

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531

Ullin, Illinois

**Comprehensive Annual Financial Report**

For the Year Ended

June 30, 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shawnee Community College, Community College District #531 (the College) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College'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 accounting principles generally accepted in the United States of America (GAAP); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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

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

### **Basis for Disclaimer of Opinion on the Financial Reporting Entity**

The financial statements of the financial reporting entity include the College, which is the primary government, and its discretely presented component unit, the Shawnee Community College Foundation (the Foundation). The Foundation's financial statements have not been audited, and we were not engaged to audit the Foundation's financial statements as part of our audit of the College's basic financial statements.

### **Disclaimer of Opinion**

Because of the significance of the matter described in the "Basis for Disclaimer of Opinion on the Financial Reporting Entity" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the financial reporting entity that includes the College and the Foundation.

### **Unmodified Opinion**

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the College as of June 30, 2018, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 9, the Schedule of Proportionate Share of Net Pension Liability – SURS and Schedule of Contributions – SURS on page 35, the Schedule of Proportionate Share of OPEB Liability – CIP on page 37, and the Schedule of Contributions – CIP on page 38 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of

America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the College as of and for the year ended June 30, 2018. The combining financial statements and other data in Schedules 1 through 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The uniform financial statements in Schedules 17 through 21 and the certificate of chargeback reimbursement (Schedule 22) are presented for purposes of additional analysis as required by the Illinois Community College Board and are also not a required part of the basic financial statements. The accompanying Schedules 34 through 36, including the Schedule of Expenditures of Federal Awards, are presented for the purpose 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 Award*, and are also not a required part of the basic financial statements. As described in Note 17, Schedules 1 through 3, Schedules 6 through 9, Schedules 11 through 13, Schedule 17, and Schedules 19 through 21 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

Schedules 1 through 22 and Schedules 34 through 36, including the schedule of expenditures of federal awards, are the responsibility of management. Schedules 1 through 22, except Schedule 16, and Schedules 34 through 36, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Information on Schedules 1 through 22, except Schedule 16, and Schedules 34 through 36, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on Schedules 1 through 22, except Schedule 16, and Schedules 34 through 36, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except for differences between GAAP for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

Schedule 16 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on Schedule 16.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2018, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Martin Hood LLC". The signature is written in a cursive, flowing style.

Champaign, Illinois  
October 10, 2018

**SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

This section of Shawnee Community College's (the College) Financial Statements represents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2018. Since this discussion and analysis is designed to focus on current activities and currently known facts, please read it in conjunction with the basic financial statements and footnotes (pages 10-34). Responsibility for the completeness and fairness of this information rests with the College.

**Using this Annual Report**

The financial statements focus on the College as a whole. The College's basic financial statements are designed to resemble corporate financial statements whereby all College activities are consolidated into one total. The Statement of Net Position is to be considered bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses and Changes in Net Position focuses on the gross and net costs of College activities. These activities are supported by property taxes, state and federal revenues, tuition and other revenues. This approach is intended to summarize and simplify the user's evaluation of the cost of various College services to students and the public.

**Financial Highlights**

As of June 30, 2018, the College's Net Position was \$28.3 million, a decrease of \$6.3 million over the prior year's Net Position of \$34.6 million. This decrease in net position is due to the new GASB Statement No. 75 that requires the College to report a liability for Postemployment Benefits Other Than Pensions for the health insurance provided to retirees through the State Universities Retirement System.

The largest concern in the district is the continual decline in enrollment. Administration is monitoring this and looking at ways to increase enrollment through new programs, hybrid courses, online courses, and condensed courses.

There are currently no other known facts, decisions or conditions which will have a significant effect on the financial position (Net Position) or results of operation (revenues, expenses and changes in Net Position).

**Financial Analysis of the College as a Whole**

The following tables are prepared from the College's Statement of Net Position (page 10), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated, and Statement of Revenues, Expenses, and Changes in Net Position.

**Statements of Net Position**  
**As of June 30**  
**(in millions)**

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 24.0	\$ 18.5
Non-Current Assets		
Land	0.1	0.1
Capital Assets, Net of Depreciation	<u>20.7</u>	<u>20.5</u>
Total Assets	<u>44.8</u>	<u>39.1</u>
Deferred Outflows	<u>0.1</u>	<u>0.1</u>
Current Liabilities	3.5	3.0
Long Term Liabilities	<u>12.5</u>	<u>1.6</u>
Total Liabilities	<u>16.0</u>	<u>4.6</u>
Deferred Inflows	<u>0.6</u>	<u>-</u>
Net Position		
Net Investment in Capital Assets	20.4	19.9
Restricted for:		
Expendable Trust	5.0	5.0
Capital Projects	0.8	1.0
Debt Service	0.9	0.9
Other	1.6	1.6
Unrestricted	<u>(0.4)</u>	<u>6.2</u>
Total Net Position	<u>\$ 28.3</u>	<u>\$ 34.6</u>

Operating expenses, excluding on-behalf payments, for the College over the fiscal year ending June 30, 2018 were \$15.8 million compared to \$14.3 million for the previous year.

**Operating Expenses**  
**As of June 30**  
**(in millions)**

	<u>2018</u>	<u>2017</u>
Instruction	\$ 4.8	\$ 4.9
Academic Support	0.3	0.3
Student Services	1.4	1.6
Public Services	0.5	0.5
Operation and Maintenance of Plant	0.8	1.0
Institutional Support	3.9	2.8
Grants and Scholarships	1.7	1.5
Auxiliary Enterprise	1.0	1.0
Other Postemployment Benefits	0.6	-
Depreciation	<u>0.8</u>	<u>0.7</u>
Total Operating Expenses	<u>\$ 15.8</u>	<u>\$ 14.3</u>

The operating revenue for fiscal year 2018 was \$2.6 million compared to \$2.5 for 2017. Non-operating revenues (expenses) for fiscal year 2018, excluding on-behalf revenue, were \$13.4 million compared to \$13.6 million for 2017.

**Operating Results**  
**For the Year Ended June 30**  
**(in millions)**

	<u>2018</u>	<u>2017</u>
Operating Revenues		
Tuition and Fees	\$ 1.7	\$ 1.6
Auxiliary Enterprise Revenues	0.5	0.6
Other	<u>0.4</u>	<u>0.3</u>
Total Operating Revenues	<u>2.6</u>	<u>2.5</u>
Non-Operating Revenue (Expenses)		
Local Property Taxes	4.7	4.8
Federal Grants and Contracts	3.4	3.5
State Grants and Contracts	5.3	5.3
Investment Income	0.2	0.1
Interest Expense	<u>(0.2)</u>	<u>(0.1)</u>
Total Non-Operating Revenues (Expenses)	<u>13.4</u>	<u>13.6</u>
Total Revenues	16.0	16.1
Operating Expenses	<u>15.8</u>	<u>14.3</u>
Increase (Decrease) in Net Position	0.2	1.8
Net Position, Beginning of Year	34.6	32.8
Cumulative Effect of Adoption of GASB 75	<u>(6.5)</u>	<u>-</u>
Net Position, End of Year	<u>\$ 28.3</u>	<u>\$ 34.6</u>

**Significant Transactions and Changes in Individual Funds**

The operating fund balance, as represented by both the education and the operation and maintenance funds, experienced an increase of \$5,253,275 in 2018. This is mainly due to the issuance of \$6 million in bonds. Individually, the education fund balance increased by \$4,208,728 and the operations and maintenance fund balance increased by \$1,044,547. The College budgeted and expended \$349,979 on the current student information system upgrade out of education fund reserves. The college expended \$323,488 of bond revenue for needed capital projects.

The liability, protection and settlement fund balance decreased in 2018 by \$892 bringing that fund balance to a surplus of \$1,543,283. Local property taxes are the only source of revenues for this fund.

The bond and interest fund was started in 2007. This fund ended fiscal year 2018 with an increase in fund balance of \$4,139. The remaining fund balance of \$867,477 will be used to make future bond payments.

The capital projects fund balance decreased by \$186,951. This decrease is due to completion of several health, safety, and protection projects around the College to improve the campus. The remaining fund balance of \$803,557 will be used for future capital expenditures.

### **Capital Asset Administration**

At the end of fiscal year 2018, the College had \$20.8 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of \$.1 million. More detailed information about capital assets can be found in Note 5 to the Basic Financial Statements.

#### **Capital Assets As of June 30 (Net of Depreciation in Millions)**

	<b>2018</b>	<b>2017</b>
Land	\$ 0.1	\$ 0.1
Software in Progress	0.0	0.0
Land Improvements	0.0	0.1
Buildings	19.4	19.5
Equipment	0.2	0.2
Computer Equipment	0.1	0.1
Vehicles	0.1	0.0
Software	0.9	0.7
Total	\$ 20.8	\$ 20.7

### **Long-Term Debt Activity**

The College's long-term debt increased during FY2018 from \$3.4 million to \$14.2 million due to the issuance of \$6 million in bonds and the retirement of \$1.6 million in bond debt. Net other postemployment benefit liabilities of \$6.4 million were recorded during the year. More detailed information about long-term debt can be found in Note 8 to the Basic Financial Statements.

In fiscal year 2018, the college issued long-term debt in the amount of \$6 million. These funds will be used for operating fund expenditures and for capital expenditure. With the fiscal situation of the state of Illinois, the College has not been able to replace equipment as needed and has not been able to complete building upgrades/preventive maintenance as needed.

### **Economic Factors That Will Affect the Future**

For fiscal year 2018, the College's Board of Trustees held tuition at the current rates. The Board increased the technology fee from \$5 per credit hour to \$10 per credit hour. The state of Illinois did pass a budget for fiscal year 2018, therefore allowing the college to avoid significant reductions in fund balance.

The College's fiscal future is influenced by such factors as; the local economy, student enrollment, new program innovations, and technological advances. The College maintains good fiscal management policies and continues to explore alternative revenue sources. The College's approved operating budget for fiscal year 2018 is \$16.2 million. The total College budget is \$25.3 million. Administration will continue to be proactive in monitoring all areas of its operating budget.

The College's Administration and its Board continue to monitor other major factors related to its financial state including declining student enrollment and limited state funding. Shawnee will continue capital improvements on its grounds and facilities as needed. This includes ongoing annual protection, health and safety projects.

Shawnee Community College has fully implemented the new student information system. The College's legacy student information system used "green screens" which are very out dated. That system had limited functionality and did not support data driven decision making. During FY2015, the College researched vendors who could assist with a major upgrade of the College's student information system. The College has worked hard to reserve fund balance money to be able to pay for this type of an upgrade without issuing any bonds. The new vendor was selected in 2016 and the reserved funds are being spent for this project which will span over FY2016, FY2017, FY2018 and early FY2019. This project, including state reporting and training, will be completed by December 2019.

Other than the above, the College is not aware of any currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during the new fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Net Position  
June 30, 2018

## ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

<b>Current Assets</b>	
Unrestricted:	
Cash and Cash Equivalents	\$ 13,619,435
Receivables:	
Property Taxes	657,344
Replacement Taxes	74,859
Student Tuition and Fees, Net of Allowance of \$200,145	529,017
Prepaid Expenses	156,348
Inventories	323,305
Restricted:	
Cash and Cash Equivalents	5,037,164
Investments	2,466,770
Receivables:	
Property Taxes	914,511
Governmental Grants and Contracts	208,502
Total Current Assets	<u>23,987,255</u>
<b>Property and Equipment, Net</b>	<u>20,851,884</u>
Total Assets	<u>44,839,139</u>
<b>Deferred Outflows of Resources</b>	
Pension Related Deferred Outflows	55,146
Other Postemployment Benefits Retaled Deferred Outflows	30,544
Total Deferred Outflows of Resources	<u>85,690</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 44,924,829</u>
LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	
<b>Current Liabilities</b>	
Accounts Payable	\$ 415,175
Accrued Liabilities	565,786
Due to Student Groups	190,133
Unearned Revenue	716,137
Current Portion of Bonds Payable	1,640,000
Total Current Liabilities	<u>3,527,231</u>
<b>Long-Term Liabilities</b>	
Bonds Payable, Net of Current Portion	6,000,000
Net Other Postemployment Benefit Liabilities	6,434,065
Total Long-Term Liabilities	<u>12,434,065</u>
Total Liabilities	<u>15,961,296</u>
<b>Deferred Inflows of Resources</b>	
Other Postemployment Benefits Related Deferred Inflows	<u>644,799</u>
<b>Net Position</b>	
Net Investment in Capital Assets	20,461,884
Restricted for:	
Expendable Trust	5,030,178
Capital Projects	803,557
Debt Service	867,477
Other - Restricted by Enabling Legislation	1,602,692
Unrestricted	(447,054)
Total Net Position	<u>28,318,734</u>
Total Liabilities, Deferred Inflows, and Net Position	<u>\$ 44,924,829</u>

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2018

**Operating Revenues**

Student Tuition and Fees, Net of Scholarship	
Allowance of \$2,885,708	\$ 1,722,107
Auxiliary Enterprises Revenue	520,346
Other Operating Revenues	338,299
Total Operating Revenues	<u>2,580,752</u>

**Operating Expenses**

Instruction	4,843,040
Academic Support	318,917
Student Services	1,433,933
Public Service	449,460
Auxiliary Expenses	972,860
Operation and Maintenance of Plant	814,150
Grants and Scholarships	1,665,204
Institutional Support	3,862,854
On-Behalf Payments	4,778,870
Other Postemployment Benefits	549,175
Depreciation	800,565
Total Operating Expenses	<u>20,489,028</u>

**Operating Income (Loss)** (17,908,276)

**Non-Operating Revenues (Expenses)**

State Grants and Contracts	5,276,613
Local Property Tax Revenues	4,743,304
Federal Grants and Contracts	3,382,463
On-Behalf Payments	4,778,870
Investment Income Earned	230,574
Interest Expense	(235,005)
Total Non-Operating Revenues (Expenses)	<u>18,176,819</u>

**Increase (Decrease) in Net Position** 268,543

<b>Net Position, Beginning of Year, As Previously Reported</b>	34,549,336
Cumulative Effect of Adoption of GASB Statement 75 for OPEB	(6,499,145)
<b>Net Position, Beginning of Year, As Restated</b>	<u>28,050,191</u>

**Net Position, End of Year** \$ 28,318,734

See Accompanying Notes



SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531

Statement of Cash Flows  
For the Year Ended June 30, 2018

**Reconciliation of Operating Income (Loss) to Net Cash Provided by  
(Used in) Operating Activities**

Operating Income (Loss)	\$ (17,908,276)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:	
Depreciation Expense	800,565
On-Behalf Payments	4,778,870
Changes in Assets, Deferred Outflows, and Liabilities:	
Student Tuition and Fees Receivables	75,709
Prepaid Expenses	(22,795)
Inventories	7,760
Pension Related Deferred Outflows	331
OPEB Retaled Deferred Outflows	65
Accounts Payable	174,344
Accrued Liabilities	157,946
Due to Student Groups	22,814
Accrued Contingency Loss	(80,000)
Unearned Revenue	142,993
Net OPEB Liabilities	(95,689)
OPEB Related Deferred Inflows	644,799
	<hr/>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (11,300,564)</u></u>

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to Basic Financial Statements  
June 30, 2018

Shawnee Community College, Community College District #531 (the College) is a governmental unit that provides post-secondary school education and vocational training for six counties in Southern Illinois. The summary of accounting policies is presented to assist you in understanding the College's financial statements.

**1. Reporting Entity**

The accompanying financial statements include all entities for which the Board of Trustees of the District has financial accountability. Financial accountability is defined by Governmental Accounting Standards Board (GASB) and below:

The College is a community college governed by an elected eight-member Board of Trustees. The College's district includes the counties of Alexander, Jackson, Johnson, Massac, Pulaski, and Union. The College's mission is to provide affordable vocational, technical, and academic education.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements should present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and Shawnee Community College Foundation (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College and those resources are significant to the College. The Foundation is not included in the accompanying basic financial statements; thus, resulting in a disclaimer of an auditor's opinion on the financial reporting entity.

**2. Basis of Accounting and Significant Accounting Policies**

- a. The financial statements of the College are prepared in accordance with GAAP. The GASB is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- b. For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and, expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

- c. Cash includes deposits held at banks and small amounts of cash held for change funds. Cash equivalents include deposits held in the Illinois Funds Money Market Fund.
- d. Cash and cash equivalents that are subject to certain limitations as to their uses are reported as restricted. These amounts include property taxes received for specific purposes, grant funds, bond proceeds for capital projects and amounts held by the College as an agent for student organizations.
- e. Investments consist of certificates of deposit with maturities greater than three months. These certificates of deposit are carried at cost. The difference between the cost and fair value of the negotiable certificates of deposit is insignificant.
- f. Student tuition and fees receivables include uncollateralized student obligations, which generally require payment by the first day of classes. These receivables are stated at the invoice amount.

Student balances unpaid at the middle of the term are considered delinquent. Collection costs may be applied to account balances still outstanding 30 days following the end of the semester. Payments of accounts receivable are applied to the specific invoices identified on the students' remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of student tuition and fees receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of accounts based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The total allowance as of June 30, 2018, was \$200,145.

Receivables also include outstanding balances from property and replacement taxes, federal and state funding sources, and other miscellaneous items. No allowance has been provided for these receivables, as management believes these are fully collectible based on past experience with these funding sources.

- g. Inventories are stated at the lower of average cost or market. Cost is determined on a first-in, first-out (FIFO) basis. Inventories consist of food supplies, textbooks, college apparel, and school supplies.

- h. Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed by the straight-line method over the estimated lives as follows:

Land Improvements	10-12.5 Years
Buildings	50 Years
Equipment	7-8 Years
Vehicles	5 Years
Computer Technology Equipment	5 Years

- i. The financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College has two items that qualify for reporting in this category. These items, the pension related deferred outflows and other postemployment benefits (OPEB) related deferred outflows, are reported in the Statement of Net Position. The pension related deferred outflows item is the amount of contributions made by the College to the State Universities Retirement System (SURS or the System) for retirement benefits on grant funded salaries during the year ended June 30, 2018. The OPEB related deferred outflows item is the amount of contributions made by the College to the Community College Health Insurance Security Fund (also known as the College Insurance Program (CIP)) for retiree health insurance benefits during the year ended June 30, 2018. These contributions occurred after the SURS and CIP liability measurement date of June 30, 2017 and will be included in the net pension liability and net OPEB liability measurement at June 30, 2018, and pension and other postemployment benefit expense in fiscal year 2019.

The financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Other postemployment benefit related deferred inflows qualify for reporting in this category at June 30, 2018. The other postemployment benefit related deferred inflow consists of the unamortized portion of changes in assumptions and the net difference between projected and actual experience of the total OPEB liability allocated to the College.

- j. Accrued liabilities include accrued vacation, which is accumulated unused vacation days up to a maximum of 20 days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment. The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate as of Statement of Net Position date.
- k. Unearned revenue includes amounts received which represent payments for services to be provided in future periods for which asset recognition criteria has been met, but for which

revenue recognition criteria have not been met. These amounts consist of unexpended grant funds and tuition and fee charges for a portion of the in-progress Summer semester and all of the upcoming Fall semester. The tuition and fee charges are prorated according to the timing of the semester.

1. The College's net position is classified as follows:
  - Net Investment in Capital Assets – This represents the College's total investment in capital assets net of accumulated depreciation and related debt that has been used as of the statement of net position date to finance capital additions.
  - Restricted Net Position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.
  - Unrestricted Net Position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available to finance expenses for which restricted resources exist, it is the College's policy to first apply restricted resources to such expenses.

- m. Operating revenues include all activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. All other revenues are considered non-operating.
- n. The College's property taxes are levied each calendar year on all taxable real estate located in the District. The District's boundaries overlap six counties with each serving as a local taxing authority for the College. Property taxes are recorded on an accrual basis of accounting. Pursuant to Board of Trustee's resolutions, property tax levies passed in December 2016 and 2017, were allocated 70 percent and 30 percent, respectively, for fiscal year 2018. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. Due dates and collection dates vary according to the schedules of the individual counties with disbursements to the District normally made within 30 days of collection. Act 89-1 placed limitations on the annual growth of most local governments' property tax collections. Currently, the limitation is 5 percent, or the rate of inflation, whichever is less. The following are the statutory maximum tax rates permitted and the actual rates levied per \$100 of assessed valuation:

	Maximum Rate	Actual Rate	
		2017 Levy Payable 2018	2016 Levy Payable 2017
Education	.20000	.20000	.20000
Building	.10000	.10000	.10000
Tort Immunity	Unlimited	.12125	.12210
Social Security	Unlimited	.02152	.02170
Audit	.00500	.00500	.00500
Health and Safety	.05000	.04225	.04310
Bond and Interest	Unlimited	.28668	.29440
		<u>.77670</u>	<u>.78630</u>

- o. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the plan net position of SURS and additions to/deduction from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan net position of the Community College Health Insurance Security Fund (CIP) and additions to/deduction from CIP's plan net position has been determined on the same basis as they are reported by CIP. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

- p. Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of cash on hand at the beginning of the fiscal year, an estimate of the cash expected to be received during such fiscal year from all sources, an estimate of the expenditures contemplated for such fiscal year, and a statement of the estimated cash expected to be on hand at the end of such year.
- q. The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported number of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

The most sensitive estimates affecting the financial statements were:

1. The valuation of the student tuition receivable
  2. The useful lives of depreciable capital assets
- r. In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This statement requires that interest costs incurred before the completion of a construction period be expensed in the period the cost is incurred. This College has early adopted this statement and it is effective for the year ended June 30, 2018.
- s. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, became effective July 1, 2017 for the College. The beginning net position at July 1, 2017, has been increased by \$6,499,145 for the cumulative effect of adopting this standard. A specific change to the College's Statement of Net Position relates to the recognition of the College's Net OPEB Liabilities and related Deferred Inflows of Resources and Deferred Outflows of Resources resulting in a decrease in net position of \$7,048,320 at June 30, 2018 and a reduction of \$549,175 in the Increase (Decrease) in Net Position on the Statement of Revenues, Expenses, and Changes in Net Position for the year ended June 30, 2018.

### 3. Deposits and Investments

The College is authorized to invest in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instruments include: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations as defined in the Public Fund Investment Act; and the investment pools managed by the State Treasurer of Illinois.

#### *Investments*

At June 30, 2018, the College held the following investments:

Certificates of Deposit	
Non-Negotiable	\$ 238,600
Negotiable	2,228,170
Total Investments	<u>\$ 2,466,770</u>

#### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires that funds on deposit in excess of federal deposit insurance limits must be secured by collateral pledged by the financial institution. At June 30, 2018, \$9,555,792 of the College's \$12,535,160 bank balance, including certificates of deposits, was exposed to custodial credit risk. \$110,486 of the exposed balance

was uncollateralized which was because transfer of funds was in transit at June 30, 2018. The funds cleared the bank two days after fiscal year end. The remaining exposed balance was fully collateralized by securities pledged by the depository bank, but such securities are not held in the name of the College.

*Credit Risk and Interest Rate Risk – External Investment Pools*

At June 30, 2018, the College held \$9,036,765 in the Illinois Funds Money Market Fund. The fair value of the College’s position in this fund is equal to the value of the College’s fund shares, which maintain a \$1 net asset value. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has an AAAM rating from Standard and Poor’s. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund that are not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The College has no restrictions on withdrawing funds from this external investment pool.

At June 30, 2018, the College held a total of \$80,923 in the Illinois School District Liquid Asset Fund Plus. The reported value of the College’s position in this fund is equal to the value of the College’s fund shares, which maintain a \$1 net asset value. The Illinois School District Liquid Asset Fund Plus is regulated by private rating agencies. The portfolio has an AAAM rating from Standard and Poor’s. The assets of the fund are mainly invested in money market instruments having maximum remaining maturities of one year or less, except investments in U.S. Government securities, which may have up to two years remaining to maturity and are valued at amortized cost. Assets of the fund are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The College has no restrictions on withdrawing funds from this external investment pool.

*Interest Rate Risk – Investments*

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. Interest rate risk is not directly addressed by the College’s investment policy except for the general goal to “remain sufficiently liquid to meet the College’s reasonably anticipated operating requirements.”

At June 30, 2018, the District held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable Certificates of Deposit	\$ 2,228,170	2.07

#### 4. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2018:

	<u>June 30, 2017</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2018</u>
Assets Not Being Depreciated:				
Land	\$ 89,166	\$ -	\$ -	\$ 89,166
Buildings in Progress	64,456	-	64,456	-
Assets Being Depreciated:				
Land Improvements	116,529	-	-	116,529
Buildings	28,658,117	523,071	-	29,181,188
Equipment	1,127,574	20,092	-	1,147,666
Vehicles	507,326	58,568	35,819	530,075
Software	755,118	319,628	-	1,074,746
Computer Technology Equipment	595,374	119,499	-	714,873
Total Property and Equipment	<u>31,913,660</u>	<u>1,040,858</u>	<u>100,275</u>	<u>32,854,243</u>
Less: Accumulated Depreciation and Amortization				
Land Improvements	(116,530)	-	-	(116,530)
Buildings	(9,198,194)	(571,580)	-	(9,769,774)
Equipment	(883,721)	(53,448)	-	(937,169)
Vehicles	(459,846)	(15,612)	(35,819)	(439,639)
Software	(17,979)	(134,510)	-	(152,489)
Computer Technology Equipment	(561,343)	(25,415)	-	(586,758)
Total Accumulated Depreciation and Amortization	<u>(11,237,613)</u>	<u>(800,565)</u>	<u>(35,819)</u>	<u>(12,002,359)</u>
Property and Equipment, Net	<u>\$ 20,676,047</u>	<u>\$ 240,293</u>	<u>\$ 64,456</u>	<u>\$ 20,851,884</u>

#### 5. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2018:

Accrued Wages	\$ 271,980
Accrued Vacation	167,165
Accrued Interest	126,641
	<u>\$ 565,786</u>

#### 6. Unearned Revenue

Unearned revenue consists of the following at June 30, 2018:

Unearned Student Tuition	\$ 413,256
Unearned Student Fees	121,934
Other Unearned Revenue	180,947
	<u>\$ 716,137</u>

## 7. Unrestricted Net Position

Unrestricted net position at June 30, 2018 consisted of (\$7,048,320) related to other postemployment benefit activity and \$6,601,266 related to other general purposes.

## 8. Long-Term Debt

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

	June 30, 2017	Additions	Retired	June 30, 2018	Due Within One Year
2010 Bond	\$ 1,395,000	\$ -	\$ 1,005,000	\$ 390,000	\$ 390,000
2011 Series B Bond	1,840,000	-	590,000	1,250,000	1,250,000
2017A Series Bond	-	2,000,000	-	2,000,000	-
2017B Series Bond	-	4,000,000	-	4,000,000	-
Other Postemployment Benefit	6,421,072	59,010	46,017	6,434,065	-
Accrued Vacation	134,469	194,310	161,614	167,165	167,165
Total Long-Term Debt	<u>\$ 9,790,541</u>	<u>\$ 6,253,320</u>	<u>\$ 1,802,631</u>	<u>\$ 14,241,230</u>	<u>\$ 1,807,165</u>

The College issued 2010 general obligation community college bonds in January 2010. Principal payments are made annually beginning December 1, 2010, and run through December 1, 2018. Interest rates on the bonds range from 3.70 percent to 3.95 percent. Interest is payable semiannually on June 1 and December 1 beginning June 1, 2010.

The College issued 2011B general obligation community college bonds in May 2011. Principal payments are made annually beginning December 1, 2011, and run through December 1, 2018. Interest rates on the bonds range from 3.60 percent to 5.50 percent. Interest is payable semiannually on June 1 and December 1 beginning June 1, 2011.

The College issued 2017A general obligation community college bonds in December 2017. Principal payments are made annually beginning December 1, 2019, and run through December 1, 2020. Interest rates on the bonds range from 4.00 percent to 4.50 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2019.

The College issued 2017B general obligation community college bonds in December 2017. Principal payments are made annually beginning December 1, 2020, and run through December 1, 2022. Interest rates on the bonds range from 3.75 percent to 4.00 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2019.

Total interest expense for all long term debt for the year ended June 30, 2018 was \$121,421.

Maturities of the bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2019	\$ 1,640,000	\$ 42,078	\$ 1,682,078
2020	1,200,000	478,511	1,678,511
2021	1,600,000	190,000	1,790,000
2022	1,625,000	128,000	1,753,000
2023	1,575,000	63,000	1,638,000
	<u>\$ 7,640,000</u>	<u>\$ 901,589</u>	<u>\$ 8,541,589</u>

## 9. Lease Commitments

The College is obligated under one non-cancellable operating lease for office building, classroom and activity space, with terms running through February 2023. The College is also obligated under eleven non-cancellable operating leases for office equipment with terms ending from March 2019 to March 2023, respectively. An operating lease does not give rise to property rights or purchase obligations; therefore, these lease agreements are not reflected in the College's property and equipment.

Future minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30	
2019	\$ 91,686
2020	82,760
2021	78,252
2022	69,234
2023	46,346
	<u>\$ 368,278</u>

Total rental expense for the leases above and other short-term leases for the year ending June 30, 2018 was \$77,049.

## 10. Pension Plan

### *Plan Description*

The College contributes to SURS, a cost-sharing multiple-employer-defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*.

SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

### *Benefits Provided*

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2017, can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

### *Contributions*

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90 percent of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The College's normal cost for fiscal year 2018 was 12.46 percent of employee payroll. The normal cost is equal to the value of the current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0 percent of their annual covered salary. The contribution requirements of plan members and the College are established and may be amended by the Illinois General Assembly.

The College makes contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6 percent during the final rate of earnings period).

### *Net Pension Liability*

At June 30, 2017, SURS reported a net pension liability (NPL) of \$25,481,105,995. The net pension liability was measured as of June 30, 2017.

*Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State of Illinois' net pension liability associated with the College is \$44,540,973 or 0.1748 percent. This amount should not be recognized in the financial statements. The net pension liability was measured as of June 30, 2017, and the total pension used to calculate the net pension liability was determined based on the June 30, 2016, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2017.

*Pension Expense*

At June 30, 2017, SURS reported a collective net pension expense of \$2,412,918,129.

*Employer Proportionate Share of Pension Expense*

The College's proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2017. As a result, the College recognized on-behalf revenue and pension expense of \$4,217,781 for the fiscal year ended June 30, 2018.

*Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

Deferred Outflows of Resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 139,193,227	\$ 1,170,771
Changes in assumption	205,004,315	259,657,577
Net difference between projected and actual earnings on pension plan investments	94,620,827	-
Total	\$438,818,369	\$260,828,348

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses:

Fiscal Year Ending June 30,	Net Deferred Outflows of Resources
2018	\$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
	\$ 177,990,021

*Employer Deferral of Fiscal Year 2017 Pension Expense*

The College paid \$55,146 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017, and are recognized as Deferred Outflows of Resources as of June 30, 2018.

*Assumptions and Other Inputs*

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. 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 2.75 percent
- Salary increases 3.75 to 15.00 percent, including inflation
- Investment rate of return 7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

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. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	7.34%
Global Equity	8%	6.85%
Fixed Income	19%	1.38%
Treasury-Inflation Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	1%	6.71%
Weighted Average		5.20%
Inflation		2.75%
Expected Arithmetic Return		7.95%

#### *Discount Rate*

A single discount rate of 7.09 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.56 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

#### *Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
\$30,885,146,279	\$25,481,105,995	\$20,997,457,586

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

## **11. Post-Employment Benefits Other Than Pension (OPEB)**

### *Plan Description*

The College participates in the State of Illinois Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program “CIP”). CIP is a non-appropriated trust fund held outside the State Treasury, with State Treasurer as custodian. Additions deposited into the Trust are for the sole benefit of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. The Department of Central Management Services (Department) administers the plan with the cooperation of SURS and the boards of trustees of the various community college districts. Separate financial statements, including required supplementary information, may be obtained from the Department at 715 Stratton Office Building, Springfield, Illinois, 62706.

### *Plan Membership*

All members receiving benefits from the SURS who have been full-time employees of a community college district or an association of a community who have paid the required active member CIP contributions prior to retirement are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP.

### *Benefits Provided*

CIP health coverage includes provisions for medical, prescription drugs, vision, dental, and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (the Act) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

### *Contributions*

The Act (5 ILCS 375/6.10) requires every active contributor (employee) of SURS to contribute .5% of covered payroll and every community college district to contribute .5% of covered payroll. Retirees pay a premium for coverage that is determined by the Director of the Illinois Department of Central Management Services. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires a special funding situation whereby the State of Illinois makes an annual appropriation to the CIP in an amount certified by the SURS Board of Trustees. The State of Illinois pays .5% of covered payroll. At the option of the SURS Board of Trustees, the community college districts may pay all or part of the balance of the cost of coverage for retirees from their district. The result is pay as you go financing of the plan. The employer contributions made by the State of Illinois on behalf of the District to CIP and the College's contributions for the years ended June 30, 2018 and 2017 were and \$30,544 and \$30,609, respectively.

### *Net OPEB Liability*

At June 30, 2017, CIP reported a net pension liability of \$1,823,636,957.

### *Employer Proportionate Share of Net OPEB Liability*

The proportionate share of the net OPEB liability reported by the College is \$6,434,065. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of special funding situation. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined based on the June 30, 2016 actuarial valuation rolled forward. The College's proportion of the net OPEB liability was based on the College's share of contributions to the OPEB plan relative to the contributions of all participating employers and the state of Illinois. At June 30, 2017, the College's proportion was 0.3528 percent. The portion of the State of Illinois' liability that is associated with the College is \$6,349,324. The total share that is associated with the College is \$12,783,389.

### *OPEB Expense*

At June 30, 2017, CIP reported a collective net OPEB expense of \$169,446,479.

### *Employer Proportionate Share of OPEB Expense*

For the year ended June 30, 2018, the College recognized proportionate share of collective OPEB expense of \$579,719. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported contributions made to CIP during fiscal year 2017.

### *Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

Deferred Outflows of Resources are the consumption of net position by the system that is applicable to future reporting periods.

Deferred Inflows of Resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$18,210
Changes in assumption	0	535,952
Net difference between projected and actual earnings on OPEB investments	0	68
Changes in proportion and differences between employer contributions and share of contributions	<u>0</u>	<u>90,569</u>
Total deferred amounts to be recognized in OPEB expense in future periods	0	644,799
OPEB contributions made subsequent to the measurement date	<u>30,544</u>	<u>0</u>
Total deferred amounts related to OPEB	\$30,544	\$644,799

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

Fiscal Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	\$ -	\$ 128,963
2020	-	128,963
2021	-	128,963
2022	-	128,963
2023	-	128,947
Total	<u>\$ -</u>	<u>\$ 644,799</u>

*Employer Deferral of Fiscal Year 2017 OPEB Expense*

The College paid \$30,544 in OPEB contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the OPEB liability measurement date of June 30, 2017, and are recognized as Deferred Outflows of Resources as of June 30, 2018. This amount will be recognized in OPEB expense in Fiscal Year 2019.

*Assumptions and Other Inputs*

The total CIP plan’s net OPEB liability was determined by an actuarial valuation as of June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

- Inflation – 2.75 percent
- Salary increases – depends on service and ranges from 10.00 percent at less than 1 year of service to 3.75 percent at 34 or more years of service. Salary increases include a 3.75 percent wage inflation assumption.
- Investment rate of return – 0 percent, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – actual trend used for fiscal year 2017. For fiscal years on or after 2018, trend starts at 8.00 percent and 9.00 percent for non-Medicare costs and post Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.50 percent. Additional trend rate of 0.52 percent is added to non-Medicare cost on and after 2020 to account for the Excise tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants, mortality rates were based on the RP-2014 Disabled Annuitant Table. Mortality rates for pre-retirement were based on RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period of June 30, 2010 to June 30, 2014.

*Discount Rate*

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

*Sensitivity of total CIP’s net OPEB liability to changes in the Single Discount Rate*

The following presents the College’s proportional share of the net OPEB liability, calculated using a Single Discount Rate of 3.56 percent, as well as what the total CIP’s plan net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

1% Decrease 2.56%	Current Single Discount Rate Assumption	1% Increase 4.56%
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	3.56%	
\$7,358,149	\$6,434,065	\$5,636,989

*Sensitivity of the total CIP's plan Net OPEB liability to changes in the healthcare cost trend rates*

The following presents the College's share of the net OPEB liability, calculated using the healthcare cost trend rates as well as what the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point that is higher or lower than the current healthcare cost trend rate. The key trend rates are 8.00 percent in 2018 decreasing to an ultimate trend rate of 5.02 percent in 2025, for non-Medicare coverage and 9.00 percent in 2018 decreasing to an ultimate trend rate of 4.5 percent in 2027 for Medicare coverage.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$5,337,533	\$6,434,065	\$8,020,357

- One percentage point decrease in healthcare trend rates are 7.00 percent in 2018 decreasing to an ultimate trend rate of 4.02 percent in 2025, for non-Medicare coverage and 8.00 percent in 2018 decreasing to an ultimate trend rate of 3.5 percent in 2027 for Medicare coverage.
- One percentage point increase in healthcare trend rates are 9.00 percent in 2018 decreasing to an ultimate trend rate of 6.02 percent in 2025, for non-Medicare coverage and 10.00 percent in 2018 decreasing to an ultimate trend rate of 5.5 percent in 2027 for Medicare coverage.

The College provides no other financially significant postemployment benefit to employees.

**12. On-Behalf Payments for Fringe Benefits**

For the year ending June 30, 2018, expense for fringe benefits payments made by the State of Illinois on behalf of the College were \$4,217,781 for pensions to SURS and \$561,089 for the health insurance program to CIP.

**13. Other Risk Management Issues**

The College is exposed to various risks of loss due to torts involving outside contractors, theft, or damage to assets, errors and omissions, and natural disasters. The College purchases commercial insurance for these risks. There has been no significant reduction in coverage over the past two years and settlements have not exceeded insurance coverage in any of the past three years.

The District is insured under a retrospectively-rated policy for workers' compensation coverage whereas the initial premium may be adjusted based on actual experience.

Adjustments in premiums are recorded when paid or received. During the current fiscal year, there were no significant adjustments in premiums based on actual experience.

#### 14. Inter-Sub-Fund Balances and Transfers

The College maintains various sub-funds to track the activity of the primary government. Following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2018.

	<u>Due to</u>	<u>Due from</u>
Education Fund	\$ -	\$ 60,000
Restricted Purposes Fund	60,000	-
	<u>\$ 60,000</u>	<u>\$ 60,000</u>
	<u>Transfer in</u>	<u>Transfer out</u>
Auxiliary Enterprise Fund	\$ 472,573	\$ -
Operation and Maintenance Fund	977,000	-
Education Fund	-	1,357,980
Working Cash Fund	-	91,593
	<u>\$ 1,449,573</u>	<u>\$ 1,449,573</u>

The inter-sub-fund balances and transactions are eliminated for the preparation of the basic financial statements of the primary government of the College.

#### 15. Commitments

The College approved a project in August 2015 for a new Student Information System. Total implementation and training costs for the new system is approximately \$1,456,620. As of June 30, 2018, the College had expended approximately \$1,366,956 on the project. The remaining commitment of \$89,664 is expected to be completed during fiscal year 2019.

#### 16. Subsequent Event

In August 2018, the College entered into a contract to repurpose a building owned by the College as a future extension center. The amount of the agreement is approximately \$812,000.

#### 17. Supplemental Information

Schedules 1 through 3, Schedules 6 through 9, Schedules 11 through 13, Schedule 17, and Schedules 19 through 21 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

In the schedules noted, the modified accrual basis of accounting differs from GAAP for a special-purpose government engaged only in business-type activities because:

- Capital assets are not depreciated and depreciation expense is not presented in the schedules, except for funds considered to be proprietary operations.
- Payments of principal on long-term debt are reported as expenditures in the schedules.
- In the schedules, the full amount of summer school revenue is recognized in the fiscal year in which the related term is completed.
- Expenditures in the schedules include the cost of capital asset acquisitions, except for funds considered to be proprietary operations.
- Debt service expenditures in the schedules are recorded only when payment is due, except for funds considered to be proprietary operations.
- Pension expenditures in the schedules include payments made by the College in the current fiscal year for federal, trust, or grant-funded salaries in the current fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Required Supplementary Information  
Schedule of Proportionate Share of Net Pension Liability - SURS  
For the Year Ended June 30, 2018  
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
a) Shawnee's Proportionate Percentage of the Collective Net Pension Liability	0%	0%	0%	0%
b) Shawnee's Proportionate Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Shawnee	<u>38,542,019</u>	<u>42,413,468</u>	<u>46,570,743</u>	<u>44,540,973</u>
Total b) + c)	<u>\$ 38,542,019</u>	<u>\$ 42,413,468</u>	<u>\$ 46,570,743</u>	<u>\$ 44,540,973</u>
Shawnee Defined Benefit Covered Payroll	<u>\$ 6,467,888</u>	<u>\$ 6,554,621</u>	<u>\$ 6,498,556</u>	<u>\$ 6,190,483</u>
Proportion of Collective Net Pension Liability Associated with Shawnee as a Percentage of Defined Benefit Covered Payroll	596%	647%	717%	720%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%

Required Supplementary Information  
Schedule of Contributions - SURS  
For the Year Ended June 30, 2018  
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
Shawnee's Federal, Trust, and Other Contribution	\$ 57,061	\$ 52,110	\$ 60,689	\$ 55,477	\$ 55,146
Shawnee's Contribution in relation to required contribution	<u>57,061</u>	<u>52,110</u>	<u>60,689</u>	<u>55,477</u>	<u>55,146</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
Shawnee's Covered Payroll	<u>\$ 479,102</u>	<u>\$ 445,004</u>	<u>\$ 478,243</u>	<u>\$ 442,753</u>	<u>\$ 442,584</u>
Contributions as a Percentage of Covered Payroll	11.91%	11.71%	12.69%	12.53%	12.46%

NOTE: The system implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to Required Supplementary Information – Pension Liability  
For the Year Ended June 30, 2018  
(Unaudited)

*Changes of Benefit Terms*

There were no benefit changes in the Total Pension Liability as of June 30, 2017.

*Changes of Assumptions*

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality Rates – Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary Increase – Change assumption to service-based rates, ranging from 3.75 percent to 15 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal Retirement Rates – Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early Retirement Rates – Change to a slight increase to the rates at ages 55 and 56.
- Turnover Rates – Change to produce lower expected turnover for members with less than 10 years of service than the currently assumed rates.
- Disability Rates – Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent Assumption – Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

SHAWNEE COMMUNITY COLLEGE  
 Required Supplementary Information  
 Schedule of Proportionate Share of Net OPEB Liability - CIP  
 For the Year Ended June 30, 2018  
 (Unaudited)

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>
a) Shawnee's Proportionate Percentage of the Collective Net OPEB Liability	0.358787%	0.352815%
b) Shawnee's Proportionate Amount of the Collective Net OPEB Liability	\$ 6,529,754	\$ 6,434,065
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net OPEB Liability Associated with Shawnee	<u>6,803,453</u>	<u>6,349,324</u>
Total b) + c)	<u>\$ 13,333,207</u>	<u>\$ 12,783,389</u>
Shawnee's Covered Payroll	<u>\$ 6,503,516</u>	<u>\$ 6,121,858</u>
Shawnee's Proportionate Share of Collective Net OPEB Liability as a Percentage of Covered Payroll	100%	105%
CIP Plan Net Position as a Percentage of Total OPEB Liability	-2.15%	-2.87%

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

SHAWNEE COMMUNITY COLLEGE  
 Required Supplementary Information  
 Schedule of Contributions- CIP  
 For the Year Ended June 30, 2018  
 (Unaudited)

Year Ended June 30	Statutorily Required Contributions*	Covered Payroll	Actual Contribution as a % of Covered Payroll
2018	\$ 30,544	\$ 6,108,812	0.50%
2017	30,609	6,121,858	0.50%
2016	32,518	6,503,516	0.50%
2015	32,607	6,521,490	0.50%
2014	31,804	6,360,830	0.50%

\* Statutorily required contributions equal actual contributions recognized by the plan.

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #505  
Notes to Required Supplementary Information – OPEB Liability  
For the Year Ended June 30, 2018  
(Unaudited)

*Changes of Benefit Terms*

There were no benefit changes in the Total OPEB Liability as of June 30, 2017.

*Assumptions Used*

- Actuarial Cost Method – Entry Age Normal, used to measure the Total OPEB Liability
- Contribution Policy – Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2017, contribution rates are 0.50 percent of pay for active members, 0.50 percent of pay for community colleges and 0.50 percent of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
- Asset Valuation Method – Market value
- Investment Rate of Return – 0 percent, net of OPEB plan investment expense, including inflation
- Inflation – 2.75 percent
- Salary Increases – Depends on service and ranges from 10.00 percent at less than 1 year of service to 3.75 percent at 34 or more years of service. Salary increase includes a 3.75 percent wage inflation assumption
- Retirement Age – Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014, actuarial valuation.
- Mortality – Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2014.
- Healthcare Cost Trend Rates – Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trend starts at 8.00 percent and 9.00 percent for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50 percent. Additional trend rate of 0.52 percent is added to non-Medicare cost on and after 2020 to account for the Excise tax.
- Aging Factors – Based on the 2013 SOA Study “Health Care Costs – From Birth to Death”
- Expenses – Health administrative expenses are included in the development of the per-capita claims cost. Operating expenses are included as a component of the Annual OPEB Expense.

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Combined Balance Sheet -  
 Modified Accrual Basis (Governmental Fund Types and Account Groups)  
 and GAAP Basis (Proprietary and Fiduciary Fund Types)  
 All Fund Types and Account Groups  
 June 30, 2018

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 13,234,306	\$ 1,234,814	\$ 328,738	\$ 720,071	\$ 385,129	\$ 2,753,541	\$ -	\$ -	\$ 18,656,599
Investments	-	-	-	-	-	2,466,770	-	-	2,466,770
Receivables:									
Property Taxes	657,345	279,229	551,796	83,486	-	-	-	-	1,571,856
Replacement Taxes	74,859	-	-	-	-	-	-	-	74,859
Agency Tuition	23,732	-	-	-	-	-	-	-	23,732
Student Tuition and Fees, Net of Allowance	506,207	-	-	-	(922)	-	-	-	505,285
Governmental Grants and Contracts	-	208,502	-	-	-	-	-	-	208,502
Prepaid Expenses	58,554	97,794	-	-	-	-	-	-	156,348
Due from Other Funds	60,000	-	-	-	-	-	-	-	60,000
Inventory	-	-	-	-	323,305	-	-	-	323,305
Property and Equipment, Net	-	-	-	-	7,801	-	20,844,083	-	20,851,884
<b>OTHER DEBITS</b>									
Amount Available to Retire Debt	-	-	-	-	-	-	-	867,477	867,477
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	6,772,523	6,772,523
<b>Total Assets and Other Debits</b>	<b>\$ 14,615,003</b>	<b>\$ 1,820,339</b>	<b>\$ 880,534</b>	<b>\$ 803,557</b>	<b>\$ 715,313</b>	<b>\$ 5,220,311</b>	<b>\$ 20,844,083</b>	<b>\$ 7,640,000</b>	<b>\$ 52,539,140</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Balance Sheet -  
Modified Accrual Basis (Governmental Fund Types and Account Groups)  
and GAAP Basis (Proprietary and Fiduciary Fund Types)  
All Fund Types and Account Groups  
June 30, 2018

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
<b>LIABILITIES</b>									
Accounts Payable	\$ 412,960	\$ -	\$ -	\$ -	\$ 2,215	\$ -	\$ -	\$ -	\$ 415,175
Accrued Liabilities	439,145	-	13,057	-	-	-	-	-	452,202
Unearned Revenue	535,190	157,647	-	-	23,300	-	-	-	716,137
Due to Other Funds	-	60,000	-	-	-	-	-	-	60,000
Due to Student Groups	-	-	-	-	-	190,133	-	-	190,133
Bonds Payable	-	-	-	-	-	-	-	7,640,000	7,640,000
<b>Total Liabilities</b>	<b>1,387,295</b>	<b>217,647</b>	<b>13,057</b>	<b>-</b>	<b>25,515</b>	<b>190,133</b>	<b>-</b>	<b>7,640,000</b>	<b>9,473,647</b>
<b>COLLEGE EQUITY</b>									
Investment in General Fixed Assets	-	-	-	-	-	-	20,844,083	-	20,844,083
Fund Balance:									
Reserved	-	1,602,692	867,477	803,557	-	5,030,178	-	-	8,303,904
Unreserved, Designated	180,232	-	-	-	-	-	-	-	180,232
Unreserved, Undesignated	13,047,476	-	-	-	-	-	-	-	13,047,476
Retained Earnings	-	-	-	-	689,798	-	-	-	689,798
<b>Total College Equity</b>	<b>13,227,708</b>	<b>1,602,692</b>	<b>867,477</b>	<b>803,557</b>	<b>689,798</b>	<b>5,030,178</b>	<b>20,844,083</b>	<b>-</b>	<b>43,065,493</b>
<b>Total Liabilities and College Equity</b>	<b>\$ 14,615,003</b>	<b>\$ 1,820,339</b>	<b>\$ 880,534</b>	<b>\$ 803,557</b>	<b>\$ 715,313</b>	<b>\$ 5,220,311</b>	<b>\$ 20,844,083</b>	<b>\$ 7,640,000</b>	<b>\$ 52,539,140</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Modified Accrual Basis  
All Governmental Fund Types  
For the Year Ended June 30, 2018

	General	Special Revenue	Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
<b>Revenues</b>					
Local Sources	\$ 2,324,690	\$ 881,654	\$ 1,720,560	\$ 255,750	\$ 5,182,654
State Sources	4,599,521	237,742	-	-	4,837,263
Federal Sources	-	3,382,463	-	-	3,382,463
Tuition and Fees	4,607,815	-	-	-	4,607,815
Facilities	47,252	-	-	-	47,252
Investment Income	135,682	-	-	3,299	138,981
Other Revenue	245,560	45,507	-	-	291,067
On-Behalf Payments	-	4,778,870	-	-	4,778,870
Total Revenues	<u>11,960,520</u>	<u>9,326,236</u>	<u>1,720,560</u>	<u>259,049</u>	<u>23,266,365</u>
<b>Expenditures</b>					
Instruction	4,683,173	334,864	-	-	5,018,037
Academic Support	303,862	15,055	-	-	318,917
Student Services	1,051,069	382,533	-	-	1,433,602
Public Service	152,694	296,766	-	-	449,460
Operation and Maintenance of Plant	1,184,698	-	-	328,690	1,513,388
Scholarships and Grants	1,958,535	2,590,987	-	-	4,549,522
Institutional Support	2,992,234	935,475	-	117,310	4,045,019
Principal	-	-	1,595,000	-	1,595,000
Interest	-	-	121,421	-	121,421
On-Behalf Payments	-	4,778,870	-	-	4,778,870
Total Expenditures	<u>12,326,265</u>	<u>9,334,550</u>	<u>1,716,421</u>	<u>446,000</u>	<u>23,823,236</u>
Revenue Over (Under) Expenditures	<u>(365,745)</u>	<u>(8,314)</u>	<u>4,139</u>	<u>(186,951)</u>	<u>(556,871)</u>
<b>Other Financing Sources (Uses)</b>					
Bond Proceeds	6,000,000	-	-	-	6,000,000
Operating Transfers, Net	(380,980)	-	-	-	(380,980)
Total Other Financing Sources (Uses)	<u>5,619,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,619,020</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,253,275	(8,314)	4,139	(186,951)	5,062,149
<b>Fund Balance, July 1, 2017</b>	<u>7,974,433</u>	<u>1,611,006</u>	<u>863,338</u>	<u>990,508</u>	<u>11,439,285</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ 13,227,708</u>	<u>\$ 1,602,692</u>	<u>\$ 867,477</u>	<u>\$ 803,557</u>	<u>\$ 16,501,434</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis  
All Budgeted Governmental Fund Types  
For the Year Ended June 30, 2018

	General		Special Revenue		Debt Service - Bond and Interest Fund		Capital Projects Fund - Operation and Maintenance Restricted Fund		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>										
Local Sources	\$ 2,255,448	\$ 2,324,690	\$ 879,000	\$ 881,654	\$ 1,715,420	\$ 1,720,560	\$ 255,000	\$ 255,750	\$ 5,104,868	\$ 5,182,654
State Sources	4,595,306	4,599,521	150,754	237,742	-	-	-	-	4,746,060	4,837,263
Federal Sources	100	-	5,252,283	3,382,463	-	-	-	-	5,252,383	3,382,463
Tuition and Fees	4,714,491	4,607,815	-	-	-	-	-	-	4,714,491	4,607,815
Facilities	60,000	47,252	-	-	-	-	-	-	60,000	47,252
Investment Income	40,000	135,682	-	-	-	-	1,000	3,299	41,000	138,981
Other Revenue	221,050	245,560	-	45,507	-	-	-	-	221,050	291,067
Total Revenues	<u>11,886,395</u>	<u>11,960,520</u>	<u>6,282,037</u>	<u>4,547,366</u>	<u>1,715,420</u>	<u>1,720,560</u>	<u>256,000</u>	<u>259,049</u>	<u>20,139,852</u>	<u>18,487,495</u>
<b>Expenditures</b>										
Instruction	5,655,502	4,683,173	273,389	334,864	-	-	-	-	5,928,891	5,018,037
Academic Support	310,978	303,862	15,054	15,055	-	-	-	-	326,032	318,917
Student Services	1,161,874	1,051,069	430,516	382,533	-	-	-	-	1,592,390	1,433,602
Public Service	174,935	152,694	339,671	296,766	-	-	-	-	514,606	449,460
Operation and Maintenance of Plant	2,129,135	1,184,698	-	-	-	-	344,000	328,690	2,473,135	1,513,388
Scholarships and Grants	1,935,847	1,958,535	4,340,000	2,590,987	-	-	-	-	6,275,847	4,549,522
Institutional Support	3,951,484	2,992,234	829,000	935,475	-	-	154,000	117,310	4,934,484	4,045,019
Principal	-	-	-	-	1,673,343	1,595,000	-	-	1,673,343	1,595,000
Interest	-	-	-	-	42,078	121,421	-	-	42,078	121,421
Total Expenditures	<u>15,319,755</u>	<u>12,326,265</u>	<u>6,227,630</u>	<u>4,555,680</u>	<u>1,715,420</u>	<u>1,716,421</u>	<u>498,000</u>	<u>446,000</u>	<u>23,760,805</u>	<u>19,044,366</u>
Revenue Over (Under) Expenditures	<u>(3,433,360)</u>	<u>(365,745)</u>	<u>54,407</u>	<u>(8,314)</u>	<u>-</u>	<u>4,139</u>	<u>(242,000)</u>	<u>(186,951)</u>	<u>(3,620,953)</u>	<u>(556,871)</u>
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	6,000,000	6,000,000	-	-	-	-	-	-	6,000,000	6,000,000
Operating Transfers, Net	(373,004)	(380,980)	-	-	-	-	-	-	(373,004)	(380,980)
Total Other Financing Sources (Uses)	<u>5,626,996</u>	<u>5,619,020</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(373,004)</u>	<u>(380,980)</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>\$ 2,193,636</u>	<u>5,253,275</u>	<u>\$ 54,407</u>	<u>(8,314)</u>	<u>\$ -</u>	<u>4,139</u>	<u>\$ (242,000)</u>	<u>(186,951)</u>	<u>\$ (3,993,957)</u>	<u>(937,851)</u>
<b>Fund Balance, July 1, 2017</b>		<u>7,974,433</u>		<u>1,611,006</u>		<u>863,338</u>		<u>990,508</u>		<u>11,439,285</u>
<b>Fund Balance, June 30, 2018</b>		<u>\$ 13,227,708</u>		<u>\$ 1,602,692</u>		<u>\$ 867,477</u>		<u>\$ 803,557</u>		<u>\$ 16,501,434</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Revenues, Expenses,  
and Changes in College Equity - Budget and Actual  
Proprietary Fund Types and Similar Trust Funds  
For the Year Ended June 30, 2018

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
<b>Operating Revenues</b>				
Student and Community Services	\$ -	\$ -	\$ 776,000	\$ 520,326
Student Tuition and Fees	-	-	-	-
State Sources	-	-	-	-
Other Revenue	-	-	-	-
Investment Income	20,000	91,593	-	-
Total Operating Revenues	<u>20,000</u>	<u>91,593</u>	<u>776,000</u>	<u>520,326</u>
<b>Operating Expenses</b>				
Salaries	-	-	208,118	199,771
Employee Benefits	-	-	18,642	10,546
Contractual Services	-	-	59,891	50,783
General Materials and Supplies	-	-	533,172	412,918
Conference and Meeting	-	-	33,000	26,447
Fixed Charges	-	-	38,500	17,646
Depreciation	-	-	-	1,931
Capital Outlay	-	-	-	-
Other	-	-	275,681	256,139
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>1,167,004</u>	<u>976,181</u>
Operating Income (Loss)	20,000	91,593	(391,004)	(455,855)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers, Net	<u>-</u>	<u>(91,593)</u>	<u>393,004</u>	<u>472,573</u>
<b>Net Income (Loss)</b>	<u>\$ 20,000</u>	<u>-</u>	<u>\$ 2,000</u>	<u>16,718</u>
<b>College Equity, July 1, 2017</b>		<u>5,030,178</u>		<u>673,080</u>
<b>College Equity, June 30, 2018</b>		<u>\$ 5,030,178</u>		<u>\$ 689,798</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Cash Flows  
Proprietary Fund Types and Similar Trust Funds  
For the Year Ended June 30, 2018

	Fiduciary Fund Type	Proprietary Fund Type
	Working Cash Fund	Enterprise Funds
<b>Cash Flows from Operating Activities</b>		
Auxiliary Enterprise Charges	\$ -	\$ 520,326
Student Tuition and Fees	-	1,100
Payments to Suppliers	-	(756,929)
Payments to Employees and Benefits Paid	-	(210,317)
Interest on Investments	91,593	-
Net Cash Provided by (Used in) Operating Activities	<u>91,593</u>	<u>(445,820)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Operating Transfers In (Out)	(91,593)	472,573
<b>Cash Flows from Investing Activities</b>		
Maturity of Investments	<u>6,742</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	6,742	26,753
<b>Cash and Cash Equivalents, July 1, 2017</b>	<u>2,556,666</u>	<u>358,376</u>
<b>Cash and Cash Equivalents, June 30, 2018</b>	<u>\$ 2,563,408</u>	<u>\$ 385,129</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	\$ 91,593	\$ (455,855)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	1,931
Changes in Assets and Liabilities:		
Receivables	-	1,100
Inventories	-	7,760
Payables	-	(756)
Net Cash Provided by (Used in) Operating Activities	<u>\$ 91,593</u>	<u>\$ (445,820)</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet - Modified Accrual Basis  
General Funds  
June 30, 2018

	Education Fund	Operation and Maintenance Fund	Total
ASSETS			
Cash and Cash Equivalents	\$ 11,174,555	\$ 2,059,751	\$ 13,234,306
Receivables:			
Property Taxes	441,762	215,583	657,345
Replacement Taxes	52,401	22,458	74,859
Agency Tuition	23,732	-	23,732
Student Tuition and Fees, Net of Allowance	506,207	-	506,207
Governmental Grants and Contracts	-	-	-
Prepaid Expenses	58,554	-	58,554
Due From Other Funds	60,000	-	60,000
	<u>\$ 12,317,211</u>	<u>\$ 2,297,792</u>	<u>\$ 14,615,003</u>
LIABILITIES			
Accounts Payable	\$ 412,960	\$ -	\$ 412,960
Accrued Liabilities	439,145	-	439,145
Unearned Revenue	535,190	-	535,190
Total Liabilities	<u>1,387,295</u>	<u>-</u>	<u>1,387,295</u>
FUND BALANCE			
Unreserved, Designated	180,232	-	180,232
Unreserved, Undesignated	10,749,684	2,297,792	13,047,476
Total Fund Balance	<u>10,929,916</u>	<u>2,297,792</u>	<u>13,227,708</u>
	<u>\$ 12,317,211</u>	<u>\$ 2,297,792</u>	<u>\$ 14,615,003</u>
Total Liabilities and Fund Balance	<u>\$ 12,317,211</u>	<u>\$ 2,297,792</u>	<u>\$ 14,615,003</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Modified Accrual Basis  
General Funds  
For the Year Ended June 30, 2018

	Education Fund	Operation and Maintenance Fund	Total
<b>Revenues</b>			
Local Sources	\$ 1,574,761	\$ 749,929	\$ 2,324,690
State Sources	4,151,434	448,087	4,599,521
Tuition and Fees	4,607,815	-	4,607,815
Facilities	-	47,252	47,252
Investment Income	135,682	-	135,682
Other Revenue	238,583	6,977	245,560
Total Revenues	<u>10,708,275</u>	<u>1,252,245</u>	<u>11,960,520</u>
<b>Expenditures</b>			
Instruction	4,683,173	-	4,683,173
Academic Support	303,862	-	303,862
Student Services	1,051,069	-	1,051,069
Public Service	152,694	-	152,694
Operation and Maintenance of Plant	-	1,184,698	1,184,698
Institutional Support	2,992,234	-	2,992,234
Scholarships and Grants	1,958,535	-	1,958,535
Total Expenditures	<u>11,141,567</u>	<u>1,184,698</u>	<u>12,326,265</u>
Revenue Over (Under) Expenditures	<u>(433,292)</u>	<u>67,547</u>	<u>(365,745)</u>
<b>Other Financing Sources (Uses)</b>			
Bond Proceeds	6,000,000	-	6,000,000
Operating Transfers, Net	(1,357,980)	977,000	(380,980)
Total Other Financing Sources (Uses)	<u>4,642,020</u>	<u>977,000</u>	<u>5,619,020</u>
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,208,728	1,044,547	5,253,275
<b>Fund Balance, July 1, 2017</b>	<u>6,721,188</u>	<u>1,253,245</u>	<u>7,974,433</u>
<b>Fund Balance, June 30, 2018</b>	<u>\$ 10,929,916</u>	<u>\$ 2,297,792</u>	<u>\$ 13,227,708</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet - Modified Accrual Basis  
Special Revenue Funds  
June 30, 2018

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 9,145	\$ 49,067	\$ 1,176,602	\$ 1,234,814
Receivables:				
Property Taxes	-	10,342	268,887	279,229
Governmental Grants and Contracts	208,502	-	-	208,502
Prepaid Expenses	-	-	97,794	97,794
<b>Total Assets</b>	<b><u>\$ 217,647</u></b>	<b><u>\$ 59,409</u></b>	<b><u>\$ 1,543,283</u></b>	<b><u>\$ 1,820,339</u></b>
<b>LIABILITIES</b>				
Unearned Revenue	\$ 157,647	\$ -	\$ -	\$ 157,647
Due to Other Funds	60,000	-	-	60,000
<b>Total Liabilities</b>	<b><u>217,647</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>217,647</u></b>
<b>FUND BALANCE</b>				
Reserved	-	59,409	1,543,283	1,602,692
<b>Total Fund Balance</b>	<b><u>-</u></b>	<b><u>59,409</u></b>	<b><u>1,543,283</u></b>	<b><u>1,602,692</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 217,647</u></b>	<b><u>\$ 59,409</u></b>	<b><u>\$ 1,543,283</u></b>	<b><u>\$ 1,820,339</u></b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Modified Accrual Basis  
Special Revenue Funds  
For the Year Ended June 30, 2018

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<b>Revenues</b>				
Local Sources	\$ -	\$ 30,653	\$ 851,001	\$ 881,654
State Sources	237,742	-	-	237,742
Federal Sources	3,382,463	-	-	3,382,463
Other Revenue	45,507	-	-	45,507
On-Behalf Payments	4,778,870	-	-	4,778,870
<b>Total Revenues</b>	<b>8,444,582</b>	<b>30,653</b>	<b>851,001</b>	<b>9,326,236</b>
<b>Expenditures</b>				
Instruction	334,864	-	-	334,864
Academic Support	15,055	-	-	15,055
Student Services	382,533	-	-	382,533
Public Service	296,766	-	-	296,766
Auxiliary Services	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-
Institutional Support	45,507	38,075	851,893	935,475
Scholarships and Grants	2,590,987	-	-	2,590,987
On-Behalf Payments	4,778,870	-	-	4,778,870
<b>Total Expenditures</b>	<b>8,444,582</b>	<b>38,075</b>	<b>851,893</b>	<b>9,334,550</b>
Revenue Over (Under) Expenditures	-	(7,422)	(892)	(8,314)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers (Net)	-	-	-	-
Revenue Over (Under) Expenditures and Other Financing Uses	-	(7,422)	(892)	(8,314)
<b>Fund Balance, July 1, 2017</b>	<b>-</b>	<b>66,831</b>	<b>1,544,175</b>	<b>1,611,006</b>
<b>Fund Balance, June 30, 2018</b>	<b>\$ -</b>	<b>\$ 59,409</b>	<b>\$ 1,543,283</b>	<b>\$ 1,602,692</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet  
Fiduciary Funds  
June 30, 2018

	Non-Expendable Trust		
	<u>Working</u>	Trust and	<u>Total</u>
	Cash Fund	Agency Fund	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 2,563,408	\$ 190,133	\$ 2,753,541
Investments	<u>2,466,770</u>	<u>-</u>	<u>2,466,770</u>
Total Assets	<u>\$ 5,030,178</u>	<u>\$ 190,133</u>	<u>\$ 5,220,311</u>
<b>LIABILITIES</b>			
Due to Student Groups	\$ -	\$ 190,133	\$ 190,133
<b>FUND BALANCE</b>			
Reserved	<u>5,030,178</u>	<u>-</u>	<u>5,030,178</u>
Total Liabilities and Fund Balance	<u>\$ 5,030,178</u>	<u>\$ 190,133</u>	<u>\$ 5,220,311</u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups)  
 and GAAP Basis (Proprietary and Fiduciary Fund Types)  
 All Funds and Account Groups  
 June 30, 2018

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Account Groups		Total (Memorandum Only)
		Operational	Restricted								General Fixed Assets	General Long-Term Debt	
<b>ASSETS</b>													
Cash and Cash Equivalents	\$ 11,174,555	\$ 2,059,751	\$ 720,071	\$ 385,129	\$ 9,145	\$ 2,563,408	\$ 190,133	\$ 328,738	\$ 49,067	\$ 1,176,602	\$ -	\$ -	\$ 18,656,599
Investments	-	-	-	-	-	2,466,770	-	-	-	-	-	-	2,466,770
Receivables:													
Property Taxes	441,762	215,583	83,486	-	-	-	-	551,796	10,342	268,887	-	-	1,571,856
Replacement Taxes	52,401	22,458	-	-	-	-	-	-	-	-	-	-	74,859
Agency Tuition	23,732	-	-	-	-	-	-	-	-	-	-	-	23,732
Student Tuition and Fees, Net of Allowance	506,207	-	-	(922)	-	-	-	-	-	-	-	-	505,285
Governmental Grants and Contracts	-	-	-	-	208,502	-	-	-	-	-	-	-	208,502
Due from Other Funds	60,000	-	-	-	-	-	-	-	-	-	-	-	60,000
Prepaid Expenses	58,554	-	-	-	-	-	-	-	-	97,794	-	-	156,348
Inventory	-	-	-	323,305	-	-	-	-	-	-	-	-	323,305
Property and Equipment at Cost, Net	-	-	-	7,801	-	-	-	-	-	-	20,844,083	-	20,851,884
Amounts Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	867,477	867,477
Amounts to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	6,772,523	6,772,523
<b>Total Assets</b>	<b>\$ 12,317,211</b>	<b>\$ 2,297,792</b>	<b>\$ 803,557</b>	<b>\$ 715,313</b>	<b>\$ 217,647</b>	<b>\$ 5,030,178</b>	<b>\$ 190,133</b>	<b>\$ 880,534</b>	<b>\$ 59,409</b>	<b>\$ 1,543,283</b>	<b>\$ 20,844,083</b>	<b>\$ 7,640,000</b>	<b>\$ 52,539,140</b>
<b>LIABILITIES</b>													
Accounts Payable	\$ 412,960	\$ -	\$ -	\$ 2,215	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 415,175
Accrued Liabilities	439,145	-	-	-	-	-	-	13,057	-	-	-	-	452,202
Due to Other Funds	-	-	-	-	60,000	-	-	-	-	-	-	-	60,000
Unearned Revenue	535,190	-	-	23,300	157,647	-	-	-	-	-	-	-	716,137
Due to Student Groups	-	-	-	-	-	-	190,133	-	-	-	-	-	190,133
Bonds	-	-	-	-	-	-	-	-	-	-	-	7,640,000	7,640,000
<b>Total Liabilities</b>	<b>1,387,295</b>	<b>-</b>	<b>-</b>	<b>25,515</b>	<b>217,647</b>	<b>-</b>	<b>190,133</b>	<b>13,057</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,640,000</b>	<b>9,473,647</b>
<b>COLLEGE EQUITY</b>													
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	20,844,083	-	20,844,083
Fund Balance:													
Reserved	-	-	803,557	-	-	5,030,178	-	867,477	59,409	1,543,283	-	-	8,303,904
Unreserved, Designated	180,232	-	-	-	-	-	-	-	-	-	-	-	180,232
Unreserved, Undesignated	10,749,684	2,297,792	-	-	-	-	-	-	-	-	-	-	13,047,476
Retained Earnings (Accumulated Deficit)	-	-	-	689,798	-	-	-	-	-	-	-	-	689,798
<b>Total College Equity (Deficit)</b>	<b>10,929,916</b>	<b>2,297,792</b>	<b>803,557</b>	<b>689,798</b>	<b>-</b>	<b>5,030,178</b>	<b>-</b>	<b>867,477</b>	<b>59,409</b>	<b>1,543,283</b>	<b>20,844,083</b>	<b>-</b>	<b>43,065,493</b>
<b>Total Liabilities and College Equity</b>	<b>\$ 12,317,211</b>	<b>\$ 2,297,792</b>	<b>\$ 803,557</b>	<b>\$ 715,313</b>	<b>\$ 217,647</b>	<b>\$ 5,030,178</b>	<b>\$ 190,133</b>	<b>\$ 880,534</b>	<b>\$ 59,409</b>	<b>\$ 1,543,283</b>	<b>\$ 20,844,083</b>	<b>\$ 7,640,000</b>	<b>\$ 52,539,140</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Revenues, Expenditures, and Changes in College Equity -  
Modified Accrual Basis (Governmental Fund Types)  
and GAAP Basis (Proprietary and Fiduciary Fund Types)  
All Funds  
For the Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total (Memorandum Only)
		Operational	Restricted							
<b>Revenues</b>										
Local Sources	\$ 1,574,761	\$ 749,929	\$ 255,750	\$ -	\$ -	\$ -	\$ 1,720,560	\$ 30,653	\$ 851,001	\$ 5,182,654
State Sources	4,151,434	448,087	-	-	237,742	-	-	-	-	4,837,263
Federal Sources	-	-	-	-	3,382,463	-	-	-	-	3,382,463
Tuition and Fees	4,607,815	-	-	-	-	-	-	-	-	4,607,815
Facilities	-	47,252	-	-	-	-	-	-	-	47,252
Investment Income	135,682	-	3,299	-	-	91,593	-	-	-	230,574
Other Revenue	238,583	6,977	-	520,326	45,507	-	-	-	-	811,393
On-Behalf Payments	-	-	-	-	4,778,870	-	-	-	-	4,778,870
<b>Total Revenues</b>	<b>10,708,275</b>	<b>1,252,245</b>	<b>259,049</b>	<b>520,326</b>	<b>8,444,582</b>	<b>91,593</b>	<b>1,720,560</b>	<b>30,653</b>	<b>851,001</b>	<b>23,878,284</b>
<b>Expenditures</b>										
Instruction	4,683,173	-	-	-	334,864	-	-	-	-	5,018,037
Academic Support	303,862	-	-	-	15,055	-	-	-	-	318,917
Student Services	1,051,069	-	-	-	382,533	-	-	-	-	1,433,602
Public Service	152,694	-	-	-	296,766	-	-	-	-	449,460
Auxiliary Services	-	-	-	974,250	-	-	-	-	-	974,250
Operation and Maintenance of Plant	-	1,184,698	328,690	-	-	-	-	-	-	1,513,388
Institutional Support	2,992,234	-	117,310	-	45,507	-	-	38,075	851,893	4,045,019
Scholarships and Grants	1,958,535	-	-	-	2,590,987	-	-	-	-	4,549,522
Principal	-	-	-	-	-	-	1,595,000	-	-	1,595,000
Interest	-	-	-	-	-	-	121,421	-	-	121,421
Depreciation	-	-	-	1,931	-	-	-	-	-	1,931
On-Behalf Payments	-	-	-	-	4,778,870	-	-	-	-	4,778,870
<b>Total Expenditures</b>	<b>11,141,567</b>	<b>1,184,698</b>	<b>446,000</b>	<b>976,181</b>	<b>8,444,582</b>	<b>-</b>	<b>1,716,421</b>	<b>38,075</b>	<b>851,893</b>	<b>24,799,417</b>
Revenue Over (Under) Expenditures	(433,292)	67,547	(186,951)	(455,855)	-	91,593	4,139	(7,422)	(892)	(921,133)
<b>Other Financing Sources (Uses)</b>										
Bond Proceeds	6,000,000	-	-	-	-	-	-	-	-	6,000,000
Operating Transfers, Net	(1,357,980)	977,000	-	472,573	-	(91,593)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>4,642,020</b>	<b>977,000</b>	<b>-</b>	<b>472,573</b>	<b>-</b>	<b>(91,593)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,000,000</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	4,208,728	1,044,547	(186,951)	16,718	-	-	4,139	(7,422)	(892)	5,078,867
<b>College Equity, Beginning of Year</b>	<b>6,721,188</b>	<b>1,253,245</b>	<b>990,508</b>	<b>673,080</b>	<b>-</b>	<b>5,030,178</b>	<b>863,338</b>	<b>66,831</b>	<b>1,544,175</b>	<b>17,142,543</b>
<b>College Equity, End of Year</b>	<b>\$ 10,929,916</b>	<b>\$ 2,297,792</b>	<b>\$ 803,557</b>	<b>\$ 689,798</b>	<b>\$ -</b>	<b>\$ 5,030,178</b>	<b>\$ 867,477</b>	<b>\$ 59,409</b>	<b>\$ 1,543,283</b>	<b>\$ 22,221,410</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Reconciliations to the Basic Financial Statements

Reconciliation of the Balance Sheet -  
Modified Accrual Basis (Governmental Fund Types and Account Groups)  
and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Net Position  
June 30, 2018

College Equity	\$ 43,065,493
Reconciling Items:	
Reclassification of Long Term Debt	(7,640,000)
Accrual of Interest on Long-Term Debt	(113,585)
Recognition of Other Postemployment Benefit Liability	(6,434,065)
Deferred Outflows of Resources - Other Postemployment Benefits	30,544
Deferred Inflows of Resources - Postemployment Benefits	(644,799)
Deferred Outflows - Retirement Plan Contributions	<u>55,146</u>
Net Position	<u>\$ 28,318,734</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in College Equity -  
Modified Accrual Basis (Governmental Fund Types) and GAAP Basis (Proprietary Fund Types)  
to the Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2018

Change in College Equity	\$ 5,078,867
Reconciling Items:	
General Obligation Debt Retired	1,595,000
Record Depreciation on the Capital Assets	(798,634)
General Obligation Debt Issued	(6,000,000)
Remove Capital Expenditures related to Capital Assets	976,401
Change in Deferred Outflows - Other Postemployment Benefits	(65)
Change in Deferred Inflows - Other Postemployment Benefits	(644,799)
Change in Net Other Postemployment Benefits Liability	95,689
Change in Loss Contingency Accrual	80,000
Accrual of Interest on Long-Term Debt	(113,585)
Change in Deferred Outflows - Retirement Plan Contributions	<u>(331)</u>
Change in Net Position	<u>\$ 268,543</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections  
June 30, 2018

	<u>2016 Levy</u>	<u>2015 Levy</u>	<u>2014 Levy</u>	<u>2013 Levy</u>
<b>District Valuations</b>	\$ 603,418,627	\$ 587,294,095	\$ 576,047,867	\$ 572,818,519
<b>Tax Rates</b> (Per \$100 Assessed Valuations)				
Education	0.20000	0.20000	0.20000	0.20000
Building	0.10000	0.10000	0.10000	0.10000
Liability Insurance	0.12125	0.12210	0.11824	0.11917
Social Security	0.02152	0.02170	0.02097	0.02111
Audit	0.00500	0.00500	0.00500	0.00500
Health and Safety	0.04225	0.04310	0.04354	0.04375
Bond and Interest	0.28668	0.29440	0.29823	0.29699
<b>TOTAL</b>	<u>0.77670</u>	<u>0.78630</u>	<u>0.78598</u>	<u>0.78602</u>
<b>Tax Extensions</b>				
Education	\$ 1,273,654	\$ 1,206,125	\$ 1,156,537	\$ 1,179,533
Building	616,674	604,562	582,762	573,582
Liability Insurance	725,506	709,496	679,522	681,007
Social Security	128,726	125,824	120,481	120,639
Audit	30,901	30,314	30,144	30,204
Health and Safety	252,808	250,000	250,000	250,000
Bond and Interest	1,715,420	1,710,325	1,713,877	1,697,223
	<u>\$ 4,743,689</u>	<u>\$ 4,636,646</u>	<u>\$ 4,533,323</u>	<u>\$ 4,532,188</u>
<b>Collections</b>				
Education	\$ 1,240,460	\$ 1,234,935	\$ 1,153,635	\$ 1,161,571
Building	603,999	602,761	577,038	573,847
Liability Insurance	735,508	729,682	678,463	682,399
Social Security	126,372	129,681	120,326	120,881
Audit	30,405	30,556	29,346	29,267
Health and Safety	255,056	257,570	249,839	250,524
Bond and Interest	1,730,563	1,759,972	1,711,488	1,700,629
	<u>\$ 4,722,363</u>	<u>\$ 4,745,157</u>	<u>\$ 4,520,135</u>	<u>\$ 4,519,118</u>
Percent of Extension Collected	<u>99.55%</u>	<u>102.34%</u>	<u>99.71%</u>	<u>99.71%</u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Schedule of Legal Debt Margin  
 June 30, 2018

<b>Assessed Valuations - 2017 Levy***</b>	\$	624,484,718
Debt Limit, 2.875 Percent of Assessed Valuation (50 ILCS 405/1)	\$	17,953,936
Indebtedness:		
General Obligation Community College Bonds		7,640,000
<b>Legal Debt Margin</b>	\$	10,313,936

\*\*\* - Most Current Assessed Valuation Available

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Student Enrollment and Full-Time Equivalency  
 At Tenth Day  
 For the Year Ended June 30, 2018  
 (Unaudited)

<b>School Quarter</b>	<b>Student Enrollment</b>	<b>Full-Time Equivalency</b>
	<u>                    </u>	<u>                    </u>
Summer 2017	752	563
Fall 2017	1,505	903
Spring 2018	<u>1,473</u>	<u>903</u>
<b>Semester Average (Exclusive of Summer School)</b>	<u><u>1,489</u></u>	<u><u>903</u></u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 All Funds Summary - Modified Accrual Basis  
 Uniform Financial Statement No. 1  
 For the Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund Balance, July 1, 2017	\$ 6,721,188	\$ 1,253,245	\$ 990,508	\$ 863,338	\$ 673,080	\$ -	\$ 5,030,178	\$ 66,831	\$ 1,544,175	\$ 17,142,543
Revenues:										
Local Tax Revenue	1,267,216	618,124	255,750	1,720,560	-	-	-	30,653	851,001	4,743,304
All Other Local Revenue	307,545	131,805	-	-	-	-	-	-	-	439,350
ICCB Grants	4,151,434	448,087	-	-	-	237,742	-	-	-	4,837,263
All Other State Revenue (Including SURS On-Behalf)	-	-	-	-	-	4,778,870	-	-	-	4,778,870
Federal Revenue	-	-	-	-	-	3,382,463	-	-	-	3,382,463
Student Tuition and Fees	4,607,815	-	-	-	-	-	-	-	-	4,607,815
All Other Revenue	6,374,265	54,229	3,299	-	520,326	45,507	91,593	-	-	7,089,219
Total Revenues	16,708,275	1,252,245	259,049	1,720,560	520,326	8,444,582	91,593	30,653	851,001	29,878,284
Expenditures:										
Instruction	4,683,173	-	-	-	-	3,082,869	-	-	-	7,766,042
Academic Support	303,862	-	-	-	-	146,376	-	-	-	450,238
Student Services	1,056,634	-	-	-	-	1,076,571	-	-	-	2,133,205
Public Service/Continuing Education	152,694	-	-	-	-	497,841	-	-	-	650,535
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	976,181	142,404	-	-	-	1,118,585
Operations and Maintenance	-	1,184,698	328,690	-	-	97,982	-	-	-	1,611,370
Institutional Support	2,986,669	-	117,310	1,716,421	-	778,134	-	38,075	851,893	6,488,502
Scholarships, Student Grants, and Waivers	1,958,535	-	-	-	-	2,622,405	-	-	-	4,580,940
Total Expenditures	11,141,567	1,184,698	446,000	1,716,421	976,181	8,444,582	-	38,075	851,893	24,799,417
Net Transfers	(1,357,980)	977,000	-	-	472,573	-	(91,593)	-	-	-
Fund Balance, June 30, 2018	\$ 10,929,916	\$ 2,297,792	\$ 803,557	\$ 867,477	\$ 689,798	\$ -	\$ 5,030,178	\$ 59,409	\$ 1,543,283	\$ 22,221,410

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Summary of Fixed Assets and Debt  
Uniform Financial Statement No. 2  
For the Year Ended June 30, 2018

	Capital Assets / Long Term Debt			
	July 1, 2017	Additions	Deletions	June 30, 2018
Fixed Assets:				
Land	\$ 89,166	\$ -	\$ -	\$ 89,166
Land Improvements	116,529	-	-	116,529
Buildings, Additions, and Improvements	28,658,117	523,071	-	29,181,188
Equipment	2,985,392	517,787	(35,819)	3,467,360
Other Fixed Assets	64,456	-	(64,456)	-
Accumulated Depreciation	(11,237,613)	(800,565)	35,819	(12,002,359)
Net Fixed Assets	<u>\$ 20,676,047</u>	<u>\$ 240,293</u>	<u>\$ (64,456)</u>	<u>\$ 20,851,884</u>
Fixed Debt:				
Bonds	\$ 3,235,000	\$ 6,000,000	\$ (1,595,000)	\$ 7,640,000
Net Other Postemployment Benefit Liability	<u>6,421,072</u>	<u>59,010</u>	<u>(46,017)</u>	<u>6,434,065</u>
Total Fixed Liabilities	<u>\$ 9,656,072</u>	<u>\$ 6,059,010</u>	<u>\$ (1,641,017)</u>	<u>\$ 14,074,065</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Operating Funds Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 3  
For the Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>Operating Revenues by Source:</b>			
<i>Local Government Revenue</i>			
Local Taxes	\$ 1,267,216	\$ 618,124	\$ 1,885,340
Corporate Personal Property Replacement Tax	307,545	131,805	439,350
Chargeback Revenue	-	-	-
Total Local Government	<u>1,574,761</u>	<u>749,929</u>	<u>2,324,690</u>
<i>State Government</i>			
ICCB Base Operating Grant	946,558	448,087	1,394,645
ICCB Equalization Grant	3,090,540	-	3,090,540
ICCB Career & Technical Education	114,336	-	114,336
Total State Government	<u>4,151,434</u>	<u>448,087</u>	<u>4,599,521</u>
<i>Federal Government</i>			
Department of Education	-	-	-
Total Federal Government	<u>-</u>	<u>-</u>	<u>-</u>
<i>Student Tuition and Fees</i>			
Tuition	4,098,688	-	4,098,688
Fees	509,127	-	509,127
Total Student Tuition and Fees	<u>4,607,815</u>	<u>-</u>	<u>4,607,815</u>
<i>Other Sources</i>			
Sales and Service Fees	4,960	-	4,960
Facilities Revenue	-	47,252	47,252
Investment Revenue	135,682	-	135,682
Bond Proceeds	6,000,000	-	6,000,000
Other	233,623	6,977	240,600
Total Other Sources	<u>6,374,265</u>	<u>54,229</u>	<u>6,428,494</u>
Total Operating Revenues	16,708,275	1,252,245	17,960,520
<i>Less: Non-Operating Items</i>			
Bond Proceeds	(6,000,000)	-	(6,000,000)
Tuition Chargeback Revenue	-	-	-
Adjusted Operating Revenue	<u>\$ 10,708,275</u>	<u>\$ 1,252,245</u>	<u>\$ 11,960,520</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Operating Funds Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 3  
For the Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<b>Operating Expenditures by Program:</b>			
Instruction	\$ 4,683,173	\$ -	\$ 4,683,173
Academic Support	303,862	-	303,862
Student Services	1,056,634	-	1,056,634
Public Service/Continuing Education	152,694	-	152,694
Operations and Maintenance	-	1,184,698	1,184,698
Institutional Support	2,986,669	-	2,986,669
Scholarships, Grants, and Waivers	1,958,535	-	1,958,535
Transfers	1,357,980	-	1,357,980
Total Operating Expenditures by Program	12,499,547	1,184,698	13,684,245
 <b>Less: Non-Operating Items</b>			
Transfers	(1,357,980)	-	(1,357,980)
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	\$ 11,141,567	\$ 1,184,698	\$ 12,326,265
 <b>Operating Expenditures by Object:</b>			
Salaries	\$ 6,118,140	\$ 146,055	\$ 6,264,195
Employee Benefits	621,169	15,703	636,872
Contractual Services	937,721	349,352	1,287,073
General Materials and Supplies	526,039	49,216	575,255
<i>Library Materials *</i>	42,134	-	42,134
Conference and Meeting Expenses	88,919	-	88,919
Fixed Charges	108,116	-	108,116
Utilities	44,587	518,394	562,981
Capital Outlay	412,237	104,201	516,438
Other	2,284,639	1,777	2,286,416
Transfers	1,357,980	-	1,357,980
Total Operating Expenditures by Object	12,499,547	1,184,698	13,684,245
 <b>Less: Non-Operating Items</b>			
Transfers	(1,357,980)	-	(1,357,980)
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	\$ 11,141,567	\$ 1,184,698	\$ 12,326,265

\* Per ICCB reporting requirements, this line is presented as a memo only figures and is not added into the total expenditures amount.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 4  
For the Year Ended June 30, 2018

	Restricted Purposes Fund
Revenue by Source:	
<i>State Government</i>	
ICCB - Adult Education	\$ 225,038
ICCB - Other	12,704
Illinois Department of Commerce and Economic Opportunity	-
Illinois Board of Higher Education	-
SURS - On Behalf	4,778,870
Total State Government	5,016,612
 <i>Federal Government</i>	
Department of Education	3,089,135
ICCB - Adult Education	80,895
ICCB - Carl Perkins	77,649
ICCB - Other Grants	19,904
National Science Foundation	16,229
Department of Health and Human Services	15,054
Department of Labor	-
Department of Commerce and Economic Opportunity	82,447
Other Federal Sources	1,150
Total Federal Government	3,382,463
 <i>All Other Revenues</i>	 45,507
 Total Restricted Purposes Fund Revenues	 \$ 8,444,582

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 4  
For the Year Ended June 30, 2018

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	\$ 3,082,869
Academic Support	146,376
Student Services	1,076,571
Public Service/Continuing Education	497,841
Auxiliary Services	142,404
Operations and Maintenance	97,982
Institutional Support	778,134
Scholarships, Grants, and Waivers	2,622,405
Total Restricted Purposes Fund Expenditures by Program	\$ 8,444,582
Expenditures by Object:	
Salaries	\$ 647,057
Employee Benefits (Including SURS On-Behalf)	4,906,909
Contractual Services	31,928
General Materials and Supplies	133,119
Travel and Conference/Meeting Expenses	59,969
Utilities	475
Capital Outlay	69,785
Other	2,595,340
<i>Scholarships, Grants, and Waivers *</i>	2,622,405
Total Restricted Purposes Fund Expenditures by Object	\$ 8,444,582

\* Per ICCB reporting requirements, this line is presented as a memo only figures and is not added into the total expenditures amount.

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Current Funds\* Expenditures by Activity - Modified Accrual Basis  
 Uniform Financial Statement No. 5  
 For the Year Ended June 30, 2018

Instruction:	
Instructional Programs	<u>\$ 5,018,037</u>
Academic Support:	
Library Center	131,654
Academic Computing Support	10,264
Academic Administration and Planning	161,944
Other	15,055
Total Academic Support	<u>318,917</u>
Student Services Support:	
Admissions and Records	38,863
Counseling and Career Services	829,221
Financial Aid Administration	182,985
Other	388,098
Total Student Services Support	<u>1,439,167</u>
Public Service/Continuing Education:	
Community Services	<u>449,460</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Current Funds\* Expenditures by Activity - Modified Accrual Basis  
Uniform Financial Statement No. 5  
For the Year Ended June 30, 2018

Auxiliary Services	976,181
Operations and Maintenance of Plant:	
Maintenance	355,113
Custodial Services	279,263
Grounds	13,844
Campus Security	18,084
Transportation	-
Utilities	518,394
Administration	-
Other	-
Total Operations and Maintenance of Plant	1,184,698
Institutional Support:	
Executive Management	276,294
Fiscal Operations	795,174
Community Relations	135,977
Board of Trustees	20,126
General Institutional	1,334,211
Institutional Research	49,791
Administrative Data Processing	1,310,572
Other	-
Total Institutional Support	3,922,145
Scholarships, Student Grants, and Waivers	4,549,522
Total Current Funds Expenditures	\$ 17,858,127

\* Current funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement Funds

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Certificate of Chargeback Reimbursement  
For the Year Ended June 30, 2018

All Fiscal Year 2018 Non-Capital Audited Operating Expenditures  
from the Following Funds:

Education	\$ 10,729,330
Operations and Maintenance Fund	1,080,497
Bond and Interest Fund	82,640
Restricted Purposes Fund	3,595,927
Audit Fund	38,076
Liability, Protection and Settlement Fund	851,893
Auxiliary Enterprise Fund (subsidy fund)	472,573
Total Non-Capital Expenditures	16,850,936

Depreciation on Capital Outlay Expenditures from Sources

Other than State and Federal Funds	618,503
Total Costs Included	\$ 17,469,439

Total Certified Semester Credit Hours for Fiscal Year 2018	32,921
--	--------

Per Capita Cost		\$ 530.66
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All Fiscal Year 2018 State and Federal Operating Grants for Non-Capital Expenditures, Except ICCB Grants	\$ 3,382,463
---	--------------

Fiscal Year 2018 State and Federal Grants Per Semester Credit Hour	102.75
--	--------

District's Average ICCB Grant Rate for Fiscal Year 2019	37.29
---	-------

District's Student Tuition and Fee Rate Per Semester Credit Hour for Fiscal Year 2019	125.00
--	--------

Chargeback Reimbursement Per Semester Credit Hour	\$ 265.62
---	-----------

Approved:   
Chief Fiscal Officer

Date: 10-16-18

Approved:   
Chief Executive Officer

Date: 10-16-18

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE  
REQUIREMENTS FOR CAREER AND TECHNICAL EDUCATION-PROGRAM  
IMPROVEMENT GRANT AND ADULT  
EDUCATION AND FAMILY LITERACY GRANTS

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

## **Report on the Financial Statements**

We have audited the accompanying balance sheets of the Career and Technical Education Program Improvement and Adult Education and Family Literacy Grants of Shawnee Community College, Community College District #531 (the College) as of June 30, 2018, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and the financial reporting provisions of the Illinois Community College Board (ICCB). 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. Management is also responsible for compliance with the requirements of the ICCB.

## **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the ICCB's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and the ICCB.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement grant and Adult Education and Family Literacy grant of the College at June 30, 2018, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Information**

The accompanying balance sheets and statements of revenue and expenditures were prepared for the purpose of complying with the terms of the ICCB Grants and are not intended to be a complete presentation of the College's revenue and expenditures in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant (Schedule 25) is presented for purposes of additional analysis as required by the ICCB and is not a required part of the basic grant program financial statements. This schedule is the responsibility of the College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic grant program financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic grant program financial statements taken as a whole.

### **Report on Compliance**

In connection with our audit, we performed tests of its compliance with the terms, covenants, provisions, or conditions of the Career and Technical Education-Program Improvement grant and Adult Education and Family Literacy grant as presented in the policy guidelines of the ICCB's *Fiscal Management Manual*, insofar as they relate to accounting matters. 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 which is described in the accompanying schedule of findings and questioned costs as item #2018-01 on Schedule 32.

*Martin Hood LLC*

Champaign, Illinois

October 10, 2018

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 State Adult Education Restricted Funds  
 (State Basic)  
 Balance Sheet  
 June 30, 2018

ASSETS

	State Basic
Accounts Receivable	\$ -

LIABILITIES AND FUND BALANCE

Due to Other Funds	\$ -
Total Liabilities	-
Fund Balance	-
Total Liabilities and Fund Balance	\$ -

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
State Adult Education Restricted Funds  
(State Basic)  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2018

	<u>State Basic</u>
<b>Revenues</b>	
ICCB Grant	<u>\$ 105,420</u>
<b>Expenditures</b>	
Instructional Student Services:	
Instruction	81,281
Social Work Services	-
Guidance Services	-
Assistive and Adaptive Equipment	-
Assessment and Testing	17,604
Student Transportation Services	487
Literacy Services	-
Total Instructional Student Services	<u>99,372</u>
Program Support:	
Improvement of Instructional Services	6,048
General Administration	-
Operation and Maintenance of Plant	-
Data and Information Services	-
Approved Indirect Costs	-
Total Program Support	<u>6,048</u>
Total Expenditures	<u>105,420</u>
Excess of Revenue Over Expenditures	-
<b>Fund Balance, July 01, 2017</b>	<u>-</u>
<b>Fund Balance, June 30, 2018</b>	<u><u>\$ -</u></u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 ICCB Compliance Statement for the  
 Adult Education and Family Literacy Grant  
 Expenditure Amounts and Percentages for  
 ICCB Grant Funds Only  
 For the Year Ended June 30, 2018

	<u>Audited Expenditure (Dollars)</u>	<u>Actual Expenditure (Percentage)</u>
<b>State Basic</b>		
Instruction (45 Percent Minimum Required)	\$ 81,281	77.10%
General Administration (15 Percent Maximum Allowed)	-	0.00%

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Career and Technical Education  
(Program Improvement)  
Balance Sheet  
June 30, 2018

ASSETS

<b>Cash</b>	<b>\$ -</b>
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LIABILITIES AND FUND BALANCE

<b>Accounts Payable</b>	<b>\$ -</b>
-------------------------	-------------

<b>Fund Balance</b>	<b>-</b>
---------------------	----------

<b>Total Liabilities and Fund Balance</b>	<b>\$ -</b>
---	-------------

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Career and Technical Education  
 (Program Improvement)  
 Statement of Revenues, Expenditures, and  
 Changes in Fund Balance  
 For the Year Ended June 30, 2018

**Revenue**

ICCB Grant	\$ 12,704
------------	-----------

**Expenditures**

Salaries	-
Employee Benefits	-
Contractual Services	-
Instructional Materials	-
Staff Development	-
Instructional Equipment	12,704
Total Expenditures	12,704

Excess of Revenues Over Expenditures	-
--------------------------------------	---

<b>Fund Balance, July 01, 2017</b>	-
------------------------------------	---

<b>Fund Balance, June 30, 2018</b>	\$ -
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SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to the ICCB Grant Financial Statements  
June 30, 2018

The Career and Technical Education-Program Improvement and Adult Education and Family Literacy Grant Programs were established as special revenue sub-funds of Shawnee Community College, Community College District #531 (the College) to account for revenues and expenditures of the respective programs. These programs are administered by the Illinois Community College Board (ICCB). The following is a summary of the significant accounting policies followed by the College in respect to these funds.

**Basis of Accounting**

The statements have been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2018. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

**Budgets and Budgetary Accounting**

Each year the College prepares a budget for the grant. The budget is prepared on the same basis of accounting as the records are maintained.

**Capital Outlay**

Capital outlay is charged to expenditure in the period which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenditures reflected in the statements include the cost of capital outlay purchased during the year rather than a provision for depreciation.

Certain capital outlay expenditures are accumulated in the General Fixed Assets Account Group of the College, for reporting specific to ICCB and in capital assets for external financial reporting on the statement of net position.

## INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Shawnee Community College, Community College District #531 (the College) for the year ended June 30, 2018.

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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Illinois Community College Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement, which is free from material misstatement, whether due to error or fraud.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

### **Opinion**

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of the College for the year ended June 30, 2018 is fairly presented in accordance with the aforementioned guidelines.

### **Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statement noted above. The information on Schedules 29 through 33 is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the financial statement. These schedules are the responsibility of the College's management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statement. These schedules have been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated October 10, 2018, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Champaign, Illinois  
October 10, 2018

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Schedule of Enrollment Data and Other Bases  
 Upon Which Claims are Filed  
 For the Year Ended June 30, 2018

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	1,920.0	-	7,688.0	-	7,951.0	-	17,559.0	-
Business Occupational	67.0	-	864.5	-	1,175.5	-	2,107.0	-
Technical Occupational	148.0	-	723.5	-	876.0	-	1,747.5	-
Health Occupational	659.5	-	2,128.5	-	2,237.0	-	5,025.0	-
Remedial Developmental	138.0	-	896.0	-	529.0	-	1,563.0	-
Adult Basic/Secondary Education	391.0	141.0	728.0	1,165.0	704.0	1,790.0	1,823.0	3,096.0
<b>TOTAL CREDIT HOURS CERTIFIED</b>	<b>3,323.5</b>	<b>141.0</b>	<b>13,028.5</b>	<b>1,165.0</b>	<b>13,472.5</b>	<b>1,790.0</b>	<b>29,824.5</b>	<b>3,096.0</b>

Reimbursable Semester Credit Hours (All Terms)	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback</u>	<u>Total</u>
	31,665.0	628.0	32,293.0
Reimbursable Semester Credit Hours (All Terms)	<u>Dual Credit</u>	<u>Dual Enrollment</u>	
	3,229.5	-	
District 2016 Equalized Assessed Valuation	<u>\$ 603,418,627</u>		

Categories	Total Reimbursable Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Baccalaureate	-	-	-	-
Business Occupational	-	-	-	-
Technical Occupational	-	-	-	-
Health Occupational	-	-	-	-
Remedial Developmental	-	-	-	-
Adult Basic/Secondary Education	-	-	-	-
<b>TOTAL CREDIT HOURS CERTIFIED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Signatures:

  
 Chief Executive Officer (CEO)

  
 Chief Financial Officer (CFO)

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
For the Year Ended June 30, 2018

**Reconciliation of Total Semester Credit Hours**

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	17,559.0	17,559.0	-	-	-	-
Business Occupational	2,107.0	2,107.0	-	-	-	-
Technical Occupational	1,747.5	1,747.5	-	-	-	-
Health Occupational	5,025.0	5,025.0	-	-	-	-
Remedial Developmental Adult Basic / Secondary Education	1,563.0	1,563.0	-	-	-	-
	1,823.0	1,823.0	-	3,096.0	3,096.0	-
Total Credit Hours Certified	<u>29,824.5</u>	<u>29,824.5</u>	<u>-</u>	<u>3,096.0</u>	<u>3,096.0</u>	<u>-</u>

**Reconciliation of In-District/Chargeback and Cooperative/Contractual Agreement Credit Hours**

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	31,665.0	31,665.0	-
Out-of-District on Chargeback or Contractual Agreement	628.0	628.0	-
Total	<u>32,293.0</u>	<u>32,293.0</u>	<u>-</u>

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	3,229.5	3,229.5	-
Dual Enrollment	-	-	-
Total	<u>3,229.5</u>	<u>3,229.5</u>	<u>-</u>

**Reconciliation of Total Correctional Semester Credit Hours**

Categories	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental Adult Basic/Secondary Education	-	-	-
Total Credit Hours Certified	<u>-</u>	<u>-</u>	<u>-</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Documentation of Residency Verification Steps  
For the Year Ended June 30, 2018

The following procedures detail the process for verifying the residency status of the students of Shawnee Community College, Community College District #531:

**In-District Student**

*Description:* A student who has lived in Johnson, Alexander, Massac, Pulaski, or Union counties for at least 30 days prior to the beginning of the semester.

*Residency Code:* In-district

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, in-district high school transcript, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current in-district tuition charge

**Student Employed Full-Time in the District**

*Description:* An Illinois resident who lives outside the district but works at least 35 hours per week at a business or industry located in the district.

*Residency Code:* In-district

*Acceptable Documentation:* A signed letter from employer verifying that the student works at least 35 hours in the district.

*Tuition Charge:* Current in-district tuition charge

**Out-of-District Student**

*Description:* A student who has lived outside the district boundaries but within the state of Illinois for at least 30 days prior to the beginning of the semester.

*Residency Code:* Out-of-district

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, in-district high school transcript, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current out-of-district tuition charge

### **Chargeback Student**

*Description:* A student who lives in Illinois outside the district boundaries but attends Shawnee Community College because his/her home Community College does not offer a specific degree/certificate program.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A signed chargeback agreement from home community college. Documentation maintained by the Business Office.

*Tuition Charge:* Current in-district tuition charge

### **Reciprocal Agreement Student**

*Description:* A student who lives in the John A. Logan College, Kaskaskia College, Southwestern Illinois College, Rend Lake College, or Southeastern Illinois Community College district but attends Shawnee Community College for the purpose of enrolling in a program or specific course not offered by the home community college. Since this is an agreement made among these six colleges, a chargeback request is not required.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A letter of reciprocity from the home community college. Documentation maintained by the Business Office.

*Tuition Charge:* Current in-district tuition charge

### **Out-of-State Student**

*Description:* A student who lives outside the state of Illinois.

*Residency Code:* Out-of-state

*Acceptable Documentation:* None is required.

*Tuition Charge:* Current out-of-state tuition charge

### **International Student**

*Description:* A student who lives outside of the United States.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **International Athlete**

*Description:* A student who lives outside of the United States but attends Shawnee Community College for the purpose of playing collegiate sports.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **International Student with U.S. In-District Sponsor**

*Description:* A student whose permanent residence is outside of the United States but who lives with and is financially sponsored by a resident within the college district.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **Returned Mail**

When mail is returned to the College in which the post office has provided a label indicating the forwarding address is out-of-district or out-of-state, the College will correct the address in the computer system.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Background Information on State Grant Activity  
For the Year Ended June 30, 2018

**Unrestricted Grants**

Base Operating Grants – General operating funds provided to colleges based upon credit enrollment.

Equalization Grants – Grants provided to institutions with less than the statewide average local tax dollars available per full-time equivalent student.

**Restricted Grants**

Career and Technical Education – Program Improvement Grant – Grant funding recognizes that keeping career and technical education programs current and reflective of the highest quality practices in the workplace is necessary to prepare students to be successful in their chosen careers and to provide employers with the well-trained workforce they acquire. The grant funds are dedicated to enhancing instruction and academic support activities to strengthen and improve career and technical programs and services.

**Statewide Initiatives**

Other Grants – These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the College and the State of Illinois. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

**Restricted Adult Education Grants/State**

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

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Findings and Questioned Costs – ICCB Grant Compliance  
For the Year Ended June 30, 2018

**Findings – ICCB Grant Compliance**

**2018-01:** Unallowable Expenditure Identified as a Result of Procedures Applied by the Organization’s External Auditors.

*Criteria*

Guidelines established by the ICCB prohibit grant funds to be expended on specified expenditures.

*Conditions*

Our audit procedures identified an expenditure for which the ICCB has determined to be unallowable. The College used State Basic funds to purchase gift cards for the intention of providing gas to reimburse students. However, the College could not ensure that the students used to gift card to purchase gas and therefore does not have sufficient documentation to make this an allowable purchase.

*Population of Items Tested*

Our audit procedures tested items which were previously identified by the ICCB during a monitoring audit for the year ended June 30, 2017.

*Cause of Conditions*

No specific causes are noted.

*Effects of Conditions*

The College reported expenditures of grant funds for which the College could not provide sufficient supporting documentation for proper use of the funds.

*Auditor’s Recommendations*

1. The College should implement controls, in a timely manner, when any finding is presented by an external audit. The controls should be sufficient to correct previously expended funds for which supporting documentation is not present for any fiscal year not yet ended.

*View of Responsible Official*

Management is aware of this item and believes it is unlikely to be an issue in the future.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Prior Audit Findings – ICCB Grant Compliance  
For the Year Ended June 30, 2018

**Findings – ICCB Grant Compliance**

No findings were noted in the prior fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
<b>Department of Education</b>				
<i>Direct</i>				
<i>Student Financial Aid Cluster</i>				
Pell Grant Program	84.063		\$ 2,470,370	\$ -
Federal Work Study	84.033		49,155	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		71,462	-
Total Student Financial Aid Cluster			* <u>2,590,987</u>	<u>-</u>
<i>Trio Cluster</i>				
Trio Student Support Services	84.042A		284,980	-
Trio Talent Search Program	84.044A		213,168	-
Total Trio Cluster			<u>498,148</u>	<u>-</u>
<i>Passed through the Illinois Community College Board (ICCB)</i>				
<i>Career and Technical Education</i>				
Carl Perkins Act	84.048	CTE53118	77,649	-
Career and Technical Education - Basis Grants to States	84.048	SPS-53118	9,904	-
Career and Technical Education - Dual Credit Enhancement Grant	84.048	DCE-53118	10,000	-
Total Career and Technical Education			<u>97,553</u>	<u>-</u>
Adult Education and Family Literacy: iCAPS	84.002a	53101	80,895	-
Total Passed through ICCB			<u>178,448</u>	<u>-</u>
Total Department of Education			3,267,583	-
<b>Department of Agriculture</b>				
<i>Passed through Southern Illinois University</i>				
National Good Safety Training, Education, Extension, Outreach and Technical Assistance Competitive Grants Program	10.328	SIUC 17-25	1,150	-
<b>National Science Foundation</b>				
<i>Passed through Southern Illinois University</i>				
Noyce Master Fellowship Grant	47.076	DUE-1136414	16,229	-
<b>U.S. Small Business Administration</b>				
<i>Passed through the Illinois Department of Commerce and Economic Opportunity:</i>				
Small Business Development Center	59.037	18-561174	82,447	-
<b>Department of Health and Human Services</b>				
<i>Passed through Southern Illinois University</i>				
S.I. Bridges to the Baccalaureate Program	93.859	4R25GM107760-04	15,054	-
<b>Total Expenditures of Federal Awards</b>			<u>\$ 3,382,463</u>	<u>\$ -</u>

\* - Denotes a major program.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2018

**1. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (Schedule 34) includes the federal grant activity of Shawnee Community College (the College) for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the College, which are presented in conformity with accounting principles generally accepted in the United States of America.

The College did not use the 10 percent de minimis indirect cost rate. The indirect allocations allowable under the TRIO Cluster was \$26,786 for the year ended June 30, 2018.

**2. Basis of Accounting**

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2018.

**3. Property and Equipment**

Property and equipment purchases that are presented as expenditures in the schedule may be capitalized by the College, if applicable.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**1. Summary of Auditor's Results**

- (i) Type of audit report issued on the financial statements: Unmodified
- (ii) The audit did not disclose a significant deficiency or material weakness in internal control that is required to be reported in accordance with *Government Auditing Standards*.
- (iii) The audit did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.
- (iv) The audit did not disclose a significant deficiency or material weakness in internal control over major federal award programs.
- (v) Type of report issued on compliance for the major programs: Unmodified
- (vi) The audit did not disclose findings that are required to be reported in accordance with 2 CFR Section 200.516a
- (vii) Major Programs:
  - U.S. Department of Education:
    - Student Financial Aid Cluster
      - CFDA # 84.007
      - CFDA # 84.033
      - CFDA # 84.063
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (ix) The College qualifies as a low risk auditee.

**2. Findings – Financial Statement Audit**

None noted

**3. Findings and Questioned Costs – Major Federal Award Program Audit**

None noted

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2018

The College has no prior audit findings.

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

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, 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 Shawnee Community College, Community College District #531 (the College) for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the College's primary government and have issued our report thereon dated October 10, 2018.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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



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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Champaign, Illinois  
October 10, 2018

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

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

### **Report on Compliance for Each Major Federal Program**

We have audited Shawnee Community College, Community College District #531's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2018. The College's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, 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 the College's major federal program 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 requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*



*Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College'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 the major federal program. However, our audit does not provide a legal determination of the College's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

### **Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Martin Hood LLC*

Champaign, Illinois  
October 10, 2018