

Quincy Public School District No. 172
Quincy, Illinois

ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2018

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INDEPENDENT AUDITORS' REPORT

Board of Education
Quincy Public School District No. 172
Quincy, IL

We have audited the accompanying financial statements of Quincy Public School District No. 172, which comprise the statement of assets and liabilities arising from cash transactions as of June 30, 2018, and the related statement of revenues received and expenditures disbursed, other sources (uses) and changes in fund balances (All Funds), statements of revenues received (All Funds), and statements of expenditures disbursed, budget to actual (All Funds), for the year then ended, and the related notes to the financial statements, which collectively comprise Quincy Public School District No. 172'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 financial reporting provisions of the Illinois State Board of Education and with the cash basis of accounting described in Note 1; this includes determining that the financial reporting provisions of the Illinois State Board of Education and the cash basis of accounting are acceptable bases for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by Quincy Public School District No. 172, on the basis of the financial reporting provisions of the Illinois State Board of Education, which practices differ from accounting principles generally accepted in the United States of America. Also, as described in Note 1, Quincy Public School District No. 172 prepares its financial statements on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Board of Education.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of Quincy Public School District No. 172, as of June 30, 2018, or the changes in its financial position for the year then ended.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets and liabilities arising from cash transactions of each fund of Quincy Public School District No. 172 as of June 30, 2018, and their respective revenues received and expenditures disbursed, and budgetary results of the expenditures disbursed for the year then ended, on the basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Quincy Public School District No. 172's basic financial statements. The information provided on pages 56 through 74 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The information provided on pages 56 through 68, Combining Schedule of Assets, Liabilities, Fund Balance and Other Credits Arising from Cash Transactions, Schedule of Changes in Net Assets Available for Benefits-Fiduciary Fund Type-Expendable Trust Fund for the Flexible Benefit Plan Fund and the Self-Funded Insurance Fund, Statement of Cash Receipts and Disbursements for the Activity Funds, Convenience Funds, and Scholarship Funds, Statement of Cash Receipts and Disbursements, Other Financing Sources (Uses) and Changes in Fund Balance for the Educational Fund, Operations and Maintenance Fund and Transportation Fund, Schedule of Equalized Assessed Valuations, Tax Levies, Rates, Extensions and Collections, and the Schedule of Expenditures of Federal Awards on pages 82 through 85 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, such information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedules of Multiyear information for the Teacher's Retirement System of the State of Illinois, the Illinois Municipal Retirement Fund and the Notes to Other Information on pages 69 through 74 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The 2017 comparative information shown in the Schedule of Expenditures of Federal Awards was subjected to auditing procedures applied by us and our report dated October 23, 2017, expressed an unmodified opinion that such information was fairly stated in all material respects in relation to the 2017 financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 22, 2018, on our consideration of Quincy Public School District No. 172's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Quincy Public School District No. 172's internal control over financial reporting and compliance.

Zundstein, Eytz, Sumatt, Focht + Flynn, Ltd.

Jacksonville IL
October 22, 2018

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF ASSETS AND LIABILITIES
ARISING FROM CASH TRANSACTIONS

June 30, 2018

	Educational	Operations and Maintenance	Debt Services
Current Assets			
Cash	\$ 3,391,420	\$ 493,309	\$ 1,123,849
Investments			
Other Receivables			
Interfund Receivables			
Total Current Assets	<u>3,391,420</u>	<u>493,309</u>	<u>1,123,849</u>
Capital Assets			
Land			
Building & Building Improvements			
Site Improvements & Infrastructure			
Capitalized Equipment			
Construction in Progress			
Amount Available in Debt Service Funds			
Amount to be Provided for Payment on Long-Term Debt			
Total Capital Assets	<u>0</u>	<u>0</u>	<u>0</u>
Current Liabilities			
Interfund Payables			
Intergovernmental Accounts Payable			
Other Payables			
Loans Payable			
Due to Activity Fund Organizations			
Total Current Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
Long-Term Liabilities			
Long-Term Debt Payable			
Reserved Fund Balance	133,205		
Unreserved Fund Balance	3,258,215	493,309	1,123,849
Investments in General Fixed Assets			
Total Liabilities and Fund Balance	<u>\$ 3,391,420</u>	<u>\$ 493,309</u>	<u>\$ 1,123,849</u>

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
\$ 408,180	\$ 2,582,937 1,381,350	\$ 26,974,603	\$ 4,507,122	\$ 3,272,602	\$ 3,632,480 510,914
<u>408,180</u>	<u>3,964,287</u>	<u>26,974,603</u>	<u>4,507,122</u>	<u>3,272,602</u>	<u>4,143,394</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
6					
<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
408,174	747,241 3,217,046	26,974,603	4,507,122	3,272,602	4,143,394
<u>\$ 408,180</u>	<u>\$ 3,964,287</u>	<u>\$ 26,974,603</u>	<u>\$ 4,507,122</u>	<u>\$ 3,272,602</u>	<u>\$ 4,143,394</u>

See accompanying notes to financial statements

Account Groups		
Agency Fund	General Fixed Assets	General Long-Term Debt
\$ 297,635	\$	\$
538,594		
<u>836,229</u>	<u>0</u>	<u>0</u>
	3,237,685	
	81,924,158	
	6,487,151	
	9,005,426	
	31,382,607	
		1,123,849
		<u>92,291,043</u>
<u>0</u>	<u>132,037,027</u>	<u>93,414,892</u>
<u>741,300</u>		
<u>741,300</u>	<u>0</u>	<u>0</u>
		<u>93,414,892</u>
94,929		
	<u>132,037,027</u>	
<u>\$ 836,229</u>	<u>\$ 132,037,027</u>	<u>\$ 93,414,892</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF REVENUES RECEIVED, EXPENDITURES DISBURSED,
OTHER SOURCES (USES) AND CHANGES IN FUND BALANCE
ALL FUNDS

FOR THE YEAR ENDING JUNE 30, 2018

	Educational	Operations and Maintenance	Debt Services
RECEIPTS			
Local Sources	\$ 23,796,945	\$ 5,503,409	\$ 5,598,745
State Sources	19,539,404	100,000	
Federal Sources	8,971,446		
Total Direct Receipts	<u>52,307,795</u>	<u>5,603,409</u>	<u>5,598,745</u>
Receipts for "On Behalf of" Payments	<u>19,032,643</u>		
Total Receipts	<u>71,340,438</u>	<u>5,603,409</u>	<u>5,598,745</u>
DISBURSEMENTS			
Instruction	36,167,012		
Support Services	12,916,440	5,071,590	
Community Services	210,669		
Payments to Other Districts & Governmental Units	539,866		
Debt Service			6,387,503
Total Direct Disbursements	<u>49,833,987</u>	<u>5,071,590</u>	<u>6,387,503</u>
Disbursements for "On Behalf of" Payments	<u>19,032,643</u>		
Total Disbursements	<u>68,866,630</u>	<u>5,071,590</u>	<u>6,387,503</u>
Excess of Direct Receipts over (Under) Direct Disbursements	<u>2,473,808</u>	<u>531,819</u>	<u>(788,758)</u>
OTHER SOURCES (USES) OF FUNDS			
Abatement of Working Cash Fund	439,261		
Principal on Bonds Sold			
Premium on Bonds Sold			924,778
Transfers to Capital Projects Fund			
Taxes transferred to pay for Capital Projects			
Sale or Compensation for Fixed Assets			
Total Other Sources (Uses) of Funds	<u>439,261</u>	<u>0</u>	<u>924,778</u>
Excess of Receipts and Other Sources of Funds (Over/Under) Disbursements and Other Uses of Funds	2,913,069	531,819	136,020
FUND BALANCES - July 1, 2017	<u>478,351</u>	<u>(38,510)</u>	<u>987,829</u>
FUND BALANCES - June 30, 2018	<u>\$ 3,391,420</u>	<u>\$ 493,309</u>	<u>\$ 1,123,849</u>

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
\$ 2,057,500 2,178,171	\$ 3,540,351	\$ 175,409	\$ 471,937	\$ 2,156,080	\$ 452,383
<u>4,235,671</u>	<u>3,540,351</u>	<u>175,409</u>	<u>471,937</u>	<u>2,156,080</u>	<u>452,383</u>
<u>4,235,671</u>	<u>3,540,351</u>	<u>175,409</u>	<u>471,937</u>	<u>2,156,080</u>	<u>452,383</u>
3,653,046	1,217,846 1,937,329 14,319	27,463,953		2,390,941	879,482
<u>3,653,046</u>	<u>3,169,494</u>	<u>27,463,953</u>	<u>0</u>	<u>2,390,941</u>	<u>879,482</u>
<u>3,653,046</u>	<u>3,169,494</u>	<u>27,463,953</u>	<u>0</u>	<u>2,390,941</u>	<u>879,482</u>
<u>582,625</u>	<u>370,857</u>	<u>(27,288,544)</u>	<u>471,937</u>	<u>(234,861)</u>	<u>(427,099)</u>
		18,185,000 69,666	(439,261)		3,325,000 417
<u>0</u>	<u>0</u>	<u>18,254,666</u>	<u>(439,261)</u>	<u>0</u>	<u>3,325,417</u>
582,625	370,857	(9,033,878)	32,676	(234,861)	2,898,318
<u>(174,451)</u>	<u>3,593,430</u>	<u>36,008,481</u>	<u>4,474,446</u>	<u>3,507,463</u>	<u>1,245,076</u>
\$ <u>408,174</u>	\$ <u>3,964,287</u>	\$ <u>26,974,603</u>	\$ <u>4,507,122</u>	\$ <u>3,272,602</u>	\$ <u>4,143,394</u>

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF REVENUES RECEIVED
FOR THE YEAR ENDING JUNE 30, 2018

	Educational	Operations and Maintenance	Debt Services
Receipts from Local Sources			
Ad Valorem Taxes Levied By Local Education Agency			
Designated Purposes Levies	\$ 16,164,836	\$ 4,392,609	\$ 5,575,076
Leasing Purposes Levy	263,557	175,704	
Special Education Purposes Levy	351,409		
Fica/Medicare Only Purposes Levy			
Payments in Lieu of Taxes			
Mobile Home Privilege Tax	20,115	5,211	500
Payments from Local Housing Authorities	11,498	3,131	3,816
Corporate Personal Property Replacement Taxes	3,614,727	677,761	
Tuition			
Summer School Tuition from Pupils or Parents	20,852		
Special Education Tuition from Other Districts (In State)	104,942		
Adult Tuition from Other Sources (In State)	13,590		
Transportation Fees			
Regular Transp Fees from Other Sources (In State)			
Regular Transp Fees from Co-curricular Activities (In State)			
Earnings on Investments			
Interest on Investments	50,722	14,275	19,353
Food Service			
Sales to Pupils - Lunch	482,891		
Sales to Pupils - Breakfast	48,328		
Sales to Pupils - A la Carte	445,602		
Sales to Pupils - Other			
Sales to Adults	36,123		
Other Food Services			
District/School Activity Income			
Admissions - Athletic	176,624		
Admissions - Other	46,000		
Fees			
Other District/School Activity Revenue	57,319		
Textbook Income			
Rentals - Regular Textbooks	226,790		
Other Revenue from Local Sources			
Rentals	4,570	31,828	
Contributions and Donations from Private Sources	888,361		
Services Provided Other Districts	67,945		
Refund of Prior Years' Expenditures			
Drivers' Education Fees	58,767		
Other Local Fees	83		
Other Local Revenues	641,294	202,890	
Total Receipts from Local Sources	<u>23,796,945</u>	<u>5,503,409</u>	<u>5,598,745</u>
Receipts from State Sources			
Unrestricted Grants-In-Aid			
General State Aid	15,204,795	100,000	
Other Unrestricted Grants-In-Aid	285,932		

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
\$ 1,757,044	\$ 1,417,481	\$	\$ 439,261	\$ 2,125,156	\$ 439,261
	1,849,893				
2,084	3,876		521	2,521	521
1,204	2,239		301	1,456	301
	225,921				
159,187					
95,561					
6,258	40,941	163,909	31,854	26,947	12,300

<u>36,162</u>		<u>11,500</u>			
<u>2,057,500</u>	<u>3,540,351</u>	<u>175,409</u>	<u>471,937</u>	<u>2,156,080</u>	<u>452,383</u>
200,000					

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF REVENUES RECEIVED
FOR THE YEAR ENDING JUNE 30, 2018

	Educational	Operations and Maintenance	Debt Services
Receipts from State Sources-continued			
Restricted Grants-In-Aid			
Special Education-Private Facility Tuition	\$ 1,256,985	\$	\$
Special Education-Funding for Children Requiring Special Education Services	442,799		
Special Education-Personnel	699,317		
Special Education-Orphanage-Individual	326,314		
Special Education-Orphanage-Summer Individual	75,137		
Special Education-Summer School	6,495		
Special Education-Other	5,978		
CTE-Agriculture Education	5,000		
State Free Lunch and Breakfast	34,605		
School Breakfast Initiative			
Driver Education	75,733		
Adult Ed (from ICCB)			
Adult Ed-Other			
Transportation-Regular/Vocational			
Transportation-Special Education			
Learning Improvement-Change Grants			
Truant Alternative/Optional Education	127,257		
Early Childhood-Block Grant	837,510		
Reading Improvement Block Grant			
School Infrastructure-Maintenance Projects			
Other Restricted Revenue from State Sources	<u>155,547</u>		
Total Receipts from State Sources	<u>19,539,404</u>	<u>100,000</u>	<u>0</u>
Receipts from Federal Sources			
Restricted Grants-In-Aid Received Directly from Federal Govt.			
Head Start	1,909,675		
Restricted Grants-In-Aid Received from Federal Govt. thru the State			
Title V-Innovation & Flexibility Formula			
National School Lunch Program	1,682,620		
School Breakfast Program	544,599		
Summer Food Service Program	64,823		
Fresh Fruits and Vegetables			
Food Service - Other			
Title I-Low Income	1,893,299		
Title I-Low Income-Neglected, Private	61,706		
Title I-Other	54,304		
Title IV-Safe & Drug Free Schools-Formula			
Title IV-21st Century Comm Learning Centers	262,521		
Fed-Spec Education-Preschool Flow-Through	95,486		
Federal-Special Education-IDEA-Flow Through	948,555		
Federal-Special Education-IDEA-Room & Board	302,240		
ARRA - Title I - Low Income			
ARRA - Title I - Neglected, Private			
ARRA - Title I - Delinquent, Private			
ARRA - IDEA - Part B - Preschool			

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
\$	\$	\$	\$	\$	\$
1,152,387					
825,784					
<u>2,178,171</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF REVENUES RECEIVED
FOR THE YEAR ENDING JUNE 30, 2018

	Educational	Operations and Maintenance	Debt Services
Receipts from Federal Sources-continued			
Restricted Grants-In-Aid Received from Federal Govt. thru the State-continued			
ARRA - IDEA - Part B - Flow-Through	\$	\$	\$
Other ARRA Funds XI			
Qualified Zone Academy Bond Tax Credits			
Title II-Teacher Quality	3,495		
Medicaid Matching Funds - Administrative Outreach	240,483		
Medicaid Matching Funds - Fee-for-Service Program	788,902		
Other Restricted Revenue from Federal Sources	118,738		
Total Receipts from Federal Sources	8,971,446	0	0
Total Direct Receipts	\$ 52,307,795	\$ 5,603,409	\$ 5,598,745

Transportation	Municipal Retirement/ Social Security	Capital Projects	Working Cash	Tort	Fire Prevention and Safety
\$	\$	\$	\$	\$	\$
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u><u>4,235,671</u></u>	\$ <u><u>3,540,351</u></u>	\$ <u><u>175,409</u></u>	\$ <u><u>471,937</u></u>	\$ <u><u>2,156,080</u></u>	\$ <u><u>452,383</u></u>

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

EDUCATIONAL FUND	Salaries	Employee Benefits	Purchased Services
Instruction			
Regular Programs	\$ 15,651,410	\$ 3,276,831	\$ 138,862
Tuition Payment to Charter Schools			
Pre-K Programs	331,142	64,835	4,000
Special Education Programs	7,702,296	2,016,344	204,541
Special Education Programs-Pre-K	78,071	26,428	
Remedial and Supplemental			
Programs K-12	861,718	249,864	6,646
Adult/Continuing Education Programs	3,360	66	
CTE Programs			
Interscholastic Programs	385,422	4,315	274,908
Summer School Program	95,229	1,614	
Gifted Programs			
Driver's Education Programs	146,672	23,020	15,874
Bilingual Programs	24,231	23	
Truant Alternative & Optional Programs	39,516	3,789	
Special Education Programs K-12 -			
Private Tuition			
Total Instruction	<u>25,319,067</u>	<u>5,667,129</u>	<u>644,831</u>
Support Services			
Support Services-Pupils			
Attendance and Social Work			
Services	910,902	209,628	6,745
Guidance Services	666,410	131,541	27,275
Health Services	848,587	210,595	20,335
Psychological Services	310,801	85,580	5,915
Speech Pathology & Audiology Services	82,123	15,994	
Other Support Services - Pupils	80,992	9	720
Support Services-Instructional Staff			
Improvement of Instruction			
Services	570,413	122,764	503,932
Educational Media Services	134,148	34,590	
Assessment & Testing			66,858
Support Services-General Administration			
Board of Education Services	2,619	16,975	89,950
Executive Administration			
Services	109,762	9,334	558
Special Area Administrative Services	126,811	10,090	
Tort Immunity Services			
Support Services-School Administration			
Office of the Principal Services	2,373,217	360,504	51,481
Other Support Services - School Admin	5,750	693	

Supplies and Materials	Capital Outlay	Other Objects	Non- Capitalized Equipment	Total	Budget
\$ 466,833	\$ 195,546	\$ 10,112	\$ 12,686	\$ 19,752,280	\$ 14,974,817
				0	
47,253	5,880			453,110	5,134,011
62,775	20,492			10,006,448	10,059,936
				104,499	90,846
117,050	341,162			1,576,440	1,996,047
				3,426	5,097
				0	
319,452	92,067	31,407	677	1,108,248	1,176,116
				96,843	100,080
				0	
5,084				190,650	157,650
				24,254	27,601
3,450				46,755	56,297
		2,804,059		2,804,059	2,925,000
<u>1,021,897</u>	<u>655,147</u>	<u>2,845,578</u>	<u>13,363</u>	<u>36,167,012</u>	<u>36,703,498</u>
3,048				1,130,323	1,109,257
404				825,630	941,580
8,068			1,129	1,088,714	1,197,602
3,486				405,782	386,938
				98,117	100,328
10,430				92,151	98,234
345,036	35,757	1,171		1,579,073	1,870,243
33,469	2,407	10,821	453	215,888	224,416
26				66,884	76,744
8,291		12,349		130,184	260,137
809		7,068		127,531	137,395
2,343				139,244	118,591
25,995		279		2,811,476	2,975,024
3,281				9,724	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

EDUCATIONAL FUND (Continued)	Salaries	Employee Benefits	Purchased Services
Support Services-Business			
Direction of Business Support Services	\$ 72,930	\$ 8,114	\$
Fiscal Services	104,239	25,241	44,685
Operation and Maintenance of Plant Services			15,687
Pupil Transportation Services	9,966	798	48,672
Food Services	1,185,996	355,254	6,434
Internal Services			54,716
Support Services-Central			
Direction of Central Support Services	109,364	19,898	24,209
Planning, Research, Development, & Evaluation Services	78,000	16,240	16,437
Information Services	25,714	14,817	
Staff Services	206,065	31,401	15,858
Data Processing Services	143,422	30,808	
Other Support Services	46,592	17,376	130
Total Support Services	8,204,823	1,728,244	1,000,597
Community Services	172,785	9,522	10,031
Payments to Other Districts & Govt Units			
Payments to Other Govt. Units (In-State)			
Payments for Regular Programs			
Payments for Special Education Programs			
Payments for CTE Programs			
Payments to Other Govt. Units-Tuition (In-State)			
Payments for Special Education Programs-Tuition			
Payments for CTE Programs - Tuition			
Total Payments to Other Districts & Govt. Units	0	0	0
Debt Services			
Debt Services - Interest on Short-Term Debt			
Tax Anticipation Warrants			
Other Interest on Short-Term Debt			
Total Debt Services	0	0	0
Total Direct Disbursements	\$ 33,696,675	\$ 7,404,895	\$ 1,655,459
Excess (Deficiency) of Receipts over Disbursements			

Supplies and Materials	Capital Outlay	Other Objects	Non- Capitalized Equipment	Total	Budget
\$ 10,078	\$ 2,207	\$ 3,285	\$ 164	\$ 81,044 189,899	\$ 80,357 208,910
19,439				15,687	14,850
1,363,190	1,009	728		78,875	131,883
846		11,644		2,912,611	3,318,436
				67,206	82,800
1,005		1,399		155,875	148,544
				110,677	137,656
				40,531	28,676
46,408		4,540		304,272	308,334
				174,230	201,969
714				64,812	120,312
<u>1,886,366</u>	<u>41,380</u>	<u>53,284</u>	<u>1,746</u>	<u>12,916,440</u>	<u>14,279,216</u>
<u>15,475</u>	<u>2,856</u>			<u>210,669</u>	<u>474,630</u>
				0	
		79,736		79,736	319,000
				0	
		460,130		460,130	515,000
<u>0</u>	<u>0</u>	<u>539,866</u>	<u>0</u>	<u>539,866</u>	<u>834,000</u>
				0	
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 2,923,738</u>	<u>\$ 699,383</u>	<u>\$ 3,438,728</u>	<u>\$ 15,109</u>	<u>\$ 49,833,987</u>	<u>\$ 52,291,344</u>
				<u>\$ 2,473,808</u>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

OPERATIONS AND MAINTENANCE FUND	Salaries	Employee Benefits	Purchased Services
Support Services			
Support Services-Pupils			
Other Support Services	\$	\$	\$
Support Services-Business			
Facilities Acquisition and			
Construction Services			11,700
Operation and Maintenance			
of Plant Services	<u>2,648,820</u>	<u>519,287</u>	<u>1,410,335</u>
Total Support Services	<u>2,648,820</u>	<u>519,287</u>	<u>1,422,035</u>
Total Direct Disbursements	\$ <u><u>2,648,820</u></u>	\$ <u><u>519,287</u></u>	\$ <u><u>1,422,035</u></u>
Excess (Deficiency) of Receipts over Disbursements			

Supplies and Materials	Capital Outlay	Other Objects	Non- Capitalized Equipment	Total	Budget
\$	\$	\$	\$	\$	\$
				11,700	
<u>432,137</u>	<u>48,217</u>	<u>685</u>	<u>409</u>	<u>5,059,890</u>	<u>5,635,398</u>
<u>432,137</u>	<u>48,217</u>	<u>685</u>	<u>409</u>	<u>5,071,590</u>	<u>5,635,398</u>
\$ <u><u>432,137</u></u>	\$ <u><u>48,217</u></u>	\$ <u><u>685</u></u>	\$ <u><u>409</u></u>	\$ <u><u>5,071,590</u></u>	\$ <u><u>5,635,398</u></u>
				\$ <u><u>531,819</u></u>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

DEBT SERVICES FUND	Other Objects	Budget
Debt Services		
Debt Services-Interest on Long-Term Debt	\$ 2,507,640	\$ 2,484,518
Debt Services-Payments of Principal on Long-Term Debt	3,510,000	3,115,000
Debt Services-Other	<u>369,863</u>	<u>369,150</u>
Total Disbursements	\$ <u>6,387,503</u>	\$ <u>5,968,668</u>
Excess (Deficiency) of Receipts over Disbursements	\$ <u>(788,758)</u>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

TRANSPORTATION FUND	Salaries	Employee Benefits	Purchased Services
Support Services			
Support Services-Business			
Pupil Transportation Services	\$ 1,878,536	\$ 447,122	\$ 849,427
Other Support Services			18,549
Total Support Services	<u>1,878,536</u>	<u>447,122</u>	<u>867,976</u>
Total Disbursements	<u>\$ 1,878,536</u>	<u>\$ 447,122</u>	<u>\$ 867,976</u>
Excess (Deficiency) of Receipts over Disbursements			

Supplies and Materials	Capital Outlay	Other Objects	Non- Capitalized Equipment	Total	Budget
\$ 421,950	\$ 36,572	\$ 890	\$	\$ 3,634,497 18,549	\$ 3,840,079 45,769
<u>421,950</u>	<u>36,572</u>	<u>890</u>	<u>0</u>	<u>3,653,046</u>	<u>3,885,848</u>
<u>\$ 421,950</u>	<u>\$ 36,572</u>	<u>\$ 890</u>	<u>\$ 0</u>	<u>\$ 3,653,046</u>	<u>\$ 3,885,848</u>
				\$ <u>582,625</u>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND	Employee Benefits	Budget
Instruction		
Regular Programs	\$ 529,870	\$ 413,421
Pre-K Programs	22,922	100,695
Special Education Programs	589,473	539,733
Special Education Programs - Pre-K	13,538	12,073
Remedial and Supplemental Programs - K-12	12,287	10,202
Adult/Continuing Education Programs	49	29
CTE Programs	8,382	10,157
Interscholastic Programs	25,780	31,979
Summer School Programs	8,438	9,228
Driver's Education Programs	2,010	1,642
Bilingual Programs	351	429
Truants' Alternative & Optional Programs	4,746	4,267
Total Instruction	<u>1,217,846</u>	<u>1,133,855</u>
Support Services		
Support Services-Pupils		
Attendance and Social Work Services	34,236	33,073
Guidance Services	29,182	27,882
Health Services	125,079	117,392
Psychological Services	4,813	3,554
Speech Pathology & Audiology Services	1,148	1,137
Other Support Services - Pupils	7,764	6,336
Support Services-Instructional Staff		
Improvement of Instruction Services	75,030	78,787
Educational Media Services	18,241	18,899
Assessment and Testing		
Support Services-General Administration		
Board of Education Services	28,052	572
Executive Administration Services	3,311	3,044
Service Area Administrative Services	27,904	23,013
Educational, Inspectional, Supervisory		
Services Related to Loss Prevention	4,704	
Support Services-School Administration		
Office of the Principal Services	194,938	206,164
Other Support Services-School Administration		
Support Services-Business		
Direction of Business Support Services	19,202	28,684
Fiscal Services	21,656	38,931
Facilities Acquisition & Construction Services	13,324	2,904
Operation and Maintenance of		
Plant Services	676,152	713,484
Pupil Transportation Services	347,550	360,928
Food Services	219,165	235,931

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

MUNICIPAL RETIREMENT/ SOCIAL SECURITY FUND	Employee Benefits	Budget
Support Services-Central		
Direction of Central Support Services	\$ 1,525	\$ 19,687
Planning, Research, Development, & Evaluation Services	1,100	
Information Services	4,787	5,350
Staff Services	42,936	38,561
Data Processing Services	29,484	33,624
Other Support Services	6,046	157
	<hr/>	<hr/>
Total Support Services	1,937,329	1,998,094
	<hr/>	<hr/>
Community Services	14,319	10,159
	<hr/>	<hr/>
Provision for Contingencies		24,200
	<hr/>	<hr/>
Total Disbursements	\$ 3,169,494	\$ 3,166,308
	<hr/>	<hr/>
Excess (Deficiency) of Receipts over Disbursements	\$ 370,857	
	<hr/>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

CAPITAL PROJECTS FUND	Salaries	Purchased Services
Support Services		
Support Services-Business		
Facilities Acquisition and Construction Services	\$ 56,400	\$ 61,564
Other Support Services		
	<hr/>	<hr/>
Total Support Services	<hr/> 56,400	<hr/> 61,564
Total Disbursements	<hr/> \$ 56,400	<hr/> \$ 61,564
Excess (Deficiency) of Receipts over Disbursements		

Supplies and Materials	Capital Outlay	Other Objects	Non- Capitalized Equipment	Total	Budget
\$	\$ 27,345,889	\$	\$ 100	\$ 27,463,953	\$ 36,194,405
				0	
0	27,345,889	0	100	27,463,953	36,194,405
\$ 0	\$ 27,345,889	\$ 0	\$ 100	\$ 27,463,953	\$ 36,194,405
				\$ (27,288,544)	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

TORT FUND	Salaries	Employee Benefits	Purchased Services
Support Services-General Administration			
Claims Paid from Self Insurance Fund	\$	\$	\$
Workers' Compensation or Workers'			
Occupation Disease Act Payments			596,828
Unemployment Insurance Payments			2,840
Insurance Payments (Regular or			
Self-Insurance)			243,102
Judgment and Settlements			
Educational, Inspectional, Supervisory			
Services Related to Loss Prevention			
or Reduction	<u>907,071</u>	<u>237,782</u>	<u>290,015</u>
Total Disbursements	\$ <u><u>907,071</u></u>	\$ <u><u>237,782</u></u>	\$ <u><u>1,132,785</u></u>
Excess (Deficiency) of Receipts over Disbursements			

Supplies and Materials	Capital Outlay	Other Objects	Total	Budget
\$	\$	\$	\$	\$
			596,828	532,427
			2,840	4,000
			243,102	243,102
		9,172	9,172	15,000
<u>13,825</u>	<u>89,706</u>	<u>600</u>	<u>1,538,999</u>	<u>1,686,650</u>
\$ <u><u>13,825</u></u>	\$ <u><u>89,706</u></u>	\$ <u><u>9,772</u></u>	\$ <u><u>2,390,941</u></u>	\$ <u><u>2,481,179</u></u>
			\$ <u><u>(234,861)</u></u>	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

STATEMENT OF EXPENDITURES DISBURSED, BUDGET TO ACTUAL
FOR THE YEAR ENDING JUNE 30, 2018

FIRE PREVENTION AND SAFETY FUND	Purchased Services	Supplies & Materials	Capital Outlay
Support Services			
Support Services-Business			
Facilities Acquisition and			
Construction Services	\$ 279,949	\$	\$ 599,533
Operation & Maintenance of			
Plant Services			
Total Support Services	<u>279,949</u>	<u>0</u>	<u>599,533</u>
Debt Services			
Debt Services-Interest on Long-Term Debt			
Debt Service-Payments of Principal on			
Long-Term Debt			
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>
Total Disbursements	<u>\$ 279,949</u>	<u>\$ 0</u>	<u>\$ 599,533</u>
Excess (Deficiency) of Receipts over Disbursements			

Other Objects	Non- Capitalized Equipment	Total	Budget
\$	\$	\$ 879,482	\$ 1,162,250
		0	
0	0	879,482	1,162,250
		0	
		0	
0	0	0	0
\$ 0	\$ 0	\$ 879,482	\$ 1,162,250
		\$ (427,099)	

See accompanying notes to financial statements

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The District's accounting policies conform to the cash basis of accounting as defined by the Illinois State Board of Education Audit Guide.

(a) Reporting Entity

The District's reporting entity includes the District's governing board and all related organizations for which the District exercises oversight responsibility.

The District's financial statements include the accounts of all District operations. The criteria for including organizations within the District's reporting entity, as set forth in GASB No. 61, "The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34", is financial accountability. A component unit is included in the District's reporting entity if it is both fiscally dependent on the District (the primary government) and there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on the primary government. The primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Certain joint agreements have been determined to be part of the reporting entity because the District exercises significant influence over the assets, operations, and management of the joint agreements. However, the joint agreements are required to be separately audited and reported to the Illinois State Board of Education. These financial statements therefore represent only the financial condition and operations of the primary government, Quincy Public School District No. 172.

The joint agreements consist of the Special Education Association of Adams County, the Quincy Area Vocational Technical Center, and the West Central Regional System, Education for Employment. The financial information for each of the joint agreements can be obtained from the District's administrative office located at 1416 Maine Street, Quincy, Illinois.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets and liabilities (arising from cash transactions), fund balance, revenue received and expenditures disbursed.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (con't)

(b) Basis of Presentation - Fund Accounting

The District maintains individual funds required by the State of Illinois. The various funds are summarized by type in the financial statements. These funds are grouped as required for reports filed with the Illinois State Board of Education. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The District uses the following funds and account groups:

Governmental Funds

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (arising from cash transactions) are accounted for through governmental funds.

The Educational Fund and the Operations and Maintenance Fund are the general operating funds of the District. They are used to account for all financial resources except those required to be accounted for in another fund. Special Education and Leasing tax levies are included in these funds.

The Debt Service Fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The Transportation Fund and the Illinois Municipal Retirement/Social Security Fund are used to account for cash received from specific sources (other than those accounted for in the Debt Service Fund, Capital Project Funds or Fiduciary Funds) that are legally restricted to cash disbursements for these specified purposes.

The Capital Projects Fund is used to account for proceeds resulting from bond issues, receipts from other long term financing agreements, or other resources used to finance capital projects, capital leases, or lease purchase agreements.

The Working Cash Fund accounts for financial resources held by the District to be used for temporary interfund loans to other funds.

The Tort Fund is used to account for financial resources to be used for tort immunity and tort judgment purposes.

The Fire Prevention and Safety Fund is used to account for financial resources to be used for fire prevention, safety, energy conservation, or school security projects.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (con't)

(b) Basis of Presentation - Fund Accounting (con't)

The Expendable Trust Fund (Flexible Benefit Plan Fund) is used to account for the District's flexible benefit plan.

The Expendable Trust Fund (Self-Insurance Fund) is used to account for the District's self-insured employee health plan.

The Agency Funds (Activity Funds) include Student Activity Funds which account for assets held by the District as an agent for the students, teachers and other entities. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the activity fund organizations are equal to the assets.

Scholarship funds account for assets held by the District for the purpose of providing scholarships to District graduates. These funds are custodial in nature and do not involve the measurement of the results of operations. The amounts due to the scholarship fund organizations are equal to the assets.

Governmental and Expendable Trust Funds - Measurement Focus

The financial statements of all Governmental and Expendable Trust Funds focus on the measurement of spending or "financial flow" and the determination of changes in financial position rather than upon net income determination. This means that only current assets and current liabilities are generally included on their balance sheets.

Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (cash receipts and other financing sources) and decreases (cash disbursements and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

General Fixed Assets and General Long-Term Debt Account Group

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. General fixed assets have been acquired for general governmental purposes. The District records purchases of property and equipment as expenditures of the various Funds when paid. The District maintains a detailed list of property and equipment purchased for insurance purposes.

The District does not maintain a formal capitalization policy; however, state and federal guidelines are followed, when applicable.

The District uses the Direct Method in handling planned major maintenance. Expenses arising from planned major maintenance are expensed as they are incurred.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (con't)

(b) Basis of Presentation - Fund Accounting (con't)

No depreciation has been provided on fixed assets in these financial statements. Depreciation accounting is not considered applicable (except to determine the per capita tuition charge). Depreciation is computed by the straight line method over the estimated useful lives as follows:

<i>Description</i>	<i>Years</i>
Land	Not Depreciated
Buildings	20-50
Improvements Other than Buildings	20
Capitalized Equipment	3-10

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Proceeds from sales of bonds are included as receipts in the appropriate fund on the date received. Related principal payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

The two account groups are not "funds." They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

(c) Basis of Accounting

Basis of accounting refers to when revenues received and expenditures disbursed are recognized in the accounts and how they are reported on the financial statements. The District maintains its accounting records for all funds and account groups on the cash basis of accounting under guidelines prescribed by the Illinois State Board of Education. 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.

Cash basis financial statements omit recognition of receivables and payables and other accrued and deferred items that do not arise from previous cash transactions. Proceeds from sales of bonds or financing agreements are included as other financing sources in the appropriate fund on the date received. Related bond principal and financing agreements payable in the future is recorded at the same time in the General Long-Term Debt Account Group.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (con't)

(d) Budgets and Budgeting Accounting

The budget for all Governmental Funds is prepared on the cash basis of accounting which is the same basis that is used in financial reporting. This allows for comparability between budget and actual amounts. This is an acceptable method in accordance with Chapter 105, Section 5, Paragraph 17-1 of the Illinois Compiled Statutes. The original budget was passed on September 27, 2017 and was amended on June 27, 2018.

For each fund, total fund expenditures disbursed may not legally exceed the budgeted amounts. The budget lapses at the end of each fiscal year.

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

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

(e) Investments

Investment balances, except those held in the Storby Scholarship, are stated at cost which approximates market. Assets of the different funds are sometimes commingled for investment purposes and interest earnings are prorated back to the various funds when recognized as revenue. Investments held in the Storby Scholarship are stated at cost. Gains or losses on the sale of investments are recognized upon realization. Unrealized gains or losses are not recognized.

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (con't)

(f) Inventories

Inventories consist of expendable supplies held for consumption. The cost is recorded as an expenditure disbursed at the time the individual inventory items are purchased.

(g) Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2. Property Taxes

The District's property tax is levied each year on all taxable real property located within the District. The 2017 levy was passed by the board on December 19, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in two installments, usually in June and September.

The District receives significant distributions of tax receipts approximately one month after these due dates. Property taxes are collected and remitted to the District by Adams County. Taxes recorded in these financial statements are from the 2016 and prior tax levies.

Note 3. Fund Balance Reporting

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. The Regulatory Model, followed by the District, only reports Reserved and Unreserved Fund Balances. Below are definitions of the differences and a reconciliation of how these balances are reported.

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories 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.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fund Balance Reporting (con't)

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for 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 and Operations and Maintenance Funds. At June 30, 2018, revenue received in Educational Fund exceeded expenditures disbursed from the leasing levy, resulting in a restricted fund balance of \$34,617.

3. State Grants

Proceeds from state grants and the related expenditures have been included in the Educational, Transportation, and Fire & Safety Funds. Expenditures disbursed exceeded revenue received for this purpose, resulting in no restricted fund balance.

4. Federal Grants

Proceeds from federal grants and the related expenditures have been included in the Educational and Operations and Maintenance Funds. At June 30, 2018, revenue received exceeded expenditures disbursed from federal grants, resulting in a restricted fund balance of \$897. This balance is included in the financial statements as Reserved in the Educational Fund.

5. Donations

Cash receipts and the related disbursements of donations that have been restricted for a special purpose are included in the Educational Fund. At June 30, 2018, unspent receipts from donations for these special purposes resulted in a restricted balance of \$97,691. This balance is included in the financial statements as Reserved in the Educational Fund.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fund Balance Reporting (con't)

B. Restricted Fund Balance (con't)

6. Social Security

Cash disbursed and the related cash receipts of this restricted tax levy are accounted for in the Municipal Retirement/Social Security Fund. Revenue received exceeded expenditures disbursed for this purpose, resulting in a restricted fund balance of \$747,241. This balance is included in the financial statements as Reserved in the Municipal Retirement/Social Security Fund.

7. Flexible Benefit Plan

A reserved fund balance of \$94,929 has been accumulated in the Flexible Benefit Plan Fund, which is recorded as an Expendable Trust Fund in these financial statements.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the 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.

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.

Employee contracts for services rendered during the school year for employees electing twelve month pay schedules are recorded as disbursements in the fiscal year when such checks are drawn. At June 30, 2018, the total amount of unpaid contracts for services performed during the fiscal year ended June 30, 2018 amounted to \$4,451,446. This amount is shown as Unreserved in the Educational Fund.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Intent may be expressed by (a) the School Board itself or (b) the finance committee or by the Superintendent when the School Board has delegated the authority to assign amounts to be used for specific purposes. There is nothing to report for this classification.

NOTES TO FINANCIAL STATEMENTS

Note 3. Fund Balance Reporting (con't)

E. Unassigned Fund Balance

The unassigned fund balance classification is the residual classification for amounts in the General Operating Funds 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 as Unreserved Fund Balances in the Educational, Operations and Maintenance, and Working Cash Funds.

F. Regulatory – Fund Balance Definitions

Reserved Fund Balances are those balances that are reserved for a specified purpose, other than the regular purpose of any given fund. Unreserved Fund Balances are all balances that are not reserved for a specific purpose other than the specified purpose of a fund.

G. Reconciliation of Fund Balance Reporting

The first five columns of the following table represent Fund Balance Reporting according to the use of the generally accepted accounting principles format. The last two columns represent Fund Balance Reporting under the regulatory basis of accounting utilized in preparation of the financial statements.

Fund	Non-spendable	Restricted	Committed	Assigned	Un-assigned	Financial Statements – Reserved	Financial Statements – Un-reserved
Educational	0	133,205	4,451,446	0	(1,193,231)	133,205	3,258,215
Operations & Maintenance	0	0	0	0	493,309	0	493,309
Debt Service	0	1,123,849	0	0	0	0	1,123,849
Transportation	0	408,174	0	0	0	0	408,174
Municipal Retirement/ Social Security	0	3,964,287	0	0	0	747,241	3,217,046
Capital Projects	0	26,974,603	0	0	0	0	26,974,603
Working Cash	0	0	0	0	4,507,122	0	4,507,122
Tort Liability	0	3,272,602	0	0	0	0	3,272,602
Fire Prevention and Safety	0	4,143,394	0	0	0	0	4,143,394
Expendable Trust Funds	0	94,929	0	0	0	94,929	0

NOTES TO FINANCIAL STATEMENTS

Note 3. Fund Balance Reporting (con't)

H. 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.

Note 4. Changes in General Fixed Assets

	<i>Beginning Balance</i>	<i>Additions</i>	<i>Deletions*</i>	<i>Balance Ending</i>
Land	\$ 3,237,685	\$	\$	\$ 3,237,685
Construction In Progress	19,350,171	24,399,371	12,366,935	31,382,607
Buildings	67,618,941	14,305,217		81,924,158
Improvements Other Than Buildings	6,483,279	3,872		6,487,151
10-Year Equipment	6,891,445	2,472,851	363,795	9,000,501
5-Year Equipment	24,304		24,304	
3-Year Equipment		4,925		4,925
Total General Fixed Assets	103,605,825	\$ 41,186,236	\$ 12,755,034	132,037,027
Accumulated Depreciation	35,513,008	\$ 2,546,807	\$ 388,099	37,671,716
Book Value	\$ 68,092,817			\$ 94,365,311

*To remove fully depreciated equipment and equipment traded, and to account for construction completed during the year ended June 30, 2018.

Note 5. Retirement Fund Commitments

The retirement fund commitments for Special Education Association of Adams County, Quincy Public School District No. 172, Quincy Vocational Technical Center and West Central Regional System, Education for Employment are not separable. The combined retirement fund commitment for these entities is disclosed below.

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

Plan description

The District (employer) 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.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

Plan description (con't)

TRS members include all active non-annuitants who are employed by a TRS-covered employer to provide services for which teacher licensure is required. The Illinois Pension Code outlines the benefit provisions of TRS, and amendments to the plan can be made only by legislative action with the Governor's approval. The TRS Board of Trustees is responsible for the System's administration.

TRS issues a publicly available financial report that can be obtained at <https://www.trsil.org/financial/cafrs/fy2017>; by writing to TRS at 2815 W. Washington, PO Box 19253, Springfield, IL 62794; or by calling (888) 678-3675, option 2.

Benefits Provided

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

Tier 2 members qualify for retirement benefits at age 67 with 10 years of service, or a discounted annuity can be paid at age 62 with 10 years of service. Creditable earnings for retirement purposes are capped and the final average salary is based on the highest consecutive eight years of creditable service rather than the last four. Disability provisions for Tier 2 are identical to those of Tier 1. Death benefits are payable under a formula that is different from Tier 1.

Essentially all Tier 1 retirees receive an annual 3 percent increase in the current retirement benefit beginning January 1 following the attainment of age 61 or on January 1 following the member's first anniversary in retirement, whichever is later.

Tier 2 annual increases will be the lesser of three percent of the original benefit or one-half percent of the rate of inflation beginning January 1 following attainment of age 67 or on January 1 following the member's first anniversary in retirement, whichever is later.

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

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 9.0 percent of creditable earnings. The member contribution, which may be paid on behalf of employees by the employer, is submitted to TRS by the employer.

On-behalf contributions to TRS. The state of Illinois makes employer pension contributions on behalf of the employer. For the year ended June 30, 2018, under the cash basis of accounting, the District recognized revenues and expenditures of \$18,726,198 in pension contributions from the state of Illinois. Under generally accepted accounting principles (GAAP), state of Illinois contributions recognized by the employer are based on the state's proportionate share of the collective NPL associated with the employer, and the employer would have recognized revenue and expenditures of \$18,726,198 in pension contributions from the state of Illinois.

2.2 formula contributions. Employers contribute 0.58 percent of total creditable earnings for the 2.2 formula change. The contribution rate is specified by statute. Contributions for the year ended June 30, 2018 were \$151,136, which would have been included in expense. Under GAAP, \$150,625 would have been reported as deferred outflows of resources because they were paid after the June 30, 2017 measurement date.

Federal and special trust fund contributions. When TRS members are paid from federal and special trust funds administered by the employer, there is a statutory requirement for the employer to pay an employer pension contribution from those funds. Under Public Act 100-0340, the federal and special trust funds contribution rate is the total employer normal cost beginning with the year ended June 30, 2018. Previously, employer contributions for employees paid from federal and special trust funds were at the same rate as the state contribution rate to TRS and were much higher.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

Contributions (con't)

For the year ended June 30, 2018, the employer pension contribution was 10.10 percent of salaries paid from federal and special trust funds. For the year ended June 30, 2018, salaries totaling \$1,563,425 were paid from federal and special trust funds that required employer contributions of \$158,851, which have been included in expense. Under GAAP, \$157,906 would have been reported as deferred outflows of resources because they were paid after the June 30, 2017 measurement date.

Employer retirement cost contributions. Under GASB Statement No. 68, contributions that an employer is required to pay because of a TRS member retiring are categorized as specific liability payments. The employer 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 current program that ended on June 30, 2016, is 146.5 percent and applies when the member is age 55 at retirement. For the year ended June 30, 2018, the employer paid \$0 to TRS for employer ERO contributions for retirements that occurred before July 1, 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, 2018, the employer paid \$12,040 to TRS for employer contributions due on salary increases in excess of 6 percent and \$0 for sick leave days granted in excess of the normal allotment.

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

At June 30, 2018, the employer's proportionate share of the net pension liability was \$19,607,114, which reflected a reduction for state pension support provided to the employer. The state's support and total are for disclosure purposes only. These amounts have not been recognized in the employer's financial statements due to the use of the cash basis of accounting.

The amounts that would have been recognized by the employer 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 employer were as follows:

Employer's proportionate share of the net pension liability	\$ 19,607,114
State's proportionate share of the net pension liability associated with the employer	190,277,479
Total	\$ 209,884,593

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (con't)

The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016, and rolled forward to June 30, 2017. The employer's proportion of the net pension liability was based on the employer's share of contributions to TRS for the measurement year ended June 30, 2017, relative to the projected contributions of all participating TRS employers and the state during that period. At June 30, 2017, the employer's proportion was 0.0257 percent, which was a decrease of 0.0012 from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the employer recognized pension expense of \$18,726,198 and revenue of \$18,726,198 for support provided by the state. Under generally accepted accounting principles, the employer would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2018:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 212,955	\$ 9,050
Net difference between projected and actual earnings on pension plan investments	13,451	0
Changes of assumptions	1,308,634	563,417
Changes in proportion and differences between employer contributions and proportionate share of contributions	22,685	1,972,855
Employer contributions subsequent to the measurement date	308,531	0
Total	\$ 1,866,256	\$ 2,545,322

Under generally accepted accounting principles, \$308,531 would be reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows in these reporting years:

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (con't)

Year ended June 30:	
2019	\$ (703,626)
2020	(134,419)
2021	197,090
2022	(308,542)
2023	(38,101)
Total	\$ (987,598)

Actuarial Assumptions

The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Varies by amount of service credit
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 White Collar Table with adjustments as appropriate for TRS experience. The rates are used on a fully-generational basis using projection table MP-2014. The same assumptions were used in the June 30, 2016 actuarial valuation.

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class that were used by the actuary are summarized in the following table:

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

Actuarial Assumptions (con't)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities large cap	14.4%	6.94%
U.S. equities small/mid cap	3.6	8.09
International equities developed	14.4	7.46
Emerging market equities	3.6	10.15
U.S. 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 Fund (absolute return)	8.0	4.16
Private equity	14.0	10.63
Total	100.0%	

Discount Rate

At June 30, 2017, the discount rate used to measure the total pension liability was 7.0 percent, which was a change from the June 30, 2016 rate of 6.83 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions, employer contributions, and state contributions will be made at the current statutorily-required rates.

Based on those assumptions, TRS's fiduciary net position at June 30, 2017 was projected to be available to make all projected future benefit payments to current active and inactive members and all benefit recipients. Tier 1's liability is partially funded by Tier 2 members, as the Tier 2 member contribution is higher than the cost of Tier 2 benefits. Due to this subsidy, contributions from future members in excess of service costs are also included in the determination of the discount rate. All projected future payments were covered, so the long-term expected rate of return on TRS investments was applied to all periods of the projected benefit payments to determine the total pension liability.

At June 30, 2016, the discount rate used to measure the total pension liability was 6.83 percent. The discount rate was lower than the actuarially-assumed rate of return on investments that year because TRS's fiduciary net position and the subsidy provided by Tier 2 were not sufficient to cover all projected benefit payments.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(a) Teachers' Retirement System of the State of Illinois (con't)

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

The following presents the employer's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the employer's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Employer's proportionate share of the net pension liability	\$ 24,089,900	\$ 19,607,114	\$ 15,935,338

TRS Fiduciary Net Position

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

(b) Illinois Municipal Retirement Fund

Plan Description

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

Benefits Provided

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

Benefits Provided (con't)

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

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

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

Employees Covered by Benefit Terms

As of December 31, 2017, the employer's membership consisted of 501 retirees and beneficiaries currently receiving benefits, 327 inactive plan members entitled to but not yet receiving benefits, and 520 active plan members for a total of 1,348 plan members.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

Contributions

As set by statute, the employer's Regular Plan Members are required to contribute 4.5% of their annual covered salary. The statute requires employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer's annual contribution rate for calendar year 2017 was 13.73%. For the fiscal year ended June 30, 2018, the employer contributed \$1,808,839 to the plan. The employer also contributes for disability benefits, death benefits, and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by IMRF's Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Net Pension Liability

The employer's net pension liability was measured as of December 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The following are methods and assumptions used to determine total pension liability at December 31, 2017:

- The **Actuarial Cost Method** used was Entry Age Normal.
- The **Asset Valuation Method** used was Market Value of Assets.
- The **Inflation Rate** was assumed to be 2.50%.
- **Salary Increases** were expected to be 3.39% to 14.25%.
- The **Investment Rate of Return** was assumed to be 7.50%.
- **Projected Retirement Age** was from the Experienced-based Table of Rates, specific to the type of eligibility condition, last updated for the 2017 valuation pursuant to an experience study of the period 2014 to 2016.
- For **Non-disabled retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF specific rates were developed from the RP-2014 Blue Collar Health Annuitant Mortality Table with adjustments to match current IMRF experience.

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

- For **Disabled Retirees**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Disabled Retirees Mortality Table, applying the same adjustments that were applied for non-disabled lives.

- For **Active Members**, an IMRF-specific mortality table was used with fully generational projection scale MP-2017 (base year 2015). The IMRF-specific rates were developed from the RP-2014 Employee Mortality Table with adjustments to match current IMRF experience.

- 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 to the target asset allocation percentage and adding expected inflation. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table as of December 31, 2017:

Asset Class	Portfolio Target Percentage	Long-Term Expected Real Rate of Return
Domestic Equity	37%	6.85%
International Equity	18%	6.75%
Fixed Income	28%	3.00%
Real Estate	9%	5.75%
Alternative Investments	7%	2.65-7.35%
Cash Equivalents	1%	2.25%
Total	100%	

Single Discount Rate

A Single Discount Rate of 7.50% was used to measure the total pension liability. The projection of cash flow used to determine this Single Discount Rate assumed that the plan members' contributions will be made at the current contribution rate, and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. The Single Discount Rate reflects:

- The long-term expected rate of return on pension plan investments (during the period in which the fiduciary net position is projected to be sufficient to pay benefits), and

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

- The tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of the most recent valuation, the expected rate of return on plan investments is 7.50%, the municipal bond rate is 3.31%, and the resulting single discount rate is 7.50%.

Changes in Net Pension Liability

	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balances at December 31, 2016	\$ 77,406,114	\$ 65,562,397	\$ 11,843,717
Changes for the year:			
Service Cost	1,445,470		1,445,470
Interest on the Total Pension Liability	5,701,209		5,701,209
Changes of Benefit Terms			
Differences Between Expected and Actual Experience of the Total Pension Liability	368,687		368,687
Changes of Assumptions	(2,484,228)		(2,484,228)
Benefit Payments, including Refunds of Employee Contributions	(4,225,459)	(4,225,459)	0
Net Change in Total Pension Liability			
Contributions – Employer		1,836,354	(1,836,354)
Contributions – Employees		616,881	(616,881)
Net Investment Income		11,717,123	(11,717,123)
Other (Net Transfer)		(1,380,893)	1,380,893
Net Changes	805,679	8,564,006	(7,758,327)
Balances at December 31, 2017	\$ 78,211,793	\$ 74,126,403	\$ 4,085,390

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

	1% Decrease (6.50%)	Current Single Discount Rate (7.50%)	1% Increase (8.50%)
Total Pension Liability	\$ 87,209,298	\$ 78,211,793	\$ 70,704,167
Plan Fiduciary Net Position	74,126,403	74,126,403	74,126,403
Net Pension Liability/(Asset)	\$ 13,082,895	\$ 4,085,390	\$ (3,422,236)

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

At December 31, 2017, the employer's total pension liability was \$78,211,793. The employer's fiduciary net position totaled \$74,126,403, which represents 94.78% of the total pension liability. As a result, the employer's net pension liability amounts to \$4,085,390. The employer's net pension liability amounts to 30.60% of covered payroll. Pension liabilities have not been recognized in the employer's financial statements due to the use of the cash basis of accounting.

For the year ended June 30, 2018, under the cash basis of accounting, the employer recognized pension expense of \$1,808,839 as a result of actual cash contributions. Under generally accepted accounting principles, the employer would have reported total pension expense of \$2,646,391 as detailed below.

Expense/(Income)	
Service Cost	\$ 1,445,470
Interest on the Total Pension Liability	5,701,209
Current-Period Benefit Changes	0
Employee Contributions	(616,881)
Projected Earnings on Plan Investments	(4,798,938)
Other Changes in Plan Fiduciary Net Position	1,380,893
Recognition of Outflow (Inflow) of Resources due to Liabilities	(195,271)
Recognition of Outflow (Inflow) of Resources due to Assets	(270,091)
Total	\$ 2,646,391

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (con't)

(b) Illinois Municipal Retirement Fund (con't)

Under generally accepted accounting principles, the employer would have reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30, 2018:

Deferred Amounts Related to Pensions	Deferred Outflows of Resources	Deferred Inflows of Resources
Deferred Amounts to be Recognized in Pension Expense in Future Periods		
Differences between expected and actual experience	264,969	43,885
Net difference between projected and actual earnings on pension plan investments	2,126,865	5,534,548
Changes of assumptions	12,850	1,897,183
Total Deferred Amounts to be recognized in pension expense in future periods	2,404,684	7,475,616
Employer contributions subsequent to the measurement date (December 31, 2017)	914,196	0
Total Deferred Amounts Related to Pensions	3,318,880	7,475,616

Under generally accepted accounting principles, \$914,196 would be reported as deferred outflows of resources related to pensions resulting from employer contributions subsequent to the measurement date and would be recognized as a reduction of the net pension liability in the reporting year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions would be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (958,999)
2020	(1,083,090)
2021	(1,645,206)
2022	(1,383,637)
2023	0
Total	\$ (5,070,932)

NOTES TO FINANCIAL STATEMENTS

Note 5. Retirement Fund Commitments (cont.)

Summary of All District Pension Related Amounts

	Deferred Inflows of Resources	Deferred Outflows of Resources	Net Pension Liability
TRS/THIS \$	2,545,322	\$ 1,866,256	\$ 19,607,114
IMRF	7,475,616	3,318,880	4,085,390
Total \$	10,020,938	\$ 5,185,136	\$ 23,692,504

Note 6. Other Post-Employment Benefits

(a) Teacher Health Insurance Security

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

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

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

On-behalf contributions to the THIS fund. The State of Illinois makes employer retiree health insurance contributions on behalf of the employer. State contributions are intended to match contributions to the THIS Fund from active members which were 1.18 percent of pay during the year ended June 30, 2018. State of Illinois contributions were \$306,445, and the employer recognized revenue and expenditures of this amount during the year.

Employer contributions to the THIS Fund. The employer also makes contributions to the THIS Fund. The employer THIS Fund contribution was 0.88 percent during the year ended June 30, 2018. For the year ended June 30, 2018, the employer paid \$228,535 to the THIS Fund, which was 100 percent of the required contribution.

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Post-Employment Benefits (con't)

(a) Teacher Health Insurance Security (con't)

Further Information on the THIS Fund

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

(b) Post-Retirement Health Care Benefits

The District provides post-retirement health care benefits for eligible retirees. Retirees are eligible to continue their health coverage under the District's health insurance plan. The retirees are responsible for the entire premium payment to secure coverage. The Unfunded Actuarial Liability has not been determined as of June 30, 2018.

Any post retirement obligations under the Illinois Municipal Retirement Fund have not been provided by the District. These amounts are to be determined by the Fund.

Plan Description. The district contributes to the Egyptian Area Schools Benefit Trust (the "Trust"), a cost-sharing, multiple-employer defined benefit health care plan administered by the Board of Managers of the Trust. The Trust provides medical benefits to active and retired employees of approximately 150 participating employers.

The Trust issues a publicly available financial report that includes financial statements and required supplementary information for the Trust. A copy of the report may be obtained by writing to the Egyptian Area Schools Employee Benefit Trust, 2350 S. 7th Street, #100, St. Louis, MO 63104, or by calling 618-791-5541. The report is also posted on the Trust's website at www.egtrust.org.

Funding Policy. The Trust Agreement establishing the Trust provides that contribution rates are established and may be modified by the Board of Managers of the Trust. Contribution rates are normally adjusted as of September 1 each year.

As of June 30, 2018, participating employers were contractually required to contribute at the following rates for active and retired employees and dependents:

NOTES TO FINANCIAL STATEMENTS

Note 6. Other Post-Employment Benefits (con't)

(b) Post-Retirement Health Care Benefits (con't)

	Plan M7	Plan M8	Plan M3	Plan H1	Plan H3
Employee (Retiree)	\$719	\$680	\$647	\$612	\$554
Employee + spouse	\$1,510	\$1,456	\$1,360	\$1,283	\$1,162
Employee + child(ren)	\$1,238	\$1,193	\$1,114	\$1,053	\$954
Family	\$2,029	\$1,994	\$1,827	\$1,726	\$1,564

Participating employers may require employees and/or retirees to pay some or all of the required contributions to the employer, but the employer has the legal obligation to pay contributions to the Trust. The District requires retirees to pay 100% of their premiums.

The Board of Managers of the Trust sets the employer contribution rates each year based on an actuarial valuation. The Trust's actuary has determined that as of June 30, 2017, contribution rates exceeded the Annual Required Contribution (ARC) determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to the Trust for the years ending June 30, 2018 and 2017 were \$10,027,231 and \$6,918,543, respectively, which equaled the contractually required contributions each year.

Note 7. Flexible Benefit Plan

The Employee Trust Fund is established under the Internal Revenue Code and is operated under its rule. The Fund collects and expends monies for non-covered medical and dental expenses. If the employee does not use their portion within a year, it then becomes a part of the Fund assets.

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Debt, Capital Leases, and Other Financing Arrangements

The following is a summary of long-term debt activity of the District for the year ended June 30, 2018:

General Obligation Bonds:

	<i>Balance. Beginning</i>	<i>Proceeds</i>	<i>Decreases</i>	<i>Balance, Ending</i>
2008 QZAB	\$ 2,010,440	\$	\$ 395,000	\$ 1,615,440
2012A Taxable Gen Ob Bond	2,810,000		1,885,000	925,000
2014 Gen Ob Bonds	9,785,000			9,785,000
2015 Gen Ob Bonds	8,775,000			8,775,000
2016 Gen Ob Bonds	30,000,000		1,230,000	28,770,000
2017 Gen Ob Bonds	22,010,000			22,010,000
2018 Gen Ob Bonds		21,510,000		21,510,000
Subtotal	\$ 75,390,440	\$ 21,510,000	\$ 3,510,000	\$ 93,390,440

Capital Leases:

Dell Computers	\$ 154,107	\$	\$ 154,107	\$ -0-
De Lage Landen	35,988		11,536	24,452
Subtotal	\$ 190,095	\$	\$ 165,643	\$ 24,452
Total	\$ 75,580,535	\$ 21,510,000	\$ 3,675,643	\$ 93,414,892

Bond Indebtedness

Bond indebtedness is reflected in the General Long-Term Debt Account Group. Current requirements for principal and interest expenditures are payable solely from future revenues of the Debt Service Fund which consists principally of property taxes collected by the District and interest earnings.

2008 QZAB

The Qualified Zone Academy Bonds, Series 2008 were issued on May 29, 2008 in the amount of \$4,945,440 at an interest rate of 1.15%. Principal and interest to be paid each May 29. Date of maturity is May 29, 2022.

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Debt, Capital Leases, and Other Financing Arrangements (con't)

The annual cash flow requirements of principal and interest on the Qualified Zone Academy Bonds, Series 2008 are as follows:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 400,000	\$ 18,578	\$ 418,578
2020	400,000	13,978	413,978
2021	405,000	9,378	414,378
2022	410,440	4,720	415,160
Total	\$ 1,615,440	\$ 46,654	\$ 1,662,094

2012A Taxable General Obligation Bonds

The 2012A Taxable General Obligation Bonds were issued on June 6, 2012 in the amount of \$6,200,000. Principal to be paid each February 1. Interest payable August 1 and February 1. Interest rates range from 2.5% to 4.25%. Date of maturity is February 1, 2019.

The annual cash flow requirements of principal and interest on the 2012A Taxable General Obligation Bonds are as follows:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 925,000	\$ 39,313	\$ 964,313

2014 General Obligation School Bonds

The 2014 General Obligation School Bonds were issued on December 30, 2014 in the amount of \$9,785,000. Principal to be paid each February 1 starting February 1, 2030. Interest payable August 1 and February 1. Interest rates range from 3.25% to 4%. Date of maturity is February 1, 2034.

The annual cash flow requirements of principal and interest on the 2014 General Obligation School Bonds are as follows:

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Debt, Capital Leases, and Other Financing Arrangements (con't)

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$	\$ 354,506	\$ 354,506
2020		354,506	354,506
2021		354,506	354,506
2022		354,506	354,506
2023		354,506	354,506
2024-28		1,772,531	1,772,531
2029-33	7,685,000	1,365,300	9,050,300
2034	2,100,000	73,500	2,173,500
Total	\$ 9,785,000	\$ 4,983,861	\$ 14,768,861

2015 General Obligation School Bonds

The 2015 General Obligation School Bonds were issued on December 10, 2015 in the amount of \$9,020,000. One principal payment to be paid February 1, 2017 and then principal payments will be paid annually starting February 1, 2022. Interest payable August 1 and February 1. Interest rates range from 2.375% to 4.000%. Date of maturity is February 1, 2031.

The annual cash flow requirements of principal and interest on the 2015 General Obligation School Bonds are as follows:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$	\$ 311,731	\$ 311,731
2020		311,731	311,731
2021		311,731	311,731
2022	685,000	311,731	996,731
2023	780,000	284,331	1,064,331
2024-28	4,260,000	1,079,163	5,339,163
2029-31	3,050,000	246,000	3,296,000
Total	\$ 8,775,000	\$ 2,856,418	\$ 11,631,418

2016 General Obligation School Bonds

The 2016 General Obligation School Bonds were issued on July 6, 2016 in the amount of \$30,000,000. Principal to be paid each February 1 starting February 1, 2018. Interest payable August 1 and February 1. Interest rates range from 3.00% to 5%. Date of maturity is February 1, 2036.

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Debt, Capital Leases, and Other Financing Arrangements (con't)

The annual cash flow requirements of principal and interest on the 2016 General Obligation School Bonds are as follows:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 485,000	\$ 1,181,387	\$ 1,666,387
2020	500,000	1,161,988	1,661,988
2021	500,000	1,141,987	1,641,987
2022	830,000	1,121,988	1,951,988
2023	1,075,000	1,088,788	2,163,788
2024-28	7,090,000	4,581,688	11,671,688
2029-33	8,470,000	2,793,638	11,263,638
2034-36	9,820,000	741,663	10,561,663
Total	\$ 28,770,000	\$ 13,813,127	\$ 42,583,127

2017 General Obligation School Bonds

The 2017 General Obligation School Bonds were issued on June 26, 2017 in the amount of \$22,010,000. Principal to be paid February 1, 2019, 2020 and 2021 and then annually starting on February 1, 2028. Interest payable August 1 and February 1. Interest rates range from 3.00% to 5%. Date of maturity is February 1, 2037. The annual cash flow requirements of principal and interest on the 2017 General Obligation School Bonds are as follows:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 1,075,000	\$ 814,144	\$ 1,889,144
2020	300,000	771,143	1,071,143
2021	300,000	759,144	1,059,144
2022		747,144	747,144
2023		747,144	747,144
2024-28	1,500,000	3,735,719	5,235,719
2029-33	6,185,000	3,156,163	9,341,163
2034-37	12,650,000	1,491,500	14,141,500
Total	\$ 22,010,000	\$ 12,222,101	\$ 34,232,101

2018 General Obligation School Bonds

The 2018 General Obligation School Bonds were issued on June 28, 2018 in the amount of \$21,510,000. Principal to be paid each February 1, starting February 1, 2020. Interest payable August 1 and February 1. Interest rates range from 3.00% to 5%. Date of maturity is February 1, 2038.

The annual cash flow requirements of principal and interest on the 2018 General Obligation School Bonds are as follows:

NOTES TO FINANCIAL STATEMENTS

Note 8. Long-Term Debt, Capital Leases, and Other Financing Arrangements (con't)

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$	\$ 560,115	\$ 560,115
2020	875,000	946,673	1,821,673
2021	1,090,000	902,923	1,992,923
2022	590,000	848,423	1,438,423
2023	900,000	818,923	1,718,923
2024-28	5,170,000	3,280,113	8,450,113
2029-33	1,015,000	2,523,885	3,538,885
2034-38	11,870,000	2,188,581	14,058,581
Total	\$ 21,510,000	\$ 12,069,636	\$ 33,579,636

Capital Leases

Lease purchase obligations of the District are reflected in the General Long-Term Debt Account Group.

On July 22, 2015, the District entered into a lease purchase agreement with Dell Financial Services for computers. The agreement calls for yearly lease payments of \$160,877. Annual payments will be made through the Educational Fund. This lease was paid in full as of June 30, 2018.

On June 2, 2015, the District entered into a lease purchase agreement with De Lage Landen Public Finance, LLC for the lease of storage hardware. The agreement calls for yearly lease payments of \$12,952 through November 2019. Annual payments are made through the Educational Fund.

The following is a schedule of future minimum lease payments under capital leases:

<i>Year Ended June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 11,990	\$ 962	\$ 12,952
2020	12,462	490	12,952
Total	\$ 24,452	\$ 1,452	\$ 25,904

Note 9. Legal Debt Margin

Equalized Assessed Valuation, 2017 Tax Year	\$ 908,290,482
Statutory Debt Limitation (13.8% of Equalized Assessed Valuation)	\$ 125,344,087
Less: Qualifying Debt	(93,414,892)
Legal Debt Margin	\$ 31,929,195

NOTES TO FINANCIAL STATEMENTS

Note 10. Interfund Loans and Transfers

The following interfund loan activity occurred during the year ended June 30, 2018:

	<i>Balance, Beginning</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance, Ending</i>
Interfund Loans	\$ 4,000,000	\$	\$ 4,000,000	\$ -0-

During fiscal year ended June 30, 2017, Working Cash Fund loaned \$750,000 to the Transportation Fund to cover operating expenditures. This loan was paid in full during the fiscal year ended June 30, 2018.

During fiscal year ended June 30, 2017, Working Cash Fund loaned \$2,750,000 to the Educational Fund to cover operating expenditures. This loan was paid in full during the fiscal year ended June 30, 2018.

During fiscal year ended June 30, 2017, Working Cash Fund loaned \$500,000 to the Operations and Maintenance Fund to cover operating expenditures. This loan was paid in full during the fiscal year ended June 30, 2018.

During the fiscal year ended June 30, 2018, the District transferred \$439,261 from the Working Cash Fund to the Educational Fund for general operating purposes.

Note 11. Deposits and Investments

The District is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act and Sections 8-7 of the School Code of Illinois. According to the District's investment policy, the District can invest as allowed by the statute in authorized depositories.

Custodial Risk Related to Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The District's general investment policy regarding collateralization is to have all amounts deposited or invested covered by collateral in excess of federal depository insurance. The District has obtained collateral to secure deposits in excess of FDIC coverage.

As of June 30, 2018, none of the District's deposits were exposed to custodial credit risk.

NOTES TO FINANCIAL STATEMENTS

Note 11. Deposits and Investments (con't)

Deposits

The District's deposits include demand deposits, savings accounts and certificates of deposit. As of June 30, 2018, the bank balance was \$49,108,629, which includes the funds of the District, the Special Education Association of Adams County, Quincy Area Vocational Technical Center, and West Central Regional System. The deposits of the District's reporting entity are insured or collateralized with securities held by the District, its agent, or by the pledging financial institution's trust department or agent in the name of the District. As of June 30, 2018, \$528,477 of the District's deposits is covered by Federal Deposit Insurance and \$48,580,152 is covered by specific collateral agreements.

As of June 30, 2018, the depository banks used by the District, the Special Education Association of Adams County, the Quincy Area Vocational Technical Center, and the West Central Regional System had pledged \$48,580,152 of the bank balance in federal securities to secure the District's deposits in excess of the amount insured by the FDIC. The pledged securities are held by an independent financial institution in the District's name. In addition, a portion of the District's deposits are collateralized as part of a collateralization pool.

Investments

Custodial Credit Risk of Investments

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 investments or collateral securities that are in the possession of an outside party. The federal agency securities and the money market fund are exposed to custodial credit risk in that they are uninsured, unregistered, and held by the counterparty's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates other than limiting agreements to periods of 330 days or less.

As of June 30, 2018, the District had the following investments and maturities:

NOTES TO FINANCIAL STATEMENTS

Note 11. Deposits and Investments (con't)

Investment Type	Book Value	Fair Value	Investment Maturities (in years)	
			Less than 1	1 to 5
ISDLAF+(Inv Pool)	1,892,263	1,892,263	1,892,263	
US Govt Money Market				
Northern Institutional Gov				
Portfolio Money Market	161,189	161,189	161,189	
Corporate Bonds	25,000	25,001		25,001
Common Stocks	159,676	446,984	446,984	
Mutual Funds-Equity	36,387	46,197	46,197	
Certificates of Deposit	156,343	156,343	117,473	38,870
Total	2,430,858	2,727,977	2,664,106	63,871

The net difference in book value and fair value of investments of \$297,119, is the Storby Scholarship, which is reported at cost. (See Note 13)

As of June 30, 2018, the District's investment types are not rated.

Credit Risk and Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Disclosures are required for any issuer that represents 5% or more of total investments, exclusive of mutual funds, external investment pools and investments issued or guaranteed by the U.S. government. The District's investment policy places no limit on the amount the District may invest in any one issuer. As of June 30, 2018, investment types totaling over 5% were the ISDLAF + (Investment Pool), common stocks and certificates of deposit.

ISDLAF+ (Investment Pool)

During the year ended June 30, 2018, the District maintained an account with the Illinois School District Liquid Asset Fund Plus (also known as ISDLAF+). ISDLAF+ is an external investment pool created in cooperation by the Illinois Association of School Boards, the Illinois Association of School Business Officials, and the Illinois Association of School Administrators. Its primary purpose is to provide School Districts, Community College Districts, and Educational Service Regions with an alternative investment vehicle that will enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

ISDLAF+ also provides a Fixed Income Investment Program that allows investors to purchase investment instruments including certificates of deposit of banks and thrift institutions ("CDs"), commercial paper and bankers' acceptances.

NOTES TO FINANCIAL STATEMENTS

Note 11. Deposits and Investments (con't)

At June 30, 2018, the District had \$1,892,263 invested with the ISDLAF+ Multi-Class Series of investments.

The certificates of deposit are covered by FDIC or fully collateralized.

Foreign Currency Risk

Foreign currency risk is the risk that an investment denominated in the currency of a foreign country could reduce its U.S. dollar value, as a result of changes in foreign currency exchange rates. The District had no foreign currency risk as of June 30, 2018.

Note 12. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs: property and liability. The District is part of an insurance pool for workers' compensation coverage. During the year ended June 30, 2018, there has been no significant reduction in insurance coverage. Also, settlement amounts have not exceeded insurance coverage.

Note 13. Sam Storby Scholarship Fund

The District received \$200,000 for the establishment of a scholarship fund to benefit the boys and girls basketball teams. Under the terms of the bequest, the principal must remain intact, but the interest may be used for scholarships. The total bequest has been deposited into a trust account at Mercantile Trust, Quincy. The scholarship fund is accounted for as a non-expendable trust fund. The fund is recorded at cost, which at June 30, 2018, was \$422,252.

Note 14. Joint Agreements

The District participates in joint agreements with the Special Education Association of Adams County, Quincy Area Vocational Technical Center and the West Central Regional System, Education for Employment, along with other school districts. The District's pupils benefit from programs administered under these joint agreements, and the District benefits from jointly administered grants and programming. The District is the administrative district for all three of these joint agreements.

The Special Education Association of Adams County, the Quincy Area Vocational Technical Center and the West Central Regional System, Education for Employment, issue a publicly available financial report that includes financial statements and other information. That report may be obtained by writing to any of the above at 1416 Maine Street, Quincy, Illinois.

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Contingencies

Grant Programs

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable at June 30, 2018 may be impaired.

In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Litigation

Claim challenging the school district's tort levy. There have been multiple cases filed by a pro se litigant that have remained for the most part idle for an extended period of time. It is believed the court recognizes that the pro se litigant has filed repeated lawsuits against the School District over the course of 13+ years (all of which have been unsuccessful, and some have resulted in sanctions awards against the pro se litigant). For this reason, it is believed the court does not intend to move these cases to a resolution. As anticipated, the court is taking the approach of dismissing the cases for want of prosecution as further detailed below.

On November 14, 2012, case 12-TX-27 was filed, which challenges the school district's tort immunity tax levy for 2011. The complaint further seeks to revive all of the prior tort immunity tax objection complaints previously filed against the school district. The school district filed motion to dismiss several counts of the complaint.

On April 17, 2014, an order was entered dismissing certain counts of the complaint related to the tax levies in 2004, 2005, and 2006. The court denied the motions by the school district to dismiss the counts regarding 2009 and 2011 tax levies. Thus, challenges to the tax levies in 2008, 2009 and 2011. There have been no further court orders since April 17, 2014 and no discovery has taken place to date.

On November 17, 2014, the plaintiff filed 14-TX-46, which challenges the school district's tort immunity tax levy for 2013. On January 26, 2015, the plaintiff filed a motion for continuance, alleging the attorneys for the school district have no authority to intervene and submitted a request for review to the Illinois Attorney General. The court entered its order continuing the matter until the Illinois Attorney General makes its determination on the issue.

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Contingencies (con't)

Litigation (con't)

On November 13, 2015, the Plaintiff filed 15-TX-36, which challenges the School District's tort immunity tax levy for 2014. Motion to Strike, Answer and Affirmative Defenses filed on behalf of Quincy Public School District No. 172 on March 21, 2016. No action has occurred in this case since December 15, 2016.

These outstanding matters may be dismissed for want of prosecution as has been done for prior cases. The likelihood of an unfavorable outcome is low. If judgment is entered against the School District in these cases, the collective damages are expected to be under \$10,000.

The District is also named in various claims and legal actions in the normal course of its activities. Based upon counsel and management's opinion, the outcome of such matters is not expected to have a material adverse effect on the District's financial position or changes in fund balance.

Vacation Pay

Vacation pay is considered to be an expenditure in the year paid. Eligible support staff receive vacation pay. At June 30, 2018, the estimated unused vacation liability is \$312,441.

Sick Pay

Sick pay is considered to be an expenditure in the year paid. Accumulated sick pay benefits are available to eligible employees to use in future years. Sick pay does not vest if not used during the term of employment with the District.

Capital Project and Construction Commitments

The District entered into various contracts for school building construction and improvements to be completed over the next several years totaling \$76,988,079. As of June 30, 2018, the District had construction in progress of \$31,382,607 and approximately \$23,340,609 in outstanding commitments.

Operating Leases

The District participated in several operating leases for postage meters, driver's education vehicles, copy machines and Fiber Optic WAN and internet. Rental expenses consisted of \$326,104 for the year ended June 30, 2018.

NOTES TO FINANCIAL STATEMENTS

Note 15. Commitments and Contingencies (con't)

Operating Leases (con't)

Future minimum lease payments under these agreements as of June 30, 2018, are as follows:

Year Ended June 30,	Amount
2019	\$ 408,205
2020	406,489
2021	415,473
2022	177,143
2023	34,997

The District has entered into operating leases for buses. Lease expenses consisted of \$804,891. As of June 30, 2018, the District's future leasing commitments for buses by fiscal year were as follows:

Year Ended June 30,	Amount
2019	\$ 804,891
2020	563,750
2021	563,750
2022	1,545,273
2023	882,280

Note 16. Subsequent Events

Events that occur after the Statement of Assets and Liabilities Arising from Cash Transactions (statement) date, but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement date require disclosure in the accompanying notes. Management evaluated the activity of Quincy Public School District No. 172 through October 22, 2018, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 17. Actual Expenditures in Excess of Budget

During the year ended June 30, 2018, the district had actual expenditures in excess of budgeted expenditures due to fees charged in bond issues, as follows:

	Actual Expenditures	Budgeted Expenditures	Excess
Debt Service	\$ 6,387,503	\$ 5,968,668	\$ 418,835
Municipal Retirement/Social Security	\$ 3,169,494	\$ 3,166,308	\$ 3,186

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

COMBINING SCHEDULE OF ASSETS, LIABILITIES, FUND BALANCE
AND OTHER CREDITS ARISING FROM CASH TRANSACTIONS

ALL TRUST AND AGENCY FUNDS

June 30, 2018

	Flexible Benefit Plan Fund	Self-Funded Insurance Fund
ASSETS		
Cash and Cash Equivalents	\$ 94,929	\$ 0
Investments		
Total Assets	<u>94,929</u>	<u>0</u>
LIABILITIES		
Due to Other Organizations		
Total Liabilities	0	0
FUND BALANCE AND OTHER CREDITS		
Net Assets Available for Benefits	<u>94,929</u>	<u>0</u>
Total Liabilities, Fund Balance and Other Credits	\$ <u>94,929</u>	\$ <u>0</u>

Junior High Activity Fund	High School Activity Fund	Convenience Funds	Scholarship Funds	Total
\$ 59,983	\$ 130,954 109,717	\$ 10,618	\$ 1,151 428,877	\$ 297,635 538,594
<u>59,983</u>	<u>240,671</u>	<u>10,618</u>	<u>430,028</u>	<u>836,229</u>
<u>59,983</u>	<u>240,671</u>	<u>10,618</u>	<u>430,028</u>	<u>741,300</u>
59,983	240,671	10,618	430,028	741,300
				<u>94,929</u>
<u>\$ 59,983</u>	<u>\$ 240,671</u>	<u>\$ 10,618</u>	<u>\$ 430,028</u>	<u>\$ 836,229</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FIDUCIARY FUND TYPE - EXPENDABLE TRUST FUND
FLEXIBLE BENEFIT PLAN FUND

Year Ended June 30, 2018

Additions to Plan Assets Attributed to:	
Employee Contributions	\$
Interest on Investments	<u>643</u>
Total Additions	643
Deductions from Plan Assets Attributed to:	
Insurance Premium Payments	<u></u>
Net Increase/(Decrease)	643
Net Assets Available for Benefits, July 01, 2017	<u>94,286</u>
Net Assets Available for Benefits, June 30, 2018	\$ <u><u>94,929</u></u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

SCHEDULE OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FIDUCIARY FUND TYPE - EXPENDABLE TRUST FUND
SELF-FUNDED INSURANCE FUND

Year Ended June 30, 2018

Additions to Plan Assets Attributed to:	
Interest Income	\$ 2,028
Board Contributions	0
Employee Contributions	0
Retiree Contributions	0
Cobra Employee Contributions and Misc. Reimbursements	<u>4,960</u>
Total Additions	<u>6,988</u>
Deductions from Plan Assets Attributed to:	
Medical Claims	0
Prescriptions Claims	0
Reinsurance Premiums	0
Administrative Expenses	272,299
Other Paid Benefits	<u>0</u>
Total Deductions	<u>272,299</u>
Net Increase/(Decrease)	(265,311)
Net Assets Available for Benefits, July 01, 2017	<u>265,311</u>
Net Assets Available for Benefits, June 30, 2018	<u><u>\$ 0</u></u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2018

	Balance 7/1/2017	Receipts	Dis- bursements	Balance 6/30/2018
JR. HIGH SCHOOL ACTIVITY FUND				
9010 PTA Donations	\$ 27	\$ 1,300	\$ 549	\$ 778
9100 Drama Club	820		500	320
9105 QJHS T-shirt Sales	407			407
9110 Art Club	1,320			1,320
9115 QJHS School Store	39	585	578	46
9120 Shop Donations	9			9
9125 Beta Club	1,531			1,531
9130 LDS Instructional	188			188
9140 8th Student Council	2,911	3,370	1,423	4,858
9150 Health Fitness	62			62
9160 German Club	12			12
9170 Junior Hi-Lights	753			753
9185 QJHS Green House	2,554	250	417	2,387
9190 6th Student Council	3,329	3,334	942	5,721
9200 7th Student Council	5,918	3,370	1,341	7,947
9210 Spanish Club	100			100
9221 Sports Donation	405	1,818	1,905	318
9222 Extra Curricular General	7,060	1,328	1,632	6,756
9225 EMH Program	3,222		51	3,171
9350 Ed Program	22			22
9400 Attendance Office Miscellaneous	1,637	373	1,883	127
9410 Cheerleading	3,008	6,295	6,317	2,986
9510 Student Planner	182	2,532	1,049	1,665
9612 Reading/English	567		505	62
9613 Washington D.C. Fund	869	16,648	16,434	1,083
9614 PBIS	1,134	2,175	1,261	2,048
9620 Canada Fund	643			643
9640 Phil Fleming Memorial	125			125
9651 TMH Candy	947		261	686
9652 Yearbook	7,152	2,773	8,490	1,435
9660 Europe Trip Fundraiser	9,132	18,361	19,340	8,153
9675 Flower & Gift/Retirement/Staff PTA	189	314	384	119
9690 Mercantile Grant/Gayle Roskamp	65			65
9700 Counselors Fund	2,490	3,656	3,671	2,475
9705 QJHS Fitness Room	36			36
9710 Interest	1,149	420		1,569
Total Jr. High School Activity Fund	<u>\$ 60,014</u>	<u>\$ 68,902</u>	<u>\$ 68,933</u>	<u>\$ 59,983</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2018

		Balance 7/1/2017	Receipts	Dis- bursements	Balance 6/30/2018
HIGH SCHOOL ACTIVITY FUND					
9125	AP Exams	\$ 21,713	\$ 25,681	\$ 29,279	\$ 18,115
9130	Art Club	382	112	65	429
9140	BETA Club	2,732	2,680	3,117	2,295
9145	Classroom Books	224		128	96
9147	Cross-Categorical Tier 1	27			27
9150	Custodian Fund	2,540	1,375	170	3,745
9160	Choose Life	2,541	1,550		4,091
9165	Family Fund	0	250	75	175
9170	Flower Fund	146	1,216	1,289	73
9175	Gay Straight Alliance	752		182	570
9180	German Club	1,214	1,266	1,127	1,353
9195	Key Club	460	952	832	580
9222	Mercantile Booster	1,250	3,500	525	4,225
9225	Revolving	1,009	3,374	4,227	156
9230	National Honor Society	2,176	3,345	3,776	1,745
9240	PALS	0	536		536
9250	Pay It Forward	575		172	403
9251	P.K. Memorial Marque Donation	516			516
9252	PE Curtain	270			270
9253	PE Locks	2,688	7,502	7,808	2,382
9254	Prince Donations	228			228
9256	Positive Behavioral Intervention Support	3,695	8,049	5,582	6,162
9270	Quippi	9,854	13,717	11,878	11,693
9280	Quiz Bowl	3,438	320	470	3,288
9285	Safe Driving Grant	200			200
9290	Spanish Club	298	998	360	936
9292	Sparkle	0	2,221	8	2,213
9295	Special Project	4,614		388	4,226
9300	Special Education	1,608		275	1,333
9310	Student Council	14,208	36,728	38,059	12,877
9311	Summer School Store	375			375
9320	TMH	362	500	443	419
9400	Special Ed Foods Skills	2,506			2,506
QAVTC Accounts:					
9510	Diesel Tech Club	339	203	154	388
9520	Auto Mechanics Club	767	278	85	960
9530	Building Trades Club	2,121	523		2,644
9540	QAVTC - Childcare	680	1,215	786	1,109
9550	Commercial Foods Club	3,655	121		3,776
9570	QAVTC - Projects	542	1,698	1,518	722
9575	QAVTC - Project Lead The Way	4,193	546	630	4,109
9580	Drafting Club	34			34
9590	Electronics Club	3,103			3,103
9610	Graphic Arts Club	5,711	2,343	4,693	3,361
9620	Health Occupations Club	1,371	2,882	3,203	1,050

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2018

		Balance 7/1/2017	Receipts	Dis- bursements	Balance 6/30/2018
HIGH SCHOOL ACTIVITY FUND - cont.					
QAVTC Accounts (con't):					
9650	National Tech Honor Society	\$ 8	\$	\$	\$ 8
9660	Welding Club	3,856	710	225	4,341
9680	Agriculture	5,704	19,199	15,116	9,787
9690	Broadcasting	400	250	65	585
9800	Interest	1,903	1,396	500	2,799
9770	Anatomy		4,469	4,231	238
9780	Zoology		516	481	35
9790	Physics		6,501	4,332	2,169
Scholarship Funds:					
9710	Class of 1929 Memorial Fund	1	500	500	1
9715	Derick Douglas Basketball Camp Scholarship	107			107
9720	Mathematics Scholarship Fund	210			210
9730	Paul Miller Scholarship Fund	17			17
9735	Paul Miller Advertising	33			33
9740	Steven Davis Snider Scholarship Fund	535			535
9750	Rob McIntyre Scholarship Fund	14	2,000	2,000	14
9760	Cozean Scholarship	1			1
	Other		101		101
	Class of 1984 Memorial Fund	479			479
Subtotal High School Activity Fund		\$ 118,385	\$ 161,323	\$ 148,754	\$ 130,954
High School CDs					
	Bagusin Scholarship Fund - CD	\$ 2,282	\$ 8	\$	\$ 2,290
	Class of 1929 Memorial Fund - CD	26,099	82	500	25,681
	Cozean Scholarship - CD	21,583	87		21,670
	Derick Douglas Basketball Camp Scholarship - CD	1,961	6		1,967
	Mathematics Scholarship Fund - CD	3,656	12		3,668
	Rob McIntyre Scholarship Fund - CD	18,608	59	2,000	16,667
	Steven Davis Snider Scholarship Fund - CD	32,106	138		32,244
	Student Council - CD	5,512	18		5,530
Subtotal High School CDs		111,807	410	2,500	109,717
Total High School Activity Fund		\$ 230,192	\$ 161,733	\$ 151,254	\$ 240,671

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

CONVENIENCE FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2018

	Balance 7/1/2017	Receipts	Dis- bursements	Balance 6/30/2018
CONVENIENCE FUNDS				
Bus Barn	\$ 2,171	\$ 438	\$ 200	\$ 2,409
Maintenance Dept.	3,801	5,017	2,176	6,642
Adams County CEC	<u>1,627</u>	<u></u>	<u>60</u>	<u>1,567</u>
Total Convenience Funds	\$ <u>7,599</u>	\$ <u>5,455</u>	\$ <u>2,436</u>	\$ <u>10,618</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

SCHOLARSHIP FUNDS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2018

	Balance 7/1/2017	Receipts	Dis- bursements	Balance 6/30/2018
SCHOLARSHIP FUNDS				
F.E. Holum Scholarship	\$ 6,584	\$ 41	\$	\$ 6,625
Storby Scholarship	412,463	74,061	64,272	422,252
Clarence Montgomery Scholarship	<u>1,143</u>	<u>8</u>	<u></u>	<u>1,151</u>
Total Scholarship Funds	\$ <u>420,190</u>	\$ <u>74,110</u>	\$ <u>64,272</u>	\$ <u>430,028</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

EDUCATIONAL FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2018	2017	2016
RECEIPTS			
Local Sources:			
Property Tax	\$ 16,779,802	\$ 16,077,466	\$ 15,478,036
Replacement Tax	3,614,727	4,451,345	4,398,705
Interest	50,722	33,930	33,304
Other	3,351,694	2,671,832	2,849,971
State Sources:			
General State Aid	15,204,795	12,624,845	12,108,877
Other	4,334,609	3,502,568	4,382,631
Federal Sources	8,971,446	8,539,441	8,125,815
Total Receipts	<u>52,307,795</u>	<u>47,901,427</u>	<u>47,377,339</u>
DISBURSEMENTS			
Instruction:			
Regular Programs	19,752,280	18,867,718	19,672,222
Pre-K Programs	453,110	442,329	399,227
Special Education Programs	10,006,448	9,902,590	9,612,017
Special Education Programs Pre-K	104,499	109,309	108,723
Remedial & Supplemental			
K-12	1,576,440	1,716,230	1,919,206
Adult/Continuing Education	3,426	1,957	12,285
CTE Programs		3,000	
Interscholastic	1,108,248	1,171,290	1,072,739
Summer School	96,843	98,922	100,642
Gifted			
Driver's Education	190,650	150,388	163,320
Bilingual	24,254	26,928	27,545
Truant Alternatives	46,755	46,077	41,703
Spec Educ-Priv Tuition	2,804,059	2,622,362	2,176,410
Supporting Services:			
Pupils	3,640,717	2,568,558	2,284,105
Instructional Staff	1,861,845	2,091,865	1,926,192
General Administration	396,959	497,884	549,036
School Administration	2,821,200	2,929,988	2,755,964
Business	3,345,322	3,573,483	3,686,064
Central	785,585	791,761	666,832
Other	64,812	25,870	24,525
Community Services	210,669	190,240	194,864
Payments to Other Govts	539,866	514,643	545,904
Debt Service			
Total Disbursements	<u>49,833,987</u>	<u>48,343,392</u>	<u>47,939,525</u>
Receipts Over (Under)			
Disbursements	\$ 2,473,808	\$ (441,965)	\$ (562,186)

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

EDUCATIONAL FUND (con't)

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2018	2017	2016
Receipts Over (Under) Disbursements (From Previous Page)	\$ 2,473,808	\$ (441,965)	\$ (562,186)
OTHER FINANCING SOURCES (USES)			
Abolishment of Working Cash			
Abatement of Working Cash	439,261	420,875	405,241
Sale of Fixed Assets			
Transfer to Other Funds			
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	2,913,069	(21,090)	(156,945)
FUND BALANCE, BEGINNING	478,351	499,441	656,386
FUND BALANCE, ENDING	\$ 3,391,420	\$ 478,351	\$ 499,441

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

OPERATIONS AND MAINTENANCE FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2018	2017	2016
RECEIPTS			
Local Sources:			
Property Tax	\$ 4,568,313	\$ 4,377,093	\$ 4,213,909
Replacement Tax	677,761	678,608	219,406
Interest	14,275	7,941	15,684
Rentals	31,828	38,037	64,851
Other	211,232	116,217	128,926
State Sources	100,000		
Federal Sources			
Total Receipts	<u>5,603,409</u>	<u>5,217,896</u>	<u>4,642,776</u>
DISBURSEMENTS			
Supporting Services:			
Facilities Acquisition & Constr. Services	11,700	33,127	22,422
Operation and Maint. of Plant Services	<u>5,059,890</u>	<u>5,468,710</u>	<u>5,653,314</u>
Total Disbursements	<u>5,071,590</u>	<u>5,501,837</u>	<u>5,675,736</u>
Receipts Over (Under) Disbursements	531,819	(283,941)	(1,032,960)
OTHER FINANCING SOURCES (USES)			
Taxes Transferred to Capital Projects			
Sale of Fixed Assets			
Total Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing (Uses)	531,819	(283,941)	(1,032,960)
FUND BALANCE, BEGINNING	<u>(38,510)</u>	<u>245,431</u>	<u>1,278,391</u>
FUND BALANCE, ENDING	<u>\$ 493,309</u>	<u>\$ (38,510)</u>	<u>\$ 245,431</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

TRANSPORTATION FUND

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS,
OTHER FINANCING SOURCES (USES) AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	2018	2017	2016
RECEIPTS			
Local Sources:			
Property Taxes	\$ 1,757,044	\$ 1,683,497	\$ 1,620,765
Fees	254,748	269,002	277,274
Interest	6,258	2,065	3,894
Other	39,450	46,704	49,476
State Sources:			
State Aid:			
General State Aid	200,000	150,000	
Regular/Vocational	1,152,387	525,252	478,605
Special Education	825,784	572,122	1,020,092
Early Childhood-Block Grant		109,080	
Total Receipts	<u>4,235,671</u>	<u>3,357,722</u>	<u>3,450,106</u>
DISBURSEMENTS			
Support Services:			
Pupil Transportation	3,634,497	3,636,072	3,583,566
Other Support Services	<u>18,549</u>	<u>17,150</u>	<u>14,170</u>
Total Disbursements	<u>3,653,046</u>	<u>3,653,222</u>	<u>3,597,736</u>
Receipts Over (Under) Disbursements	582,625	(295,500)	(147,630)
FUND BALANCE, BEGINNING	<u>(174,451)</u>	<u>121,049</u>	<u>268,679</u>
FUND BALANCE, ENDING	<u>\$ 408,174</u>	<u>\$ (174,451)</u>	<u>\$ 121,049</u>

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
Quincy, Illinois

SCHEDULE OF EQUALIZED ASSESSED VALUATIONS,
TAX LEVIES, RATES, EXTENSIONS AND COLLECTIONS

June 30, 2018

	Year of Levy		
	2017	2016	2015
TAX LEVIES			
Educational	\$ 17,027,360	\$ 16,289,520	\$ 15,652,550
Bond and Interest	5,604,659	5,531,415	5,688,638
Operations & Maintenance	4,627,000	4,426,500	4,253,426
Pension/IMRF	1,471,917	1,422,086	1,373,980
Transportation	1,850,800	1,770,600	1,701,422
Working Cash	462,700	442,650	425,420
Fire Prevention & Safety	462,700	442,650	425,420
Special Education	370,160	354,120	340,353
Tort/Liability Insurance	2,238,504	2,132,083	2,120,901
Social Security	1,948,581	1,855,920	1,767,693
Leasing	462,700	442,650	425,420
	<u> </u>	<u> </u>	<u> </u>
Combined Total	\$ <u>36,527,081</u>	\$ <u>35,110,194</u>	\$ <u>34,175,223</u>

MAX RATES				
TAX RATES				
Educational	1.84000	1.84000	1.84000	1.84000
Bond and Interest	RTP	0.62331	0.63390	0.68141
Operations & Maintenance	0.50000	0.50000	0.50000	0.50000
Pension/IMRF	RTP	0.16206	0.16135	0.16294
Transportation	0.20000	0.20000	0.20000	0.20000
Working Cash	0.05000	0.05000	0.05000	0.05000
Fire Prevention & Safety	0.05000	0.05000	0.05000	0.05000
Special Education	0.04000	0.04000	0.04000	0.04000
Tort/Liability Insurance	RTP	0.24646	0.24190	0.25152
Social Security	RTP	0.21454	0.21057	0.20963
Leasing	0.05000	0.05000	0.05000	0.05000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Combined Total		<u>3.97637</u>	<u>3.97772</u>	<u>4.03550</u>

	Year of Levy		
	2017	2016	2015
TAX EXTENSIONS			
Educational	\$ 16,712,545	\$ 16,217,797	\$ 15,515,851
Bond and Interest	5,661,466	5,587,207	5,746,009
Operations & Maintenance	4,541,452	4,407,010	4,216,264
Pension/IMRF	1,471,976	1,422,142	1,373,996
Transportation	1,816,581	1,762,804	1,686,506
Working Cash	454,145	440,701	421,626
Fire Prevention & Safety	454,145	440,701	421,626
Special Education	363,316	352,561	337,301
Tort/Liability Insurance	2,238,573	2,132,111	2,120,950
Social Security	1,948,646	1,855,968	1,767,711
Leasing	454,145	440,701	421,626
Combined Total	\$ 36,116,990	\$ 35,059,703	\$ 34,029,466

TAX COLLECTIONS			
Educational	\$ 16,164,836	\$ 15,488,242	
Bond and Interest	5,575,076	5,735,780	
Operations & Maintenance	4,392,609	4,208,743	
Pension/IMRF	1,417,481	1,371,561	
Transportation	1,757,044	1,683,497	
Working Cash	439,261	420,874	
Fire Prevention & Safety	439,261	420,874	
Special Education	351,409	336,699	
Tort/Liability Insurance	2,125,156	2,117,178	
Social Security	1,849,893	1,764,547	
Leasing	439,261	420,875	
Combined Total	\$ 34,951,287	\$ 33,968,870	

EQUALIZED ASSESSED VALUATIONS	\$ 908,290,482	\$ 881,402,008	\$ 843,252,786
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QUINCY PUBLIC SCHOOL DISTRICT NO. 172
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

LAST 10 CALENDAR YEARS (to be built prospectively from 2015)

Fiscal Year Ending June 30,	2018	2017	2016	2015	2013	2012	2011	2010	2009
Employer's Proportion of the Net Pension Liability	0.025664385	0.026850565	0.026794479	0.030265675					
Employer's Proportionate Share of the Net Pension Liability	\$ 19,807,114	\$ 21,194,774	\$ 17,553,083	\$ 18,419,167					
State's Proportionate Share of the Net Pension Liability									
Associated with the Employer	190,277,479	194,692,652	166,361,600	157,068,038					
Total	\$ 209,884,593	\$ 215,887,426	\$ 183,914,683	\$ 175,487,205	-	-	-	-	-
Employer's Covered Employee Payroll	\$ 25,969,885	\$ 25,755,064	\$ 25,556,228	\$ 25,055,178					
Employer's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	75.50%	82.29%	68.68%	73.51%					
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	39.30%	36.40%	41.50%	43.00%					

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS
TEACHERS' RETIREMENT SYSTEM OF THE STATE OF ILLINOIS

LAST 10 YEARS (To be built prospectively from 2015)

Fiscal Year Ending June 30,	Statutorily Required Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Employee Payroll	Actual Contribution as a % of Covered-Employee Payroll
2015	\$ 975,353	\$ 981,792	\$ (6,439)	\$ 25,055,178	3.92%
2016	1,029,434	1,044,014	(14,580)	25,556,228	4.09%
2017	1,061,109	1,072,045	(10,936)	25,755,064	4.16%
2018	308,531	309,987	(1,456)	25,969,885	1.19%

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
MULTIYEAR SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS (to be built prospectively from 2014)

Calendar Year Ending December 31,	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Total Pension Liability										
Service Cost	\$ 1,445,470	\$ 1,423,107	\$ 1,423,141	\$ 1,512,079						
Interest on the Total Pension Liability	5,701,209	5,495,498	5,292,591	4,868,840						
Benefit Changes	-	-	-	-						
Difference Between Expected and Actual Experience	368,687	(83,040)	(54,795)	41,746						
Assumption Changes	(2,484,228)	(260,972)	84,781	3,006,452						
Benefit Payments and Refunds	(4,225,459)	(4,049,004)	(3,820,377)	(3,444,862)						
Net Change in Total Pension Liability	805,679	2,525,589	2,925,341	5,984,255	-	-	-	-	-	-
Total Pension Liability - Beginning	77,406,114	74,880,525	71,955,184	65,970,929						
Total Pension Liability - Ending (a)	\$ 78,211,793	\$ 77,406,114	\$ 74,880,525	\$ 71,955,184	-	-	-	-	-	-

Plan Fiduciary Net Position										
Employer Contributions	\$ 1,836,354	\$ 1,878,128	\$ 1,932,031	\$ 1,824,524						
Employee Contributions	616,881	588,982	573,637	572,475						
Pension Plan Net Investment Income	11,717,123	4,301,594	310,918	3,624,573						
Benefit Payments and Refunds	(4,225,459)	(4,049,004)	(3,820,377)	(3,444,862)						
Other	(1,380,893)	253,669	751,899	321,043						
Net Change in Plan Fiduciary Net Position	8,564,006	2,973,369	(251,892)	2,897,753	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning	65,562,397	62,589,028	62,840,920	59,943,167						
Plan Fiduciary Net Position - Ending (b)	\$ 74,126,403	\$ 65,562,397	\$ 62,589,028	\$ 62,840,920	-	-	-	-	-	-
Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 4,085,390	\$ 11,843,717	\$ 12,291,497	\$ 9,114,264						

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

	94.78%	84.70%	83.59%	87.33%						
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Covered Valuation Payroll

	\$ 13,350,603	\$ 13,078,887	\$ 12,745,307	\$ 12,566,416						
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Net Pension Liability as a Percentage of Covered Valuation Payroll

	30.60%	90.56%	96.44%	72.53%						
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Notes to Schedule: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
MULTIYEAR SCHEDULE OF EMPLOYER CONTRIBUTIONS
ILLINOIS MUNICIPAL RETIREMENT FUND

LAST 10 CALENDAR YEARS (To be built prospectively from 2014)

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	\$ 1,804,537	\$ 1,824,524	\$ (19,987)	\$ 12,566,416	14.52%
2015	1,814,932	1,932,031	(117,099)	12,745,307	15.16%
2016	1,878,128	1,878,128	-	13,078,887	14.36%
2017	1,833,038 *	1,836,354	(3,316)	13,350,603	13.75%

* Estimated based on contribution rate of 13.73% and covered valuation payroll of \$13,350,603.

Notes to Schedule: This schedule is presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend is compiled, information is presented for those years for which information is available.

QUINCY PUBLIC SCHOOL DISTRICT NO. 172

Quincy, Illinois

Notes to Other Information (Unaudited)

Note 1. Teacher's Retirement System of Illinois - Changes of Assumptions

For the 2017 and 2016 measurement years, the assumed investment rate of return was 7.0 percent, including an inflation rate of 2.5 percent and a real rate of return of 4.5 percent. Salary increases were assumed to vary by service credit.

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

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

Note 2. Illinois Municipal Retirement Fund – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate*

Valuation Date: 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 2017 Contribution Rates:

Actuarial Cost Method:	Aggregate entry age normal
Amortization Method:	Level percentage of payroll, closed
Remaining Amortization Period:	26-year closed period
Asset Valuation Method:	5-year smoothed 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%
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 to 2013.

NOTES TO OTHER INFORMATION

Note 2. Illinois Municipal Retirement Fund – Summary of Actuarial Methods and Assumptions Used in the Calculation of the 2017 Contribution Rate* (cont.)

Mortality:

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

There were no benefit changes during the year

* Based on Valuation Assumptions used in the December 31, 2015 actuarial valuation; note two year lag between valuation and rate setting.

ANNUAL FEDERAL FINANCIAL COMPLIANCE REPORT (COVER SHEET)
DISTRICT/JOINT AGREEMENT
Year Ending June 30, 2018

DISTRICT/JOINT AGREEMENT NAME Quincy Public School District No. 172	RCDT NUMBER 01-001-1720-22	CPA FIRM 9-DIGIT STATE REGISTRATION NUMBER 066-004993	
ADMINISTRATIVE AGENT IF JOINT AGREEMENT (as applicable) Roy Webb		NAME AND ADDRESS OF AUDIT FIRM Zumbahlen, Eyth, Surratt, Foote & Flynn, Ltd. 1395 Lincoln Ave. Jacksonville	
ADDRESS OF AUDITED ENTITY (Street and/or P.O. Box, City, State, Zip Code) 1416 Maine Street Quincy 62301		E-MAIL ADDRESS: vflynn@zescpa.com	
		NAME OF AUDIT SUPERVISOR Valerie L. Flynn	
		CPA FIRM TELEPHONE NUMBER 217-245-5121	FAX NUMBER 217-243-3356

THE FOLLOWING INFORMATION MUST BE INCLUDED IN THE SINGLE AUDIT REPORT:

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

THE FOLLOWING INFORMATION IS HIGHLY RECOMMENDED TO BE INCLUDED:

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

Note: IF THE PAPER COPY OF THE AFR IS NOT THE SAME AS THE ELECTRONIC VERSION, PLEASE NOTIFY - Leslie Clay at lclay@isbe.net

ZUMBAHLEN, EYTH, SURRATT, FOOTE & FLYNN, LTD

Certified Public Accountants

**CYNTHIA S. FOOTE, CPA
VALERIE L. FLYNN, CPA
ADAM R. WITHEE, CPA
SUZANNE M. STECKEL, CPA**

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AMERICAN INSTITUTE OF CPA**

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Education
Quincy Public School District No. 172
Quincy, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Quincy Public School District No. 172 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Quincy Public School District No. 172's basic financial statements and have issued our report thereon dated October 22, 2018. Our opinion was adverse because financial statements are not prepared in accordance with generally accepted accounting principles. However, the financial statements were found to be fairly stated on the cash basis of accounting, in accordance with regulatory reporting requirements established by the Illinois State Board of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Quincy Public School District No. 172's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Quincy Public School District No. 172's internal control. Accordingly, we do not express an opinion on the effectiveness of Quincy Public School District No. 172'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quincy Public School District No. 172's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-001.

Quincy Public School District No. 172's Response to Findings

Quincy Public School District No. 172's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Quincy Public School District No. 172's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Zenith, Eyre, Smith, Frost & Fyfe, Ltd.

Jacksonville, Illinois
October 22, 2018

ZUMBAHLEN, EYTH, SURRATT, FOOTE & FLYNN, LTD

Certified Public Accountants

**CYNTHIA S. FOOTE, CPA
VALERIE L. FLYNN, CPA
ADAM R. WITHEE, CPA
SUZANNE M. STECKEL, CPA**

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

Board of Education
Quincy Public School District No. 172
Quincy, Illinois

Report on Compliance for Each Major Federal Program

We have audited Quincy Public School District No. 172's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Quincy Public School District No. 172's major federal programs for the year ended June 30, 2018. Quincy Public School District No. 172's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Quincy Public School District No. 172'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 Quincy Public School District No. 172'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 Quincy Public School District No. 172's compliance.

Opinion on Each Major Federal Program

In our opinion, Quincy Public School District No. 172, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-004. Our opinion on each major federal program is not modified with respect to these matters.

Quincy Public School District No. 172's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Quincy Public School District No. 172's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Quincy Public School District No. 172 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 Quincy Public School District No. 172'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 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 Quincy Public School District No. 172's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2018-003 and 2018-004 that we consider to be material weaknesses.

Quincy Public School District No. 172's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Quincy Public School District No. 172's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Zimmerman, Elyth, Summit, Footh - Flynn, Ltd.

Jacksonville, Illinois
October 22, 2018

Quincy Public School District No. 172
01-001-1720-22

RECONCILIATION OF FEDERAL REVENUES
Year Ending June 30, 2018
Annual Financial Report to Schedule of Expenditures of Federal Awards

TOTAL FEDERAL REVENUE IN AFR

Account Summary 7-8, Line 7	Account 4000	\$	8,971,446
Flow-through Federal Revenues			
Revenues 9-14, Line 112	Account 2200		-
Value of Commodities			
Indirect Cost Info 29, Line 11			301,363
Less: Medicaid Fee-for-Service Program			
Revenues 9-14, Line 271	Account 4992		(788,902)
AFR TOTAL FEDERAL REVENUES:		\$	8,483,907

ADJUSTMENTS TO AFR FEDERAL REVENUE AMOUNTS:

Reason for Adjustment:

Medicaid Admin Fee Not Included in AFR Revenue	\$	10,020
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ADJUSTED AFR FEDERAL REVENUES	\$	8,493,927
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Total Current Year Federal Revenues Reported on SEFA:		
Federal Revenues	Column D	\$ 8,493,927

Adjustments to SEFA Federal Revenues:

Reason for Adjustment:

ADJUSTED SEFA FEDERAL REVENUE:	\$	8,493,927
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DIFFERENCE:	\$	-
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Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)+(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients (G)			
U.S. DEPT. OF AGRICULTURE PASSED THROUGH DEPARTMENT OF DEFENSE									0	
Fresh Fruits and Vegetables	10.555	2017	108,958		108,958				108,958	N/A
Fresh Fruits and Vegetables	10.555	2018		103,496		103,496			103,496	N/A
U.S. DEPT. OF AGRICULTURE PASSED THROUGH ILLINOIS STATE BOARD OF EDUCATION									0	
Government Donated Commodities	10.555	2017	219,828		219,828				219,828	N/A
Government Donated Commodities	10.555	2018		197,867		197,867			197,867	N/A
Federal Lunch Program-FY17 Regular	10.555	17-4210-00	1,458,428	319,920	1,464,396		313,952		1,778,348	N/A
Federal Lunch Program-FY18 Regular	10.555	18-4210-00		1,362,700		1,362,700			1,362,700	N/A
Total CFDA 10.555 (M)			1,787,214	1,983,983	1,793,182	0	1,978,015	0	3,771,197	N/A
Federal Lunch Program-FY17 Breakfast	10.553	17-4220-00	439,627	99,682	441,381		97,928		539,309	N/A
Federal Lunch Program-FY18 Breakfast	10.553	18-4220-00		444,917		444,917			444,917	N/A
Total CFDA 10.553 (M)			439,627	544,599	441,381	0	542,845	0	984,226	N/A
Summer Food Service Program	10.559	17-4225-00		64,823	43,844		20,979		64,823	N/A
Summer Food Service Program	10.559	18-4225-00					48,344		48,344	N/A
Total CFDA 10.559 (M)			0	64,823	43,844	0	69,323	0	113,167	N/A
TOTAL CHILD NUTRITION CLUSTER			2,226,841	2,593,405	2,278,407	0	2,590,183	0	4,868,590	N/A
TOTAL U.S. DEPT. OF AGRICULTURE			2,226,841	2,593,405	2,278,407	0	2,590,183	0	4,868,590	N/A

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

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

The accompanying notes are an integral part of this schedule.

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

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

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

4. The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

Quincy Public School District No. 172

01-001-1720-22

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation (U.S. DEPT. OF EDUCATION PASSED THROUGH ILLINOIS STATE BOARD OF EDUCATION)	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Year 7/1/17-6/30/18 Pass through to Subrecipients	Obligations/ Encumb. (G)	Final Status (H)-(F)+(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 Pass through to Subrecipients			
Title I - Low Income	84.010A	17-4300-00	1,775,746	446,082	1,868,694				0	
Title I - Low Income (\$4,016 Prepayment)	84.010A	18-4300-00		1,447,217				349,118	2,217,812	2,473,556
Title I - Neglected Private	84.010A	17-4305-00	48,790	12,040	49,931			1,531,685	1,531,685	2,445,705
Title I - Neglected Private	84.010A	18-4305-00		49,666				10,899	60,830	67,167
Title I - Delinquent Private	84.010A	17-4306-00	50,996	10,150	55,994			50,667	50,667	63,727
Title I - Delinquent Private	84.010A	18-4306-00		44,154				5,152	61,146	62,804
Total CFDA 84.010A			1,875,532	2,009,309	1,974,619	0	0	48,177	48,177	57,917
Title IV-21st Century Community Learning Centers	84.287C	17-4421-15	144,604	120,314	214,477			1,995,698	3,970,317	5,170,876
Title IV-21st Century Community Learning Centers	84.287C	18-4421-15		143,207				50,441	264,918	269,655
Total CFDA 84.287C			144,604	262,521	214,477	0	0	222,643	272,643	269,655
Title II - Teacher Quality	84.367A	17-4932-00	6,848	3,495	5,533			273,084	487,561	539,310
Title II - Teacher Quality (\$897 Prepayment)	84.367A	18-4932-00		0				3,913	9,446	19,389
Total CFDA 84.367A			6,848	3,495	5,533	0	0	0	0	11,029
Fed. Sp. Ed. IDEA Room and Board	84.027A	17-4625-00	64,640	140,560	141,080			3,913	9,446	30,418
Fed. Sp. Ed. IDEA Room and Board	84.027A	18-4625-00		161,680				64,120	205,200	N/A
U.S. DEPT. OF EDUCATION PASSED THROUGH SPECIAL EDUCATION ASSOCIATION OF ADAMS								205,500	226,877	N/A
Fed. Sp. Ed. IDEA Flow-Through	84.027A	17-4620-00	271,242	88,883	335,671				360,125	537,783
Fed. Sp. Ed. IDEA Flow-Through	84.027A	18-4620-00		859,672				983,167	983,167	2,010,048
Total CFDA 84.027A (M)			335,882	1,250,795	476,751	0	0	1,277,241	1,775,369	2,547,831

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

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

The accompanying notes are an integral part of this schedule.

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

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

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

* The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴		Obligations/ Encumb. (G)	Final Status (H)(F)(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 (E)	Year 7/1/16-6/30/17 Pass through to Subrecipients	Year 7/1/17-6/30/18 (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients	
Fed. Sp. Ed. Preschool Flow-Through	84.173	17-4600-00	68,438	24,302	92,266		474		92,740
Fed. Sp. Ed. Preschool Flow-Through	84.173	18-4600-00		71,184			90,238		92,740
Total CFDA 84.173 (M)			68,438	95,486	92,266	0	90,712	0	185,480
TOTAL SPECIAL EDUCATION CLUSTER (IDEA)			404,320	1,346,281	569,017	0	1,367,953	0	2,733,311
U.S. DEPT. OF EDUCATION PASSED THROUGH ILLINOIS DEPARTMENT OF HUMAN SERVICES									
Rehabilitation Services-STEP	84.126	46CV000009	49,994	3,097	53,091				53,091
Rehabilitation Services-STEP	84.126	W46CW00009		34,636			35,376		53,091
Total CFDA 84.126			49,994	37,733	53,091	0	35,376	0	106,182
U.S. DEPT. OF EDUCATION PASSED THROUGH ILLINOIS STATE UNIVERSITY									
Grant Illinois Partnership Advancing Rigorous Training	84.363	A14-0017-S002	66,148	46,103	85,043		27,208		113,000
Grant Illinois Partnership Advancing Rigorous Training	84.363	A14-0017-S002		34,902			105,723		106,699
Total CFDA 84.363			66,148	81,005	85,043	0	132,931	0	219,699
TOTAL U.S. DEPT. OF EDUCATION			2,547,446	3,740,344	2,901,780	0	3,808,955	0	8,799,796
U.S. DEPT. OF HEALTH AND HUMAN SERVICES- DIRECT PROGRAMS									
Head Start (\$1,322,954 Received FY16, \$1,544,809 Spent FY16)	93.600	05CH10019-01	436,266		214,411				
Head Start	93.600	05CH10019-02-02	1,503,012	314,331	1,593,648		223,695		1,759,220
Head Start	93.600	05CH10019-03-02		1,595,344			1,704,642		1,825,293
Total CFDA 93.600			1,939,278	1,909,675	1,808,059	0	1,928,337	0	1,996,274
									5,580,737

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

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

The accompanying notes are an integral part of this schedule.

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

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

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

4 The Uniform Guidance requires that the value of federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end be included in the schedule and suggests to include the amounts in the SEFA notes.

Quincy Public School District No. 172

01-001-1720-22

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ending June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title and Major Program Designation	CFDA Number ² (A)	ISBE Project # (1st 8 digits) or Contract # ³ (B)	Receipts/Revenues		Expenditure/Disbursements ⁴			Obligations/ Encumb. (G)	Final Status (E)-(F)-(G) (H)	Budget (I)
			Year 7/1/16-6/30/17 (C)	Year 7/1/17-6/30/18 (D)	Year 7/1/16-6/30/17 Pass through to Subrecipients (E)	Year 7/1/17-6/30/18 Pass through to Subrecipients (F)	Year 7/1/17-6/30/18 Pass through to Subrecipients			
U.S. DEPT. OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES										
Medicaid Admin Outreach	93.778	17-4991-00	108,570	48,670	157,240				0	N/A
Medicaid Admin Outreach	93.778	18-4991-00		201,833		272,419			272,419	N/A
Total CFDA 93.778 (M)			108,570	250,503	157,240	272,419	0	0	429,659	N/A
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			2,047,848	2,160,178	1,965,299	2,200,756	0	0	5,710,864	5,580,737
TOTAL FEDERAL AWARDS			6,822,135	8,493,927	7,145,486	8,599,894	0	21,377	17,311,566	14,380,533
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	
									0	

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

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

The accompanying notes are an integral part of this schedule.

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

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

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

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

01-001-1720-22

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)

Year Ending June 30, 2018

Note 1: Basis of Presentation⁵

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Quincy Public School District No. 172 and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2: Indirect Facilities & Administration costs⁶

Auditee elected to use 10% de minimis cost rate?

YES

X NO

Note 3: Subrecipients

Of the federal expenditures presented in the schedule, Quincy Public School District No. 172 provided federal awards to subrecipients as follows:

[illegible]

Note 4: Non-Cash Assistance

The following amounts were expended in the form of non-cash assistance by Quincy Public School District No. 172 and are included in the Schedule of Expenditures of Federal Awards:

NON-CASH COMMODITIES (CFDA 10.555):**

\$301,363

OTHER NON-CASH ASSISTANCE - DEPT. OF DEFENSE FRUITS & VEGETABLES

\$0

Total Non-Cash

\$301,363

Note 5: Other Information

Insurance coverage in effect paid with Federal funds during the fiscal year:

Property

\$0

Auto

\$0

General Liability

\$0

Workers Compensation

\$0

Loans/Loan Guarantees Outstanding at June 30:

\$0

District had Federal grants requiring matching expenditures

Yes

(Yes/No)

** The amount reported here should match the value reported for non-cash Commodities on the Indirect Cost Rate Computation page.

⁵ This note is included to meet the Uniform Guidance requirement that the schedule include notes that describe the significant accounting policies used in preparing the schedule. (§200.510 (b)(6))

⁶ The Uniform Guidance requires the Schedule of Expenditures of Federal Awards to note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs. §200.510 (b)(6)

QUINCY PUBLIC SCHOOL DISTRICT NO. 172
01-001-1720-22
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
Year Ended June 30, 2018

Note 6: Reconciliation of Schedule of Expenditures of Federal Awards to Financial Statements-Expenditures

Total expenditures per schedule of expenditures of federal awards	\$ 8,599,894
Government donated commodities not reported in financial statements	(301,363)
Total federal expenditures per statement of revenues received, expenditures disbursed, other financing sources (uses) and changes in fund balance	\$ <u>8,298,531</u>

Note 7: Reconciliation of "Final Status" Column

7/1/16-6/30/17 Expenditures Per SEFA	\$ 7,145,486
7/1/17-6/30/18 Expenditures Per SEFA	8,599,894
Obligations Per SEFA	21,377
7/1/15-6/30/16 Expenditures Not On SEFA (Head Start, 05CH4139/49, CFDA 93.600)	<u>1,544,809</u>
FINAL STATUS PER SEFA	\$ <u>17,311,566</u>

Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Adverse
(Unmodified, Qualified, Adverse, Disclaimer)

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- Material weakness(es) identified? X YES None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported
- Noncompliance material to the financial statements noted? X YES NO

FEDERAL AWARDS

INTERNAL CONTROL OVER MAJOR PROGRAMS:

- Material weakness(es) identified? X YES None Reported
- Significant Deficiency(s) identified that are not considered to be material weakness(es)? YES X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified
(Unmodified, Qualified, Adverse, Disclaimer⁷)

Any audit findings disclosed that are required to be reported in accordance with §200.516 (a)? X YES NO

IDENTIFICATION OF MAJOR PROGRAMS:⁸

CFDA NUMBER(S) ⁹	NAME OF FEDERAL PROGRAM or CLUSTER ¹⁰	AMOUNT OF FEDERAL PROGRAM
10.553, 10.555, 10.559	Child Nutrition Cluster	2,590,183
84.027A, 84.173	Special Education Cluster (IDEA)	1,367,953
93.778	Medicaid	272,419
	Total Amount Tested as Major	\$4,230,555

Total Federal Expenditures for 7/1/17-6/30/18

\$8,599,894

% tested as Major

49.19%

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.00

Auditee qualified as low-risk auditee? YES X NO

⁷ If the audit report for one or more major programs is other than unmodified, indicate the type of report issued for each program.
Example: "Unmodified for all major programs except for [name of program], which was modified and [name of program], which was a disclaimer."

⁸ Major programs should generally be reported in the same order as they appear on the SEFA.

⁹ When the CFDA number is not available, include other identifying number, if applicable.

¹⁰ The name of the federal program or cluster should be the same as that listed in the SEFA. For clusters, auditors are only required to list

Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹ 2018- 001 2. THIS FINDING IS: ☐ New ☒ Repeat from Prior Year?
Year originally reported? 2016

3. Criteria or specific requirement

Internal controls should be in place to monitor and limit expenditures within approved budget guidelines.

4. Condition

Actual expenditures were allowed to exceed budgeted expenditures.

5. Context¹²

The District had actual expenditures in excess of budget of \$418,835 in the Debt Service Fund and \$3,186 in the Municipal Retirement/Social Security Fund.

6. Effect

The District did not comply with applicable budget constraints.

7. Cause

The District did not perform a review of budgeted expenditures compared to actual expenditures on a regular basis.

8. Recommendation

The District should review a comparison of actual expenditures to budgeted expenditures throughout the year. If the District will exceed the adopted budget, the Board should amend the budget by the same procedures required of the original adoption.

9. Management's response¹³

The District will monitor actual expenditures in relation to budget more closely in the future, and if the budget will be exceeded, the Board will amend the budget by the same procedures required of the original adoption.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION II - FINANCIAL STATEMENT FINDINGS

1. FINDING NUMBER:¹¹

2018- 002

2. THIS FINDING IS:



New



Repeat from Prior Year?

Year originally reported?

3. Criteria or specific requirement

Internal controls should provide for a review of reimbursements received from the Special Education Association of Adams County for agreement with expenditure reports filed with the Association.

4. Condition

Reimbursements received from the Special Education Association of Adams County are not being compared to submitted expenditure reports for agreement.

5. Context¹²

The District submits expenditure reports to the Association in order to receive reimbursements for monies spent by the District through the IDEA Special Education grants.

6. Effect

The District has been reimbursed by the Association, amounts that differ from the amounts requested by the District. In certain instances, such as where the grant year has already been closed, this has resulted in lost revenue to the District due to reimbursements received for less than requested and documented.

7. Cause

There is no subsequent review and reconciliation of expenditure reports to reimbursements once the reimbursement is received from the Association.

8. Recommendation

The District should reconcile reimbursements received from the Association with amounts requested through expenditure reports. If the amounts differ, the District should work with the Association to determine the cause of the difference, such as disapproved expenditures or clerical errors.

9. Management's response¹³

The District will review and reconcile amounts received from the Association with amounts requested on a timely basis. If there are differences in the amounts, the District will work with the Association to determine the cause, and reflect any necessary changes in the records of the District.

¹¹ A suggested format for assigning reference numbers is to use the digits of the fiscal year being audited followed by a numeric sequence of findings. For example, findings identified and reported in the audit of fiscal year 2018 would be assigned a reference number of 2018-001, 2018-002, etc. The sheet is formatted so that only the number need be entered (1, 2, etc.).

¹² Provide sufficient information for judging the prevalence and consequences of the finding, such as relation to universe of costs and/or number of items examined and quantification of audit findings in dollars.

¹³ See §200.521 *Management decision* for additional guidance on reporting management's response.

Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER: ¹⁴	2018- <u>003</u>	2. THIS FINDING IS:	<input checked="checked" type="checkbox"/> New <input type="checkbox"/> Repeat from Prior year? Year originally reported?
3. Federal Program Name and Year:		2017 Federal Special Education Cluster	
4. Project No.:	4600, 4620, 4625	5. CFDA No.:	84.027, 84.173
6. Passed Through:	Special Education Association of Adams County		
7. Federal Agency:	U.S. Department of Education		
8. Criteria or specific requirement (including statutory, regulatory, or other citation) See Finding 2018-002			
9. Condition ¹⁵			
10. Questioned Costs ¹⁶ \$0			
11. Context ¹⁷			
12. Effect			
13. Cause			
14. Recommendation			
15. Management's response ¹⁸			

For ISBE Review

Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.

¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).

¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).

¹⁷ See footnote 12.

¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Quincy Public School District No. 172
01-001-1720-22
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ending June 30, 2018

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

1. FINDING NUMBER:¹⁴ 2018- 004 2. THIS FINDING IS: ☒ New ☐ Repeat from Prior year?
Year originally reported?

3. Federal Program Name and Year: 2017 Special Education Cluster

4. Project No.: 4600, 4620, 4625 5. CFDA No.: 84.027, 84.173

6. Passed Through: Special Education Association of Adams County

7. Federal Agency: U.S. Department of Education

8. Criteria or specific requirement (including statutory, regulatory, or other citation)
The District must maintain time and effort documentation in accordance with 2 CFR section 200.430(i)(1)(vii).

9. Condition¹⁵
Signed time and effort documentation was not maintained by the District.

10. Questioned Costs¹⁶
\$0

11. Context¹⁷
The District did not send out time and effort documentation requests on a semi-annual basis as has been done in previous years.

12. Effect
The District did not comply with time and effort reporting requirements.

13. Cause
The District failed to have teachers whose salary is paid, in whole or in part, by the IDEA Special Education grants, sign off on time and effort documentation on at least a semi-annual basis.

14. Recommendation
The District should continue to request time and effort documentation from affected teachers on at least a semi-annual basis.

15. Management's response¹⁸
Management will continue to request time and effort documentation from teachers paid through the IDEA Special Education grant. If a reporting deadline is missed, the District will remedy the oversight as soon as it is identified.

For ISBE Review	
Date: _____	Resolution Criteria Code Number _____
Initials: _____	Disposition of Questioned Costs Code Letter _____

¹⁴ See footnote 11.
¹⁵ Include facts that support the deficiency identified on the audit finding (§200.516 (b)(3)).
¹⁶ Identify questioned costs as required by §200.516 (a)(3 - 4).
¹⁷ See footnote 12.
¹⁸ To the extent practical, indicate when management does not agree with the finding, questioned cost, or both.

Quincy Public School District No. 172
01-001-1720-22
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS¹⁹
Year Ending June 30, 2018

[If there are no prior year audit findings, please submit schedule and indicate **NONE**]

<u>Finding Number</u>	<u>Condition</u>	<u>Current Status</u> ²⁰
2017-001	Various revenues and expenditures were misclassified by fund, function and object	Resolved
2017-002	Duties regarding grant expenditures/reporting of Quincy Public School District No. 172 and the Special Education Association of Adams County are being performed by the same personnel.	Resolved
2017-003	Actual expenditures were allowed to exceed budgeted expenditures	See 2018-001
2017-004	Cash and investment bank reconciliations should be reviewed timely for accuracy by someone independent of their completion.	Resolved

When possible, all prior findings should be on the same page

¹⁹ Explanation of this schedule - §200.511 (b)

²⁰ Current Status should include one of the following:

- A statement that corrective action was taken
- A description of any partial or planned corrective action
- An explanation if the corrective action taken was significantly different from that previously reported or in the management decision received from the pass-through entity.

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

Finding 2018-001:

Condition: Actual expenditures were allowed to exceed budgeted expenditures.

Plan: The District will monitor actual expenditures in relation to budget, and if the budget will be exceeded, the Board will amend the budget by the same procedures required of its original adoption.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Roy Webb, Superintendent

Finding 2018-002 and 2018-003:

Condition: Reimbursements received from the Special Education Association of Adams County are not being compared to submitted expenditure reports for agreement.

Plan: The District will review and reconcile amounts received from the Association with amounts requested on a timely basis. If there are differences in the amounts, the District will work with the Association to determine the cause, and reflect any necessary changes in the records of the District.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Roy Webb, Superintendent

Finding 2018-004:

Condition: Signed time and effort documentation was not maintained by the District.

Plan: The District will continue to request time and effort documentation from teachers paid through the IDEA Special Education grant. If a reporting deadline is missed, the District will remedy the oversight as soon as it is identified.

Anticipated Date of Completion: Ongoing

Name of Contact Person: Roy Webb, Superintendent