial Valuation Report.

Turnover – Non-group-specific age-based turnover data from the Pension’s Actuary Handbook.

Healthcare cost trend rate – The expected rate of increase in healthcare insurance premiums was based on projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate of 7.0 percent initially, reduced to an ultimate rate of 5.0 percent after ten years, was used.

**Macon-Piatt Special Education District,
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June 30, 2017**

Health insurance premiums – 2017 health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Based on the historical and expected returns of the District’s short-term investment portfolio, a discount rate of 3.5 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was thirty years.

The schedule of funding progress presented as supplementary information, is to present multiyear trend information, when available, about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Note 10: Current Economic Conditions

The current economic environment presents school districts with unprecedented circumstances and challenges, which in some cases have resulted in large declines in the fair value of investments and other assets, declines in governmental support, grant revenue and tax revenue, constraints on liquidity and difficulty obtaining financing. The financial statements have been prepared using values and information currently available to the District.

Current economic conditions have made it difficult for many districts. A significant decline in governmental support, grant revenue and tax revenue could have an adverse impact on the District’s future operating results.

In addition, given the volatility of current economic conditions, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the District’s ability to maintain sufficient liquidity.

Supplementary Information

Other Information

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Budgetary Comparison
General Fund
Modified Cash Basis
Year Ended June 30, 2017**

	Budget	Actual	Budget Over (Under) Actual
Revenue Received			
Local Sources			
Tuition from members of joint agreement	\$ 9,489,220	\$ 7,064,941	\$ 2,424,279
Other	<u>50,000</u>	<u>90,027</u>	<u>(40,027)</u>
	9,539,220	7,154,968	2,384,252
State Sources	2,245,809	1,977,422	268,387
Federal Sources	5,414,652	5,854,006	(439,354)
On-behalf receipts	<u>3,500,000</u>	<u>2,992,594</u>	<u>507,406</u>
Total revenue received	<u>20,699,681</u>	<u>17,978,990</u>	<u>2,720,691</u>
Expenditures Disbursed			
Instructional Services	11,628,193	11,531,653	96,540
Support Services			
Pupils	2,385,823	2,316,565	69,258
Instructional staff	509,430	388,065	121,365
General administration	1,920,408	1,657,582	262,826
School administration	82,562	88,082	(5,520)
Business	318,732	288,271	30,461
Central	<u>109,273</u>	<u>93,072</u>	<u>16,201</u>
	5,326,228	4,831,637	494,591
Community Services	180,260	146,151	34,109
Payments to other governmental units	65,000	416,104	(351,104)
On-behalf disbursements	<u>3,500,000</u>	<u>2,992,594</u>	<u>507,406</u>
Total expenditures disbursed	<u>20,699,681</u>	<u>19,918,139</u>	<u>781,542</u>
Deficiency of Revenue Received Under Expenditures Disbursed	—	(1,939,149)	1,939,149
Fund Balance, Beginning of Year	<u>5,252,108</u>	<u>5,252,108</u>	<u>—</u>
Fund Balance, End of Year	<u>\$ 5,252,108</u>	<u>\$ 3,312,959</u>	<u>\$ 1,939,149</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of Changes in Net Pension Liability and Related Ratios (IMRF Plan)
Year Ended June 30, 2017**

	2016	2015	2014
Total Pension Liability			
Service cost	\$ 2,154,539	\$ 1,977,283	\$ 2,102,804
Interest on the total pension liability	7,946,008	7,466,865	6,897,460
Benefit changes	—	—	—
Differences between expected and actual experience	317,947	2,215,811	(615,261)
Assumption changes	(375,196)	244,515	4,123,017
Benefit payments and refunds	<u>(5,607,051)</u>	<u>(5,016,874)</u>	<u>(4,423,677)</u>
Net Change in Total Pension Liability	4,436,247	6,887,600	8,084,343
Total Pension Liability - Beginning	<u>108,098,514</u>	<u>101,210,914</u>	<u>93,126,571</u>
Total Pension Liability - Ending (a)	<u>\$ 112,534,761</u>	<u>\$ 108,098,514</u>	<u>\$ 101,210,914</u>
Plan Fiduciary Net Position			
Employer contributions	\$ 2,473,663	\$ 2,297,080	\$ 2,023,057
Employee contributions	884,201	851,958	813,108
Pension Plan net investment income	6,284,049	464,208	5,411,370
Benefit payments and refunds	(5,607,051)	(5,016,874)	(4,423,677)
Other	<u>816,512</u>	<u>541,013</u>	<u>446,855</u>
Net Change in Plan Fiduciary Net Position	<u>4,851,374</u>	<u>(862,615)</u>	<u>4,270,713</u>
Plan Fiduciary Net Position - Beginning	<u>92,912,843</u>	<u>93,775,458</u>	<u>89,504,745</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 97,764,217</u>	<u>\$ 92,912,843</u>	<u>\$ 93,775,458</u>
Net Pension Liability - Ending (a) – (b)	<u>\$ 14,770,554</u>	<u>\$ 15,185,671</u>	<u>\$ 7,435,456</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.87%	85.95%	92.65%
Covered-Employee Payroll	\$ 19,067,751	\$ 18,637,438	\$ 17,241,968
Net Pension Liability as a Percentage of Covered-Employee Payroll	77.46%	81.48%	43.12%

Note: This schedule is presented to illustrate the requirements of GASB 68 to show information for 10 years. However, until a full 10-year trend is compiled, the District will present only available information measured in accordance with the requirements of GASB 68. Information presented in this schedule has been determined as of the Plan's measurement date (December 31, 2016).

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of the District's Contributions (IMRF Plan)
Year Ended June 30, 2017**

Calendar Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Valuation Payroll	Actual Contribution as a % of Covered Valuation Payroll
2014	\$ 1,998,344	\$ 2,023,057	\$ (24,713)	\$17,241,968	11.73%
2015	2,266,312	2,297,080	(30,768)	18,637,438	12.33%
2016	2,309,105	2,473,663	(164,558)	19,067,751	12.97%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates*:

Actuarial cost method: Aggregate Entry Age Normal

Amortization method: Level Percentage of Payroll, Closed

Remaining amortization period: Non-Taxing bodies: 10-year rolling period
Taxing bodies (Regular, SLEP and ECO groups): 27-year closed period until remaining period reaches 15 years (then 15-year rolling period).
Early Retirement Incentive Plan liabilities: a period up to 10 years selected by the Employer upon adoption of ERI.
SLEP supplemental liabilities attributable to Public Act 94-712 were financed over 22 years for most employers (two employers were financed over 31 years).

Asset valuation method: 5-Year smoother market; 20% corridor

Wage Growth: 3.50%

Price Inflation: 2.75% – approximate; No explicit price inflation assumption is used in this valuation

Salary increases: 3.75% to 14.50%, including inflation

Investment rate of return: 7.50%

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of the District's Contributions (IMRF Plan) (Continued)
Year Ended June 30, 2017**

Retirement age: Experience-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, an IMRF specific retirement table was used with fully generational scale MP-2014 (base year 2012). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuity 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, 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 Employee Mortality Table with adjustments to match current IMRF experience.

Other information

Notes: There were no benefit changes during the year.

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

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Schedule of the District's Proportionate Share
of the Net Pension Liability (TRS Plan)**

Year Ended June 30, 2017

	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.0156449777%	0.0282173074%	0.0314427699%
District's proportionate share of the net pension liability	\$ 12,349,527	\$ 18,485,179	\$ 19,135,527
State's proportionate share of the net pension liability associated with the District	<u>336,805,353</u>	<u>278,430,285</u>	<u>264,759,437</u>
Total	<u>\$ 349,154,880</u>	<u>\$ 296,915,464</u>	<u>\$ 283,894,964</u>
District's covered-employee payroll	<u>\$ 41,138,583</u>	<u>\$ 42,436,571</u>	<u>\$ 43,033,431</u>
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	30.02%	43.56%	44.47%
Plan fiduciary net position as a percentage of the total pension liability	36.40%	41.50%	43.00%

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

Note: The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB 68.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of the District's Contributions (TRS Plan)
Year Ended June 30, 2017**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 238,604	\$ 246,157	\$ 249,632
Contributions in relation to the contractually required contribution	<u>238,660</u>	<u>246,157</u>	<u>249,632</u>
Contribution deficiency (excess)	\$ <u>(56)</u>	\$ <u>—</u>	\$ <u>—</u>
District's covered-employee payroll	\$ 41,138,583	\$ 42,436,571	\$ 43,033,431
Contributions as a percentage of covered-employee payroll	0.58%	0.58%	0.58%

Notes to Schedule:

Changes of assumptions. For the 2016 measurement year, the assumed investment rate of return was 7.0 percent, an inflation rate of 2.5 percent and 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 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.

Note: The information in both schedules will accumulate until a full 10-year trend is presented as required by GASB 68.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Postretirement Health Plan
Schedule of Funding Progress
Year Ended June 30, 2017**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Simplified Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/17	\$ —	\$ 801,119	\$ 801,119	0%	\$48,096,073	1.67%
6/30/15	—	686,122	686,122	0%	53,186,174	1.29%
6/30/13	—	807,286	807,286	0%	15,006,525	5.40%

In accordance with GASB 45, an actuarial valuation has to be performed every two years for OPEB plans over 200 participants. The District will contract for another valuation in fiscal year 2019.

Student Activity Funds

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Student Activity Funds
Statement of Cash Receipts and Disbursements
Year Ended June 30, 2017**

	<u>Balance July 1, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2017</u>
Jan Little Memorial Decatur Public Schools Foundation	\$ 308 121	\$ 1 —	\$ — —	\$ 309 121
Karen Rhodes Memorial Art for Students	466 <u>415</u>	2 <u>1,000</u>	— <u>1,415</u>	468 <u>—</u>
	<u>\$ 1,310</u>	<u>\$ 1,003</u>	<u>\$ 1,415</u>	<u>\$ 898</u>
Cash deposited in Hickory Point Bank & Trust Investments	\$ 183 <u>1,127</u>			\$ 161 <u>737</u>
Total, as above	<u>\$ 1,310</u>			<u>\$ 898</u>

Annual Federal Financial Compliance Report

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Administrative Board
Macon-Piatt Special Education District
Decatur, Illinois

Report on Compliance for Each Major Federal Program

We have audited the compliance of Macon-Piatt Special Education District (District), a component unit of Decatur School District No. 61, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The District'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 federal statutes, regulations, contracts and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District'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 the 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 the 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 the District'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 the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Macon-Piatt Special Education District, a component unit of Decatur School District No. 61, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of Macon-Piatt Special Education District, a component unit of Decatur School District No. 61, 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 the District'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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the 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 the District'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 a 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BKD, LLP

Decatur, Illinois
October 10, 2017

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Receipts 7/1/15 - 6/30/16
U.S. Department of Education			
Pass Through Illinois State Board of Education			
IDEA – Preschool Flow-Through	84.173A	16-4600-00 17-4600-00	\$ 124,615 <u> </u>
Total CFDA #84.173A			<u>124,615</u>
IDEA – Flow-Through	84.027A	16-4620-00 17-4620-00	4,661,018 <u> </u>
			<u>4,661,018</u>
Pass Through Monticello Community Unit School District 25			
IDEA – Flow-Through – Room and Board	84.027A	16-4625-00 17-4625-00	40,215 <u> </u>
Total CFDA #84.027A			<u>40,215</u>
Total Special Education Cluster			<u>4,701,233</u>
			<u>4,825,848</u>
Pass Through Department of Human Services			
Secondary Transition Experience Program (STEP)	84.126	46CTD0004 46CUD0004	120,319 <u> </u>
Total CFDA #84.126			<u>120,319</u>
Total U.S. Department of Education			<u>4,946,167</u>
U.S. Department of Health and Human Services			
Pass Through Illinois Department of Healthcare & Family Services			
Medicaid – Administrative Outreach	93.778	16-4991-00 17-4991-00	186,215 <u> </u>
Total CFDA #93.778 and Medicaid Cluster			<u>186,215</u>
Total U.S. Department of Health and Human Services			<u>186,215</u>
Total Federal Awards			<u>\$ 5,132,382</u>

- (1) Local Match \$286,588
- (2) Local Match \$286,588
- (3) Local Match \$20,016,412
- (4) Local Match \$4,607,624

Receipts 7/1/16 – 6/30/17	Disbursements 7/1/15 – 6/30/16	Disbursements 7/1/16 – 6/30/17	Obligations/ Encumbrances	Passed Through to Subrecipients	Final Status	Budget
\$ 5,615	\$ 130,230	\$ —	\$ —	\$ —	\$ 130,230	\$ 144,841
<u>182,115</u>	<u>—</u>	<u>193,490</u>	<u>—</u>	<u>—</u>	<u>193,490</u>	<u>200,030</u>
187,730	130,230	193,490	—	—	323,720	344,871
—	4,347,848	—	—	—	4,347,848	4,724,338
<u>4,264,168</u>	<u>—</u>	<u>4,875,052</u>	<u>—</u>	<u>168,351</u>	<u>4,875,052</u>	<u>5,125,201</u>
4,264,168	4,347,848	4,875,052	—	168,351	9,222,900	9,849,539
47,117	44,683	42,649	—	—	87,332	N/A
<u>93,534</u>	<u>—</u>	<u>133,830</u>	<u>—</u>	<u>—</u>	<u>133,830</u>	<u>N/A</u>
140,651	44,683	176,479	—	—	221,162	N/A
<u>4,404,819</u>	<u>4,392,531</u>	<u>5,051,531</u>	<u>—</u>	<u>168,351</u>	<u>9,449,062</u>	<u>9,849,539</u>
<u>4,592,549</u>	<u>4,522,761</u>	<u>5,245,021</u>	<u>—</u>	<u>168,351</u>	<u>9,767,782</u>	<u>10,194,410</u>
15,949	123,880	12,388	—	—	136,268 ⁽¹⁾	136,268
<u>77,540</u>	<u>—</u>	<u>113,716</u>	<u>—</u>	<u>—</u>	<u>113,716</u> ⁽²⁾	<u>123,880</u>
93,489	123,880	126,104	—	—	249,984	260,148
<u>4,686,038</u>	<u>4,646,641</u>	<u>5,371,125</u>	<u>—</u>	<u>168,351</u>	<u>10,017,766</u>	<u>10,454,558</u>
—	186,215	—	—	—	186,215 ⁽³⁾	N/A
<u>188,239</u>	<u>—</u>	<u>188,239</u>	<u>—</u>	<u>—</u>	<u>188,239</u> ⁽⁴⁾	<u>N/A</u>
188,239	186,215	188,239	—	—	374,454	N/A
<u>188,239</u>	<u>186,215</u>	<u>188,239</u>	<u>—</u>	<u>—</u>	<u>374,454</u>	<u>N/A</u>
<u>\$ 4,874,277</u>	<u>\$ 4,832,856</u>	<u>\$ 5,559,364</u>	<u>\$ —</u>	<u>\$ 168,351</u>	<u>\$ 10,392,220</u>	<u>\$ 10,454,558</u>

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2017**

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2017. The accompanying notes are an integral part of this Schedule. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District.
2. Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Schedule of Findings and Questioned Costs
and Summary Schedule of Prior Audit Findings
Year Ended June 30, 2017**

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for major federal awards programs disclosed:
Significant deficiency(ies)? Yes None reported
Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for major federal award programs was:
 Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Schedule of Findings and Questioned Costs
and Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2017**

7. The District's major programs were:

Cluster/Program	CFDA Number
Special Education Cluster	84.173A, 84.027A

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The District qualified as a low-risk auditee?

Yes No

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61**

**Schedule of Findings and Questioned Costs
and Summary Schedule of Prior Audit Findings (Continued)
Year Ended June 30, 2017**

Findings Required to be Reported by *Government Auditing Standards*

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

Findings Required to be Reported by The Uniform Guidance

Reference Number	Finding
-----------------------------	----------------

No matters are reportable.

Prior Audit Findings

Reference Number	Summary of Finding	Status
-----------------------------	---------------------------	---------------

No matters are reportable.

Other

**Macon-Piatt Special Education District,
A Component Unit of Decatur School District No. 61
Operating Disbursements by Program Compared with Budget
General Fund
(Unaudited)
Year Ended June 30, 2017**

	2017		2016
	Budget	Actual	Actual
Operating Disbursements			
Administration	\$ 1,643,649	\$ 1,591,743	\$ 1,377,868
Administrative support	1,022,901	997,584	1,076,754
Visually impaired	170,835	163,632	142,442
Hearing impaired	225,399	212,564	97,362
Early childhood	1,031,518	986,648	854,367
SED	1,229,036	1,186,955	1,007,657
Alternative Program	776,638	799,481	632,981
Life Skills	1,506,709	1,481,351	1,414,187
Essential skills	839,547	794,921	719,508
Medicaid	1,115,057	1,033,470	930,189
ORS-STEP Work Study	133,947	84,163	105,800
Summer Programs	35,230	24,580	19,240
IDEA B	5,314,505	5,251,201	4,792,026
IDEA PS	219,930	207,490	144,230
Decatur Social Workers & Nurses	139,464	160,636	1,366,357
Decatur Elementary Cross Cat	357,180	411,952	2,408,504
Decatur Secondary Cross Cat	655,092	685,817	3,035,307
Futures	148,103	158,831	135,074
Decatur Speech Therapy	—	29,128	982,702
Argenta-Oreana Local Costs	—	8,430	355,533
Maroa-Forsyth Local Costs	213,767	209,186	194,800
Mt. Zion Local Costs	—	17,524	891,485
Central A & M Local Costs	—	—	8,364
Sangamon Valley Local Costs	312,664	284,047	258,040
Warrensburg-Latham Local Costs	—	—	7,832
Bement Local Costs	—	3,708	229,797
Cerro Gordo Local Costs	—	4,261	225,135
Deland-Weldon Local Costs	—	3,614	104,743
Meridian Local Costs	79,454	43,223	503,343
Monticello Local Costs	29,056	89,405	617,459
	<u>\$ 17,199,681</u>	<u>\$ 16,925,545</u>	<u>\$ 24,639,086</u>
Total operating disbursements	<u>\$ 17,199,681</u>	<u>\$ 16,925,545</u>	<u>\$ 24,639,086</u>



Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Estimated Tax Levy 2017, Paid in 2018
Initiated By: Todd Covault, EdD, Chief Operational Officer	Attachments: 2017 Estimated Levy Recommendation
Reviewed By: Dr. Paul Fregeau, Superintendent	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district

BACKGROUND INFORMATION:

The “levy” is a funding request from Macon County to assess local property taxes. The amount of taxes received by the District is based upon rate limitations, the amount requested, and the final assessed value of taxable property located within the Decatur Public School District #61 boundaries.

CURRENT CONSIDERATIONS:

The District is required to file a tax levy with Macon County on an annual basis. The estimated levy must be adopted no less than 20 days prior to adopting the final levy. Attached is the estimated levy for 2017 taxes. Prior to adopting at the December Board meeting, the final levy will be adjusted to reflect best known information associated with the District’s 2017 assessed value.

The aggregate levy does not exceed 105% of the prior year extension. The District is not required to publish a notice of hearing or hold a truth-in-taxation hearing.

FINANCIAL CONSIDERATIONS:

The non debt-service levy accounts for approximately \$31,156,545 of the District’s annual revenues. Based upon an estimated EAV of \$702.5 million, the resulting levy would be an increase of \$0.0056. To the home owner of a \$100,000 house this would be an increase of \$1.86 annually.

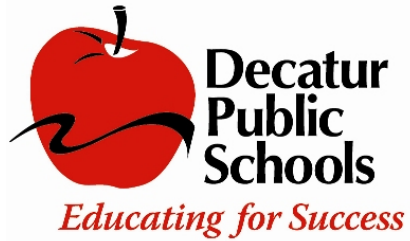
STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the Estimated Levy as presented. For all funds, excluding bond and interest, the District’s Estimated Levy request would be \$31,156,545.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____



Decatur Public Schools

2017 Estimated Taxes

Paid in 2018

October 24, 2017

Estimated 2017 Levy

Based upon \$702,500,000 of EAV (Balloon)

Does not include Debt Service

Fund	Maximum Rate	Estimated Levy
Education	\$2.57	18,054,250
Operations and Maintenance	\$0.50	3,512,500
Transportation	\$0.20	1,405,000
Working Cash	\$0.05	351,250
IMRF	No Limit	2,562,500
FICA/Medicare	No Limit	1,487,500
Life Safety	\$0.05	351,250
Tort Liability	No Limit	2,800,045
Special Education	\$0.04	281,000
Leasing	\$0.05	351,250
Total		31,156,545

2016 Extension

2017 Levy (estimated)

- ▶ Equalized Assessed Values
 - 2012: \$730,387,461
 - 2013: \$704,484,895
 - 2014: \$687,759,707
 - 2015: \$689,331,328
 - 2016: \$699,573,967
 - 2017: 702,500,000 (estimated)
- ▶ 2016 Extension
 - \$30,987,418.58 (without debt service)
 - \$34,030,845.12 (includes debt service)
- ▶ 2017 Levy (estimated)
 - \$31,156,545 (without debt service)
 - \$34,206,545 (includes debt service)

Balloon Levy Estimated Results

- ▶ \$702,500,000 Assessed Value
 - Operational Total
 - \$0.0056 per \$100 Assessed Value
 - \$100,000 home = \$1.87 annual increase
 - Debt Service (\$3,050,000)
 - (\$0.0009) per \$100 Assessed Value
 - \$100,000 home = (\$0.30) annual decrease
 - Total
 - \$0.0047 per \$100 Assessed Value
 - \$100,000 home = \$1.57 annual increase

Anticipated EAV

- ▶ \$700,000,000 Assessed Value
 - Operational Total
 - \$0.0091 per \$100 Assessed Value
 - \$100,000 home = \$3.03 annual increase
 - Debt Service (\$3,050,000)
 - \$0.0007 per \$100 Assessed Value
 - \$100,000 home = \$0.23 annual increase
 - Total
 - \$0.0098 per \$100 Assessed Value
 - \$100,000 home = \$3.27 annual increase

Levy Abatement – Required Action

- ▶ District issued Bonds to Renovate the Two High Schools.
 - 2011 A – Alternative Revenue (\$70.92 million)
 - 2011 B – QZAB (\$4.675 million)
- ▶ Sales taxes collected offset the Bond payments.
- ▶ The Board will file abatement resolutions with Macon County to direct the County to not levy 2017 taxes for the 2011A and 2011B issues.

Recommendations

▶ **October 24, 2017**

- Administration recommends that the Board approve the estimated levy as submitted.

▶ **December 12, 2017**

- Final levy submitted for consideration.
- Two (2) tax abatement resolutions for the 2011 Sales Tax Bond Issues will be submitted to the Board for consideration.

**2017 Levy
Paid in 2018**

Questions

**Estimated Levy
2017 Taxes Paid in 2018**

	Estimated 2017 EAV	702,500,000	2016 EAV	699,573,967		
Fund	2,017	2017 Rate (est)	2016 Extension	2016 Rate	Difference 2016 vs 2017 (Dollars)	Different 2016 vs 2017 (Rate)
Education	18,054,250	2.5700	17,979,050.71	2.57000	75,199.29	-
Operations & Maintenance	3,512,500	0.5000	3,497,869.79	0.50000	14,630.21	-
Transportation	1,405,000	0.2000	1,399,147.92	0.20000	5,852.08	-
Working Cash	351,250	0.0500	349,786.98	0.05000	1,463.02	-
IMRF	2,562,500	0.3648	2,389,045.06	0.34150	173,454.94	0.0233
FICA/Medicare	1,487,500	0.2117	1,593,069.82	0.22772	(105,569.82)	(0.0160)
Life Safety	351,250	0.0500	349,786.98	0.05000	1,463.02	-
Tort Liability	2,800,045	0.3986	2,800,044.76	0.40025	0.24	(0.0017)
Special Education	281,000	0.0400	279,829.58	0.04000	1,170.42	-
Leasing	351,250	0.0500	349,786.98	0.05000	1,463.02	-
Operational Total	31,156,545	4.4351	30,987,418.58	4.42947	169,126.42	0.0056
Debt Service Payment	3,050,000	0.4342	3,043,426.54	0.43504	6,573.46	(0.0009)
Total	34,206,545	4.8693	34,030,845.12	4.86451	175,699.88	0.0047

Board of Education Decatur Public School District #61

Date: October 24, 2017	Subject: Superintendent's Goals for Decatur Public School District 61
Initiated By: Dr. Paul Fregeau, Superintendent	Attachments: Balanced Scorecard 2017-2018
Reviewed By: Dr. Paul Fregeau, Superintendent and the Board of Education	

District Goal #3: Align organizational structure and resources to improve efficiency, effectiveness, and the financial health of the school district


BACKGROUND INFORMATION:

The Board of Education and Superintendent Dr. Paul Fregeau are identifying District goals for the 2017-2018 school year. Superintendent Fregeau believes the first step in developing more effective schools is to identify the needs of the District and focus on the critical improvements and resources that will help progress in the direction that is in the betterment for everyone. This is achieved by building culture and setting goals that address the needs and aspirations of our community. Superintendent Fregeau has proposed a 2017-2018 Balanced Scorecard with four quadrants (see below) that identifies specific goals that describes how the district will measure success.

CURRENT CONSIDERATIONS:

The 2017-2018 Balanced Scorecard is as follows:

<p><u>Students</u></p> <ul style="list-style-type: none"> Identify and fulfill the learning needs of all students Explore and initiate ways to facilitate student participation in District work Expand partnerships with community to provide learning experiences for students to prepare them for careers 	<p><u>Staff</u></p> <ul style="list-style-type: none"> Establish a District-wide employee recognition program Identify, publish, and sustain a well-defined curriculum and plan of instruction Develop plan to improve customer service at all levels of the organization School District Personnel will be trained not only in job-specific skills, but also other areas of development
<p><u>Community</u></p> <ul style="list-style-type: none"> Development and approval of Strategic Plan Ensure advocacy for the District's priorities at City, County, State, and Federal levels Develop a Master Communication and Marketing Plan 	<p><u>Finance</u></p> <ul style="list-style-type: none"> Develop a 5-year budget approach to assist with District planning Develop a District Technology Plan and identify sustainable funding sources Develop a District Facility Plan to address District needs Pursue new revenue streams that support the work of the District



**Balanced Scorecard
2017-2018**

FINANCIAL CONSIDERATIONS:

None at this time.

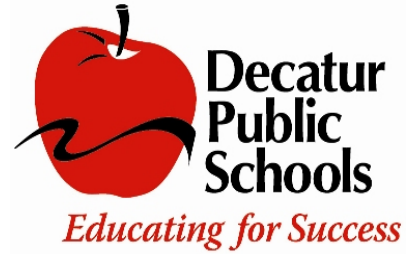
STAFF RECOMMENDATION:

The Administration respectfully requests that the Board of Education approve the 2017-2018 Balanced Scorecard for Decatur Public School District 61 as presented. Updates will be presented during future Board of Education meetings.

RECOMMENDED ACTION:

- Approval
- Information
- Discussion

BOARD ACTION: _____



DECATUR PUBLIC SCHOOL DISTRICT 61

BALANCED SCORECARD FOR 2017-2018

Dr. Paul Fregeau, Superintendent
October 24, 2017 Board of Education Meeting

QUADRANT #1 - STUDENTS

- Identify and fulfill the learning needs of all students
- Explore and initiate ways to facilitate student participation in District work
- Expand partnerships with community to provide learning experiences for students to prepare them for careers

QUADRANT #2 - STAFF

- Establish a District-wide employee recognition program
- Identify, publish, and sustain a well-defined curriculum and plan of instruction
- Develop plan to improve customer service at all levels of the organization
- School District Personnel will be trained not only in job-specific skills, but also other areas of development

QUADRANT #3 - COMMUNITY

- Development and approval of Strategic Plan
- Ensure advocacy for the District's priorities at City, County, State, and Federal levels
- Develop a Master Communication and Marketing Plan

QUADRANT #4 - FINANCE

- Develop a 5-year budget approach to assist with District planning
- Develop a District Technology Plan and identify sustainable funding sources
- Develop a District Facility Plan to address District needs
- Pursue new revenue streams that support the work of the District

Thank You

Questions

Students

- Identify and fulfill the learning needs of all students
- Explore and initiate ways to facilitate student participation in District work
- Expand partnerships with community to provide learning experiences for students to prepare them for careers

Staff

- Establish a District-wide employee recognition program
- Identify, publish, and sustain a well-defined curriculum and plan of instruction
- Develop plan to improve customer service at all levels of the organization
- School District Personnel will be trained not only in job-specific skills, but also other areas of development



Balanced Scorecard 2017-2018

Community

- Development and approval of Strategic Plan
- Ensure advocacy for the District's priorities at City, County, State, and Federal levels
- Develop a Master Communication and Marketing Plan

Finance

- Develop a 5-year budget approach to assist with District planning
- Develop a District Technology Plan and identify sustainable funding sources
- Develop a District Facility Plan to address District needs
- Pursue new revenue streams that support the work of the District