

**ILLINOIS EASTERN COMMUNITY COLLEGES
DISTRICT #529**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

YEARS ENDED JUNE 30, 2018 AND 2017

CliftonLarsonAllen LLP



WEALTH ADVISORY | OUTSOURCING | AUDIT, TAX, AND CONSULTING



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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Illinois Eastern Community Colleges District #529 (the District), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the entity'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; 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.

Auditors' Responsibility

Our responsibility is to express opinions on the basic financial statements based on our audits. We did not audit the financial statements of three of the entities comprising the District's four component units, which represent 93% and 93%, 94% and 94%, and 97% and 77%, respectively, of the assets, net assets, and revenues of the component units. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the District's component units were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits and the reports of the other auditors on the financial statements of three of the entities comprising the District's four component units, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Illinois Eastern Community Colleges District #529 and its aggregate discretely presented component units as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Restatement

As discussed in Note 2 to the financial statements, accounts receivable, net position, state grants and contracts and decrease in net position have been restated to account for the state grant revenue. Our opinion is not modified with respect to this matter.

Adoption of GASB 75

As discussed in Note 10 to the financial statements, the district adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of GASB Statement No. 75 is presented as a cumulative effect from a change in accounting. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 14, defined benefit pension plan information on page 50 and other post-employment benefit plan information on pages 51 through 52 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary financial information on pages 55 through 58, the Uniform Financial Statements on pages 60 through 66 and the Certification of Chargeback Reimbursement on page 95 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards on page 101, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary financial information, Uniform Financial Statements, the Certification of Chargeable Reimbursement, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Documentation of Residency Verification Steps on pages 92 through 94 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2018, on our consideration of Illinois Eastern Community Colleges District #529's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of Illinois Eastern Community Colleges District #529'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 Illinois Eastern Community Colleges District #529's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

This section of the Illinois Eastern Community College District #529 (the District) presents management's discussion and analysis of the financial activity during the fiscal years ended June 30, 2018 through June 30, 2016. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and current known facts, please read it in conjunction with the District's basic financial statements and notes to the financial statements. Responsibility for the completeness and fairness of this information rests with the District.

Using This Annual Report

The basic financial statements focus on the District as a whole. These basic financial statements are designed to emulate corporate presentation models whereby all District activities are consolidated into one total. The Statements of Net Position combines and consolidates current financial resources (short-term spendable resources) with capital assets, which gives it a focus on bottom line results of the District. The Statements of Revenues, Expenses, and Changes in Net Position focus on the costs of the College's activities, which are mainly supported by tuition and fees, state and federal grants and contracts, auxiliary enterprises, and property taxes. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public.

The management discussion and analysis contained herein, focuses only on financial activity of the District. Generally Accepted Accounting Principles (GAAP) requires the financial statement presentation to include the college Foundations, which are defined as component units of the District. The component units of the District have separately issued financial statements.

Restatement for Fiscal Year 2017

On July 6, 2017, the Illinois legislature passed into law Public Act 100-0021. This legislation provided funding for the District for both fiscal years ending June 30, 2018 and 2017. The District's portion of this funding bill for the fiscal year ended June 30, 2017 was \$4,616,037. On the originally issued June 30, 2017 basic financial statements, management elected to record the funding as of June 30, 2017, believing it to be the fairest representation of the financial statements as a whole. This decision resulted in a qualified opinion under GAAP, as the Governor signed the bill into law on July 6, 2017; thus necessitating the recording of the financial impact of the legislation into the fiscal year ended June 30, 2018, as the Act did not exist at June 30, 2017.

These financial statements have been restated in order to comply with Government Accounting Standards Board (GASB) Statement 33 Accounting and Financial Reporting for Nonexchange Transactions. The result of this restatement reduces current assets, state grants and contracts, and unrestricted net position at June 30, 2017 by \$4.6 million. The effect of this reduction in the fiscal year 2017 totals is included in fiscal year 2018 non-operating revenues as these amounts were received throughout fiscal year 2018.

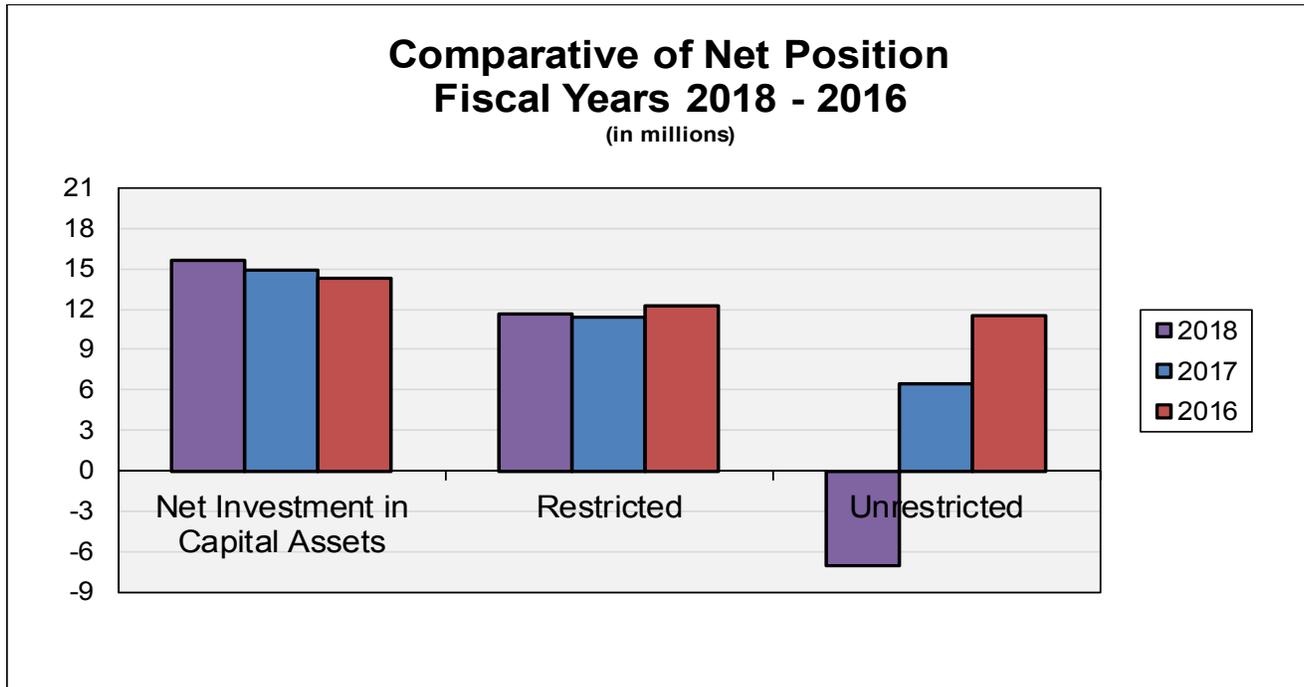
Implementation of Governmental Accounting Standards Board (GASB) Statement Number 75

The GASB issued Statement Number 75, Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions, to be effective for fiscal years beginning after June 15, 2017. The primary objective of this statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). GASB 75 establishes standards for recognizing and measuring liabilities, deferred outflows and inflows of resources, and associated expenses related to OPEB.

Under GASB 75, the District's participation in the Community College Health Insurance Security Fund is considered as a cost sharing plan. A cost sharing plan pools the assets of more than one employer to pay the benefits of the employees of any employer that is a member of the plan. According to GASB 75, the funding arrangement of a cost sharing plan determines the proportionate share of the liabilities, deferred outflows and inflows of resources, and associated expenses related to the plan. For the years ended June 30, 2017 and 2016, the District's proportionate share was 0.835067% and 0.849655%, respectively.

The District has implemented GASB 75 prospectively, recording the effect of the OPEB associated with the Community College Health Insurance Security Fund as of June 30, 2018. Implementation of this Standard results in a noncurrent liability of \$15,228,583 recorded to the District's Statement of Net Position at June 30, 2018. This liability shifts the District's unrestricted net position to a negative \$6,965,042. However, when factoring out the effect of the GASB 75 implementation related to OPEB, the District's remaining unrestricted net position for general purposes is a positive \$9,723,456.

Statement of Net Position



Net position is divided into three major categories. The first category, net investment in capital assets, provides the District's equity in property, plant, and equipment. The District has a history of limited debt usage for investment in capital assets, providing for an increase in this equity position over the prior three years as new investments are made without the use of significant debt-related financing. This total has increased from \$14.3 million at June 30, 2016 to \$15.6 million at June 30, 2018.

The next category is restricted net position, which are resources available for expenditure by the District, but must be spent on purposes as determined by external third parties or enabling legislation. The District currently has restricted net position for capital projects, debt, federal grants, working cash, and tort judgements and liability protection.

The final category is unrestricted net position, which are resources available for use by the District for any legal purpose. The District has managed finances as best as possible over the prior three years, despite budget and funding issues incurred at the State of Illinois level in order to maintain a strong net position. However, implementation necessitated by GASB 75 results in a negative unrestricted net position of \$6,965,042. This net position can be viewed as two categories. The first, unrestricted net position related to OPEB, is a negative \$16,688,498. The second, unrestricted net position for general purposes, is a positive \$9,723,456. Management believes this to be an important distinction as it is our interpretation that under current Illinois legislation, the District will not be required to pay the net post-employment benefit liabilities of \$15,228,583 recorded as of June 30, 2018.

Financial Analysis of the District as a Whole
Net Position
As of June 30
(in millions)

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>	<u>2016</u>	<u>Increase (Decrease) 2017-2016</u>
Current Assets	\$ 37.9	\$ 33.5	\$ 4.4	\$ 33.0	\$ 0.5
Non-Current Assets					
Capital Assets, Net of Depreciation	<u>15.9</u>	<u>17.3</u>	<u>(1.4)</u>	<u>18.7</u>	<u>(1.4)</u>
Total Assets	<u>53.8</u>	<u>50.8</u>	<u>3.0</u>	<u>51.7</u>	<u>(0.9)</u>
Deferred Inflows of Resources	<u>0.2</u>	<u>0.1</u>	<u>0.1</u>	<u>0.1</u>	<u>0.0</u>
Current Liabilities	4.6	4.4	0.2	4.3	0.1
Non-Current Liabilities	<u>20.9</u>	<u>7.3</u>	<u>13.6</u>	<u>3.1</u>	<u>4.2</u>
Total Liabilities	<u>25.5</u>	<u>11.7</u>	<u>13.8</u>	<u>7.4</u>	<u>4.3</u>
Deferred Inflows of Resources	<u>8.2</u>	<u>6.5</u>	<u>1.7</u>	<u>6.4</u>	<u>0.1</u>
Net Position					
Net Investment in Capital Assets	15.6	14.9	0.7	14.3	0.6
Restricted for: Expendable	11.7	11.4	0.3	12.2	(0.8)
Unrestricted	<u>(7.0)</u>	<u>6.4</u>	<u>(13.4)</u>	<u>11.5</u>	<u>(5.1)</u>
Total Net Position	<u>\$ 20.3</u>	<u>\$ 32.7</u>	<u>\$ (12.4)</u>	<u>\$ 38.0</u>	<u>\$ (5.3)</u>

This schedule is prepared from the District's statement of net position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total deferred outflows and inflows are due to GASB 68 reporting related to pensions, GASB 75 reporting related to OPEB, and property tax deferrals.

Fiscal Year 2018 Compared to 2017

Current assets increased by \$4.4 million primarily due to timely funding by the State of Illinois. As previously discussed, the District received approximately \$4.6 million of fiscal year 2017 appropriated funds in fiscal year 2018. The District also received \$11.4 million in state operating grants for fiscal year 2018. Overall, cash and cash equivalents increased \$6.0 million. A decline in short-term investments (\$0.9 million) and accounts receivable (\$0.9 million) offset this increase in cash and cash equivalents.

Current liabilities remained steady against fiscal year 2017, increasing by \$0.2 million. However, total liabilities increased by \$13.8 million due primarily to the implementation of GASB 75. The District did not issue any new debt during fiscal year 2018.

These changes accumulate to provide a decrease in overall net position of \$12.4 million as compared to the prior year. The net investment in capital assets increased by \$0.7 million. This increase is a combination of new investments in assets purchased without new debt-related financing and continuing pay down on our Series 2015 bonds. Restricted net position increased \$0.3 million. Our restrictions for capital projects increased by \$0.5 million while other restricted

assets declined \$0.2 million. Our unrestricted net position decreased by \$13.4 million. This decrease is the result of GASB 75.

Fiscal Year 2017 Compared to 2016

After restatement, current assets increased by \$0.5 million. Cash and cash equivalents declined by \$3.5 million and short-term investments increased by \$3.0 million during this time. Accounts receivable increased by \$1.0 million to offset decline in cash and cash equivalents and short-term investments.

During fiscal year 2017, the District issued \$6.2 million in taxable funding bonds to provide liquidity due to declining net position from decreased non-operating revenues from the State of Illinois. This debt issuance is the primary reason overall liabilities increased by \$4.3 million.

These changes accumulate to provide a decrease in overall net position of \$5.3 million as compared to the prior year. The net investment in capital assets increased by \$0.6 million. This increase is a combination of new investments in assets purchased without new debt-related financing and continuing pay down on our Series 2015 bonds. Restricted net position decreased by \$0.8 million. This decline is primarily in restrictions for capital projects as resources were utilized during the year on deferred maintenance projects. Unrestricted net position declined by \$5.1 million from the year ended 2016. This decline is principally related to a slow-down in state funding. Early in fiscal year 2018, the State of Illinois appropriated \$4.6 million in funding related to fiscal year 2017 that is reported as revenues in fiscal year ended June 30, 2018.

Statement of Revenues, Expenses, and Changes in Net Position

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

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>	<u>2016</u>	<u>Increase (Decrease) 2017-2016</u>
Operating Revenue:					
Tuition & Fees	\$ 5.5	\$ 4.9	\$ 0.6	\$ 3.7	\$ 1.2
Auxiliary	1.3	2.0	(0.7)	1.6	0.4
Sales & Services	<u>1.2</u>	<u>1.0</u>	<u>0.2</u>	<u>1.0</u>	<u>0.0</u>
Total	8.0	7.9	0.1	6.3	1.6
Less Operating Expenses	<u>48.2</u>	<u>46.4</u>	<u>1.8</u>	<u>44.0</u>	<u>2.4</u>
Net Operating Loss	(40.2)	(38.5)	1.7	(37.7)	0.8
Non-Operating Revenue					
Property Taxes	7.1	7.3	(0.2)	7.4	(0.1)
State Grants & Contracts	28.3	18.0	10.3	13.4	4.6
Federal Grants & Contracts	7.2	6.6	0.6	7.2	(0.6)
Investment Income	0.3	0.2	0.1	0.1	0.1
Other Non-Operating Revenues	<u>0.3</u>	<u>1.1</u>	<u>(0.8)</u>	<u>0.9</u>	<u>0.2</u>
Total	43.2	33.2	10.0	29.0	4.2
Increase (Decrease) in Net Position	3.0	(5.3)	8.3	(8.7)	3.4
Net Position, Beg. of Year	32.7	38.0	(5.3)	46.7	(8.7)
Restatement for GASB 75	<u>(15.4)</u>	<u>0.0</u>	<u>(15.4)</u>	<u>0.0</u>	<u>0.0</u>
Net Position, End of Year	\$ <u>20.3</u>	\$ <u>32.7</u>	\$ <u>(12.4)</u>	\$ <u>38.0</u>	\$ <u>(5.3)</u>

The Statement of Revenues, Expenses, and Changes in Net Position presents the operating and non-operating results of the District. While relied on for operations, local property taxes, state appropriations, and state and federal grants are considered non-operating revenues according to GAAP.

Fiscal Year 2018 Compared to 2017

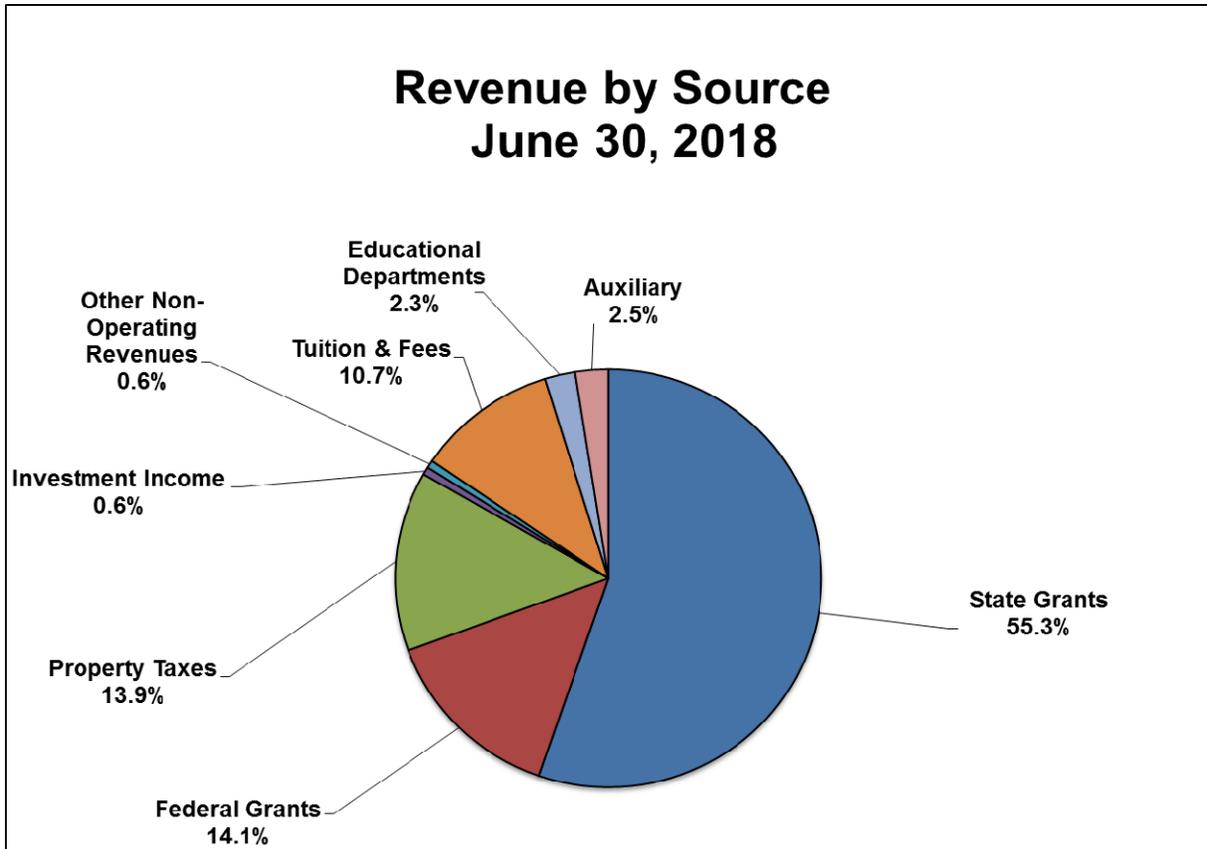
For the year, the revenue mix stayed relatively consistent, except for an increase in non-operating funds provided through additional state funding through PA 100-0021. Student tuition and fees increased by \$0.6 million from the prior year, primarily related to a decrease in scholarship allowances of \$0.5 million from the previous year. Non-operating revenues increased \$8.7 million. The District received \$4.6 million of fiscal year 2017 state grants from PA 100-0021 during fiscal year 2018, which is recognized as revenue in the fiscal year ended 2018.

Operating expenses of the District increased \$1.8 million. The District's on-behalf payments from the State University Retirement System decreased by \$1.1 million. The District recognized \$2.6 million of pension expense and on-behalf payments from the State of Illinois related to OPEB. Other operating expenses remained relatively stable against the prior year.

Overall net position decreased by \$12.4 million from the prior year as a result of these changes.

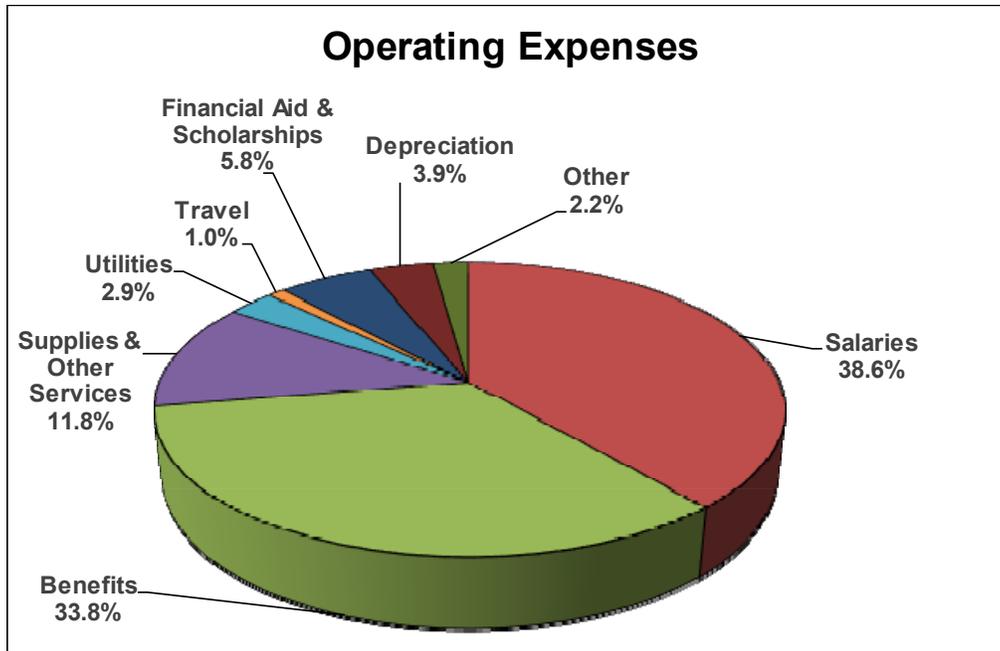
Fiscal Year 2017 Compared to 2016

The District's operating revenues increased \$1.6 million from the prior year. This increase was primarily driven by an increase in tuition and fees charged by the District. Fee revenues increased by \$1.2 million for fiscal year 2017. Non-operating revenues increased by \$4.2 million after restatement. This increase is related to a \$2.8 million increase in on-behalf payments from the State Universities Retirement System and an increase in other state funding of \$1.7 million.



Operating Expenses
For the Year Ended June 30
(in millions)

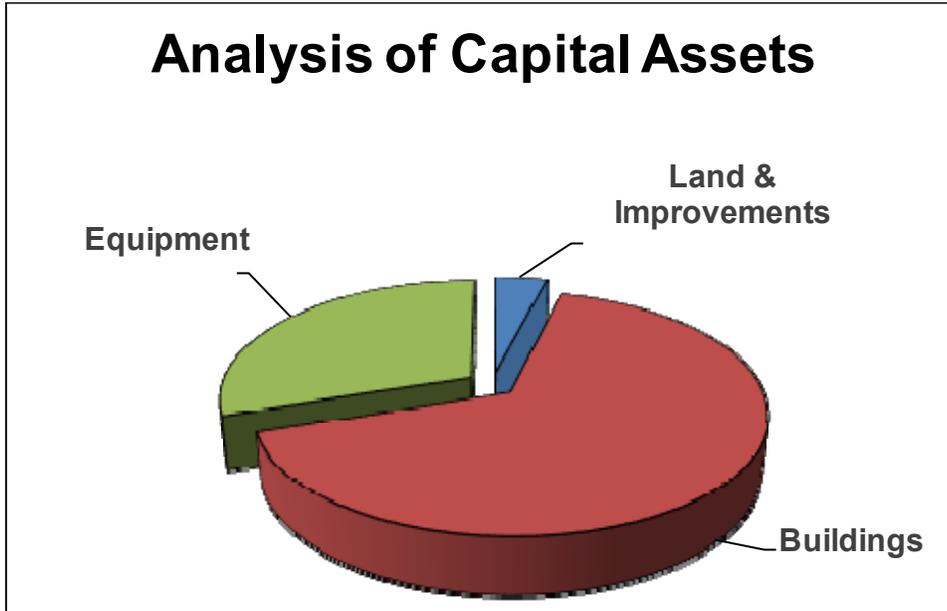
Operating Expense	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>	<u>2016</u>	<u>Increase (Decrease) 2017-2016</u>
Salaries	\$ 18.6	\$ 18.4	\$ 0.2	\$ 19.3	\$ (0.9)
Benefits	16.3	14.6	1.7	11.9	2.7
Supplies & Other Services	5.7	5.5	0.2	5.6	(0.1)
Utilities	1.4	1.3	0.1	1.2	0.1
Travel	0.5	0.5	0.0	0.5	0.0
Financial Aid & Scholarships	2.8	2.6	0.2	2.9	(0.3)
Depreciation	1.9	2.0	(0.1)	2.0	0.0
Other	<u>1.0</u>	<u>1.5</u>	<u>(0.5)</u>	<u>0.6</u>	<u>0.9</u>
Total	\$ <u>48.2</u>	\$ <u>46.4</u>	\$ <u>1.8</u>	\$ <u>44.0</u>	\$ <u>2.4</u>



Capital Asset Administration

**Net Capital Assets
June 30
(in millions)**

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease) 2018-2017</u>	<u>2016</u>	<u>Increase (Decrease) 2017-2016</u>
Capital Assets					
Land & Improvements	\$ 2.5	\$ 2.5	\$ 0.0	\$ 2.3	\$ 0.2
Buildings	39.6	39.4	0.2	39.3	0.1
Equipment	18.2	18.0	0.2	17.8	0.2
Construction in Process	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Total	<u>60.3</u>	<u>59.9</u>	<u>0.4</u>	<u>59.4</u>	<u>0.5</u>
Less Accumulated Depreciation	<u>44.3</u>	<u>42.6</u>	<u>1.7</u>	<u>40.7</u>	<u>1.9</u>
Net Capital Assets	\$ <u>16.0</u>	\$ <u>17.3</u>	\$ <u>(1.3)</u>	\$ <u>18.7</u>	\$ <u>(1.4)</u>



As of June 30, 2018, the District had \$15.6 million invested in a broad range of capital assets, net of accumulated depreciation. This amount represents a decrease of \$1.3 million as depreciation on existing assets exceeded additions for the year. There were no major construction projects during the fiscal year 2018. Asset purchases primarily consisted of equipment necessary to carry on the operations of the District. Building additions consisted of improvements to the District's West Richland facility in Noble, Illinois.

Future Outlook and Economic Factors

For fiscal year 2019, the District Board of Trustees has authorized an in-district base tuition increase of \$5 per credit hour with no increase to the other residency tuition rates. This represents a 6% increase in the total per credit hour tuition charge. Despite this increase, the District maintains one of the lowest in-district per credit hour rates of the 39 community college districts in the State of Illinois. The District anticipates consistent enrollment mix for fiscal year 2019, which should result in a modest increase in tuition and fees revenues.

The State of Illinois seems to be stabilizing from the past few fiscal years. In May 2018, the State of Illinois passed a fiscal year 2019 operating budget, which provides for appropriations of \$12.1 million to the District (a 6% increase over prior year funding). This stability will assist the District in re-building reserves that have been utilized over the past three fiscal years.

The District has continued to monitor its operating expenses to eliminate or cut unnecessary expenditures where possible. Our fiscal management practices have allowed the District to maintain a strong financial position despite turmoil at the state level resulting in drastic cuts to our operating budget. On July 30, 2018, S&P Global Ratings affirmed our current A+ long-term general obligation rating and revised its outlook of "Negative" to "Stable". Management believes this rating adjustment is a strong indicator of the financial stability of the District.

The equalized assessed valuation of the District (property values on which the District draws property tax revenues) has continued to see stable growth. This growth allows for moderate increases in property taxes each year and is a reflection of the financial base of our District.

Requests for Information

This financial report is designed to provide a general overview of Illinois Eastern Community College District #529 financial performance. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Illinois Eastern Community College District #529, 233 East Chestnut Street, Olney, IL 62450.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

	2018	Restated 2017
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 11,343,745	\$ 5,309,608
Short-Term Investments	18,052,250	19,046,087
Accounts Receivable, as restated, (Net of Allowance for Doubtful Accounts of \$656,200 and \$587,714, Respectively)	1,326,893	2,178,744
Property Taxes Receivable	6,699,647	6,454,788
Inventories	452,424	507,898
Total Current Assets	37,874,959	33,497,125
Noncurrent Assets:		
Capital Assets, Net	15,958,013	17,349,514
Total Assets	53,832,972	50,846,639
DEFERRED OUTFLOWS OF RESOURCES		
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	79,807	64,774
Subsequent Year's Other Postemployment Benefit Expense Related to Contributions in the Current Year	73,123	-
Total Deferred Outflows of Resources	152,930	64,774
LIABILITIES		
Current Liabilities:		
Accounts Payable	418,762	561,631
Accrued Liabilities	1,409,847	1,012,750
Due to Student Groups	416,343	394,666
Unearned Revenue	334,944	351,503
Bonds Payable	1,690,000	2,025,000
Accrued Interest Payable	274,921	67,665
Capital Lease Obligation	22,467	21,737
Total Current Liabilities	4,567,284	4,434,952
Noncurrent Liabilities:		
Capital Lease Obligation	58,278	80,745
Bonds Payable	4,855,000	6,545,000
Accrued Compensated Absences	744,923	719,068
Net Other Postemployment Benefit Liabilities	15,228,583	-
Total Noncurrent Liabilities	20,886,784	7,344,813
Total Liabilities	25,454,068	11,779,765
DEFERRED INFLOWS OF RESOURCES		
Subsequent Year's Property Taxes	6,699,647	6,454,788
Other Postemployment Benefits	1,533,038	-
Total Deferred Inflows of Resources	8,232,685	6,454,788
NET POSITION (DEFICIT)		
Net Investment in Capital Assets	15,577,268	14,922,032
Restricted:		
Expendable for:		
Capital Projects	3,688,677	3,162,964
Other	7,998,246	8,237,650
Unrestricted	(6,965,042)	6,354,214
Total Net Position	\$ 20,299,149	\$ 32,676,860

See accompanying Notes to Financial Statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	Restated 2017
REVENUES		
Operating Revenues:		
Student Tuition and Fees, Net of Scholarship Allowances of \$8,737,508 in 2018 and \$9,286,756 in 2017, Respectively	\$ 5,530,569	\$ 4,892,267
Auxiliary Enterprises:		
Bookstore and Cafeteria	1,307,122	2,012,561
Sales and Services of Educational Departments	1,177,691	1,001,651
Total Operating Revenues	8,015,382	7,906,479
 EXPENSES		
Operating Expenses:		
Salaries	18,625,920	18,396,020
Benefits	16,347,949	14,617,105
Supplies and Other Services	5,723,261	5,457,426
Utilities	1,392,775	1,275,154
Travel	491,061	508,604
Financial Aid and Scholarships	2,778,769	2,643,723
Depreciation	1,878,170	1,996,576
Other	1,009,804	1,490,463
Total Operating Expenses	48,247,709	46,385,071
 OPERATING LOSS	(40,232,327)	(38,478,592)
 NONOPERATING REVENUES (EXPENSES)		
Local Property Tax Revenue	7,143,400	7,251,958
State Grants and Contracts	28,282,284	17,974,905
Federal Grants and Contracts	7,206,458	6,585,697
Contributions	434,195	476,791
Investment Income	319,088	201,429
Interest Expense	(245,731)	(153,694)
Other Nonoperating Revenues	105,803	791,870
Total Nonoperating Revenues (Expenses)	43,245,497	33,128,956
 INCREASE (DECREASE) IN NET POSITION	3,013,170	(5,349,636)
Net Position - Beginning of Year, as Restated	32,676,860	38,026,496
Cumulative Effect of Adoption of GASB 75 for OPEB	(15,390,881)	-
Net Position - Beginning of Year, as Restated	17,285,979	32,676,860
 NET POSITION - END OF YEAR	\$ 20,299,149	\$ 32,676,860

See accompanying Notes to Financial Statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 5,441,632	\$ 4,921,017
Payments to Suppliers	(5,810,656)	(5,048,410)
Payments for Utilities	(1,392,775)	(1,275,154)
Payments to Employees	(19,021,864)	(18,880,570)
Payments for Benefits	(3,226,279)	(3,398,589)
Payments for Financial Aid and Scholarships	(2,778,769)	(2,643,723)
Auxiliary Enterprise Charges:		
Bookstore and Cafeteria	1,176,193	2,009,998
Sales and Services of Educational Departments	1,284,150	1,033,881
Other Payments	(1,009,804)	(1,490,463)
Net Cash Used by Operating Activities	(25,338,172)	(24,772,013)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local Property Taxes	7,143,400	7,251,958
State Grants and Contracts	17,777,931	5,398,686
Federal Grants and Contracts	7,206,458	6,585,697
Direct Lending Receipts	2,540,354	2,038,489
Direct Lending Payments	(2,540,354)	(2,038,489)
Contributions	434,195	476,791
Other Receipts	270,374	872,930
Proceeds from Issuance of Bonds/Noncapital Debt	-	6,245,000
Net Cash Provided by Noncapital Financing Activities	32,832,358	26,831,062
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets, Net	(486,669)	(692,615)
Principal Paid on Bonds/Capital Debt	(2,025,000)	(2,000,000)
Principal Received From Issuance of Bonds Payable/ Capital Debt	-	38,990
Principal Paid on Capital Lease Obligations	(21,737)	(21,670)
Interest Paid on Bonds Payable/Capital Debt	(245,731)	(153,694)
Net Cash Used by Capital and Related Financing Activities	(2,779,137)	(2,828,989)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Proceeds From the Sale and Maturities of Investments	36,590,000	43,090,000
Interest on Investments	319,088	201,429
Net Purchase of Investments	(35,590,000)	(46,090,000)
Net Cash Provided (Used) by Investing Activities	1,319,088	(2,798,571)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,034,137	(3,568,511)
Cash and Cash Equivalents - Beginning of Year	5,309,608	8,878,119
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 11,343,745	\$ 5,309,608

See accompanying Notes to Financial Statements.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (38,904,304)	\$ (38,478,592)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation Expense	1,878,170	1,996,576
SURS On-Behalf Payments	10,486,877	11,547,380
Changes in Deferred Outflows and Inflows of Resources	1,517,330	21,493
(Increase) Decrease in:		
Receivables	(103,492)	26,627
Inventories	55,474	1,755
Increase (Decrease) in:		
Accounts Payable	(38,599)	102,451
Accrued Liabilities and Due to Student Groups	21,677	(86,045)
Unearned Revenue	(16,559)	96,342
Net Other Postemployment Benefit Liabilities	(234,746)	-
	<u>\$ (25,338,172)</u>	<u>\$ (24,772,013)</u>

See accompanying Notes to Financial Statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
STATEMENTS OF FINANCIAL POSITION – COMPONENT UNITS
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash and Cash Equivalents	\$ 893,916	\$ 1,366,995
Investments	10,780,899	10,091,903
Other Long-Term Deposits	752,884	688,557
Accounts and Notes Receivable	1,553,977	1,522,096
Prepaid Expenses	18,329	14,579
Other Assets	26,686	26,686
Property and Equipment, Net	994,503	1,011,424
Total Assets	\$ 15,021,194	\$ 14,722,240
LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 2,539	\$ 5,071
Notes Payable	288,386	330,466
Total Liabilities	290,925	335,537
NET ASSETS		
Unrestricted	4,579,892	4,566,023
Temporarily Restricted	5,114,678	4,897,300
Permanently Restricted	5,035,699	4,923,380
Total Net Assets	14,730,269	14,386,703
Total Liabilities and Net Assets	\$ 15,021,194	\$ 14,722,240

See accompanying Notes to Financial Statements.

**ILLINOIS EASTERN COMMUNITY COLLEGES
STATEMENTS OF ACTIVITIES – COMPONENT UNITS
YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, Gains, and Other Support:		
Contributions	\$ 87,842	\$ 652,297
Rental Income	118,982	102,714
Investment Income	273,512	347,345
Other Income	109,190	106,354
Net Assets Released From Prior Year Restrictions	564,444	376,265
Total Unrestricted Revenues, Gains, and Other Support	1,153,970	1,584,975
Expenses and Losses:		
Program Services Expenses:		
Scholarships, Awards, and Projects	327,028	332,907
Equipment	6,069	4,921
Athletic Programs	57,358	28,113
Instructional Programs	21,903	230,560
Donations	-	182,324
Other	392,872	73,571
Total Program Services Expenses	805,230	852,396
Management and General	268,680	258,793
Fundraising	66,191	81,834
Total Expenses and Losses	1,140,101	1,193,023
Increase in Unrestricted Net Assets	13,869	391,952
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	166,687	311,428
Investment Income	501,931	738,212
Rental Income	56,441	68,765
Net Assets Released From Prior Year Restrictions	(507,681)	(346,078)
Increase in Temporarily Restricted Net Assets	217,378	772,327
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Revenues, Gains, and Other Support:		
Contributions	66,616	42,665
Investment Income	102,466	143,098
Net Assets Released From Prior Year Restrictions	(56,763)	(30,183)
Increase in Permanently Restricted Net Assets	112,319	155,580
INCREASE IN NET ASSETS	343,566	1,319,859
Net Assets - Beginning of Year	14,386,703	13,066,844
NET ASSETS - END OF YEAR	\$ 14,730,269	\$ 14,386,703

See accompanying Notes to Financial Statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Illinois Eastern Community Colleges District #529 (the District) is a four college community college district located in southeastern Illinois. The colleges are located in Olney, Illinois (Olney Central College); Fairfield, Illinois (Frontier Community College); Robinson, Illinois (Lincoln Trail College); and Mt. Carmel, Illinois (Wabash Valley College). The District covers all/part of the following counties: Clark, Clay, Crawford, Cumberland, Edwards, Hamilton, Jasper, Lawrence, Richland, Wabash, Wayne, and White. The District provides classes in academic/transfer, technical, and general studies to students in the area as well as community education classes in some of the outlying cities.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The District's financial statements are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

Financial Reporting Entity

Illinois Eastern Community Colleges District #529 is governed by an elected seven-member Board of trustees. As required by generally accepted accounting principles, these basic financial statements present the financial position and results of operations of Illinois Eastern Community Colleges District #529 (the primary government).

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the primary government, as well as its component units, Olney Central College Foundation, Frontier Community College Foundation, Lincoln Trail College Foundation, and Wabash Valley College Foundation.

The various foundations are legally separate, tax-exempt component units of the District. The foundations act primarily as fundraising organizations to supplement the resources that are available to the District in support of its programs. The foundations are governed by separate boards of directors. Although the District does not control the timing or amount of receipts from the foundations, the majority of resources, or income thereon that the foundations hold and invest are restricted to the activities of the District by the donors. Because these restricted resources held by the foundations can only be used by, or for the benefit of, the District, the foundations are considered to be component units of the District. The combined activities of the four foundations are reported in separate financial statements because of the difference in their reporting models, as further described below.

The foundations are private nonprofit organizations that report their financial results under the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). Most significant to the foundations' operations and reporting models is FASB ASC 958 related to accounting for contributions received and financial reporting for nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the foundations' financial information in the District's financial reporting entity for these differences.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Separate financial statements of the foundations are available. Requests should be made to Ryan Hawkins, CFO of the District, at 618-393-2982.

Basis of Accounting

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's basic 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 and intra-fund transactions have been eliminated. Nonexchange transactions, in which the District 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 property taxes is recognized in the period for which the levy is intended to finance. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are the collectability of accounts receivable and depreciation of capital assets.

Cash Equivalents

For purposes of the statements of cash flows, the District considers demand deposits and certificates of deposit with an original maturity of 90 days or less to be cash equivalents.

Investments

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Bank deposits and certificates of deposit are recorded at cost. Investment income consists of interest earned on bank deposits and certificates of deposit.

Accounts Receivable

Accounts receivable are uncollateralized student obligations, which generally require payment by the first day of class, and government receivables due from the state of Illinois. Accounts receivable are stated at the invoice amount.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable (Continued)

Account balances not paid by mid-term are considered delinquent. Collection costs may be applied to account balances still outstanding thirty 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 accounts receivable 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 specific student accounts and the aging of the accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the 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.

Inventories

Inventories are stated at the lower of cost or market with cost determined on the weighted average method.

Prepaid Expenses

Prepaid expenses represent current expenditures which benefit future periods.

Capital Assets

Capital assets include property and plant and equipment. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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. Assets are depreciated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives for buildings are 40 years, while building improvements are 20 years. Estimated useful lives for equipment range from five to seven years.

Deferred Outflows of Resources

The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The District has two types of items, one of which occurs related to pension expense and the other which occurs related to other postemployment benefits other than pensions. Employer paid contributions made subsequent to the liability measurement dates are recorded as deferred outflows of resources.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources

The District's financial statements report a separate section for deferred inflows of resources. These financial statement elements reflect an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has two types of items which occur related to revenue recognition. One occurs because property tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. The other occurs because of the difference between expected and actual results and changes in assumptions related to postemployment benefits other than pensions.

Pensions

Financial reporting information pertaining to the District's participation in the State Universities Retirement System of Illinois (SURS) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

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 the State Universities Retirement System (SURS or System) and additions to/deductions 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 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 nonemployer 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 nonemployer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a nonemployer contributing entity. Participating employers are considered employer-contributing entities.

Retiree Health Insurance Obligation

Financial reporting information pertaining to the District's participation in the Community College Health Insurance Security Fund (CCHISF or Fund) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retiree Health Insurance Obligation (Continued)

For purposes of measuring the retiree health insurance obligation, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits, and benefits expense, information about the net position of the Community College Health Insurance Security Fund and additions to/deductions from the Fund net position have been determined on the same basis as they are reported by the Fund. 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.

Net Position

The District's net position is classified as follows:

Net Investment in Capital Assets

This represents the District's total investment in capital assets, net of accumulated depreciation and net of related debt.

Restricted Net Position – Expendable

This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources when they are needed.

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 are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

Classification of Revenues

The District has classified its revenues as either operating or nonoperating. Operating revenue includes activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, and (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (a) local property taxes, (b) state appropriations, (c) most federal, state, and local grants and contracts and federal appropriations, and (d) gifts and contributions.

Reclassification

Prior year amounts have been reclassified, where appropriate, to conform to the current year method of presentation. These changes had no impact to the change in net position.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Property Taxes

The District's property taxes are levied each year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. The District records the 2017 levy payable in 2018 as property taxes receivable, less any amounts collected prior to June 30, 2018, and a deferred inflow of resources, as this levy is intended to finance the District's 2018-2019 fiscal year. The amounts accrued from year to year will vary based upon the tax collections of the respective counties.

Net Asset Classifications - Component Units

The basic financial statements of the District's discretely presented component units have been prepared in accordance with the accounting principles generally accepted in the United States of America applicable to nonprofit entities. Accounting principles generally accepted in the United States of America requires, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following is a description of each class:

Unrestricted Net Assets

The unrestricted net asset class includes all net assets which are neither temporarily nor permanently restricted.

Temporarily Restricted Net Assets

The temporarily restricted net asset class includes assets of the foundations that are restricted by donor-imposed stipulations that require the foundations to expend the resources either for a particular purpose or after the expiration of a certain period of time.

Permanently Restricted Net Asset

The permanently restricted net asset class includes assets of the foundations for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Revenue - Component Units

The District's discretely presented component units report gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

On-Behalf Payments for Fringe Benefits and Salaries

The District recognizes as revenues and expenses contributions made by the state of Illinois to the State Universities Retirement Systems and the Illinois Community College Health Insurance Security fund on behalf of the District's employees.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 2 RESTATEMENT OF PRIOR YEAR GAAP DEPARTURE

On July 6, 2017, the Illinois legislature passed into law Public Act 100-0021. This legislation provided funding for the Illinois Community College system for both fiscal years ending June 30, 2017 and 2018. The District's portion of this funding for the fiscal year ended June 30, 2017 was \$4,616,037. The District recognized this amount as state grant revenue and an equal amount receivable, as previously reported, as of and for the year ended June 30, 2017.

Government Accounting Standards Board (GASB) Statement 33 Accounting and Financial Reporting for Nonexchange Transactions states in paragraph 24, "When the provider is a government, the applicable period for both the provider and the recipients is the *provider's* fiscal year, and begins on the first day of that year (when, for example, the relevant appropriation becomes effective)".

Public Act 100-0021 (Act) states that the appropriation for fiscal year ended June 30, 2017 takes effect immediately upon becoming law. The Act became law when passed by the Illinois legislature on July 6, 2017. Since the Act did not exist at June 30, 2017, the District should not record the revenue and receivable in the year ended June 30, 2017.

In the financial statements presented for the year ended June 30, 2017, accounts receivable, net position, state grants and contracts and decrease in net position are all restated by the amount of the state grant revenue of \$4,616,037 as of and for the year ended June 30, 2017.

NOTE 3 CASH AND INVESTMENTS

Cash

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. At June 30, 2018 and 2017, the bank balance of the District's deposits, which primarily consists of demand deposits, was \$11,573,453 and \$5,576,482, respectively. At June 30, 2018 and 2017, all deposits were covered by federal depository insurance or by collateral held by the District's agent in the District's name.

Investments

As of June 30, 2018 and 2017, the District had the following investments:

<u>Investment Type</u>	Fair Value/Cost	
	2018	2017
Certificates of Deposit	\$ 17,991,980	\$ 19,019,257
Money Market	45,171	17,006
Promissory Notes	15,099	9,824
Total	<u>\$ 18,052,250</u>	<u>\$ 19,046,087</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The board of trustees has authorized the District to invest funds in accordance with the Illinois Community College Act and the Investment of Public Funds Act with the exception that investments are not permitted in short-term obligations of U.S. corporations. Investments held by a financial institution which are in excess of FDIC insurance coverage are permitted if pledged securities are obtained to fully collateralize the investment and, in addition, the financial institution must maintain a capital to asset ratio of at least 8%. 100% of the District's investments are held in the District's name and are not subject to creditors of the custodial institution.

Concentration of Credit Risk

The District may be invested in a single institution so long as such funds do not exceed 30% of the institution's capital structure. The District's certificates of deposit are each issued by a separate financial institution and range in value from \$5,000 to \$250,000 at June 30, 2018 and 2017.

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES

Investments

The following is a summary of component unit investments at June 30:

	2018		2017	
	Amortized Cost	Fair Value	Amortized Cost	Fair Value
Equity Securities	\$ 1,082,794	\$ 1,496,092	\$ 1,167,460	\$ 1,491,900
Mutual Funds	7,389,565	8,550,024	6,589,379	7,623,770
Corporate Bonds	356,845	350,194	411,995	416,006
U.S. Government Securities	358,225	346,785	521,190	518,823
Other	38,408	37,804	40,949	41,404
Total	<u>\$ 9,225,837</u>	<u>\$ 10,780,899</u>	<u>\$ 8,730,973</u>	<u>\$ 10,091,903</u>

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES (continued)

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Debt securities consisting of corporate bonds, government agency debt obligations, and mortgage-backed securities are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality, and type. Debt securities are generally classified within Level 2 of the valuation hierarchy.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the component units believe their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES (continued)

Following is a description of the nature of the categories of mutual funds by major security type.

Equity Funds: This asset class is generally comprised of investment options that invest in shares of ownership in large to small companies.

Fixed Income Funds: This asset class is generally comprised of investment options in bonds, or debt of a company or governmental entity.

The following tables set forth by level, within the fair value hierarchy, the component units' assets at fair value as of June 30, 2018 and 2017:

	Assets at Fair Value as of June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equity Funds	\$ 8,093,278	\$ -	\$ -	\$ 8,093,278
Fixed Income Funds	456,746	-	-	456,746
Equity Securities	1,311,467	184,625	-	1,496,092
Corporate Bonds	-	350,194	-	350,194
U.S. Government Obligations	-	346,785	-	346,785
Mortgage Backed Securities	-	37,804	-	37,804
Total Assets at Fair Value	<u>\$ 9,861,491</u>	<u>\$ 919,408</u>	<u>\$ -</u>	<u>\$ 10,780,899</u>

	Assets at Fair Value as of June 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual Funds:				
Equity Funds	\$ 7,220,132	\$ -	\$ -	\$ 7,220,132
Fixed Income Funds	403,638	-	-	403,638
Equity Securities	1,307,275	184,625	-	1,491,900
Corporate Bonds	-	416,006	-	416,006
U.S. Government Obligations	-	518,823	-	518,823
Mortgage Backed Securities	-	41,404	-	41,404
Total Assets at Fair Value	<u>\$ 8,931,045</u>	<u>\$ 1,160,858</u>	<u>\$ -</u>	<u>\$ 10,091,903</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES (continued)

Property and Equipment – Net of Depreciation

Property and equipment consist of:

	<u>2018</u>	<u>2017</u>
Land	\$ 396,437	\$ 396,437
Construction in Progress	66,384	66,384
Buildings	1,103,663	1,086,765
Equipment	71,218	69,347
Vehicles (Leased)	120,140	120,137
Amphitheater	16,204	16,204
Mineral Interest	1,907	1,907
Land Improvements	10,658	10,658
Leasehold Improvements	<u>31,140</u>	<u>31,140</u>
	1,817,751	1,798,979
Accumulated Depreciation	<u>(823,248)</u>	<u>(787,555)</u>
Total	<u><u>\$ 994,503</u></u>	<u><u>\$ 1,011,424</u></u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$36,756 and \$38,713, respectively.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES (CONTINUED)

Notes Payable

<u>Description</u>	<u>2018</u>	<u>2017</u>
Note payable - Old National Bank note originally due November 2, 2016, interest at 5.10% and payable in monthly installments of \$1,040 was refinanced with an additional \$40,150 being added to the loan for building improvements. The refinanced note is due April 23, 2022, with monthly principal and interest payments of \$925. Interest rate is 4.05%. Collateral is real estate at 2201 College Drive.	\$ 38,451	\$ 47,787
Advanced Technology Center Note Payable - Wabash Savings Bank note originally dated July 24, 2009, was modified on February 28, 2012. The note was extended 120 months with monthly payments of \$1,081. Interest rate is 5.00%.	41,696	52,297
Chemistry Lab Note Payable - Old National Bank, dated August 5, 2014, interest rate at 3.49%. Principal and interest payments of \$895 with a maturity date of August 5, 2019. The payments are amortized over 10 years, and the loan will be renewed on August 5, 2019, for the remaining five year term.	58,239	66,809
Fairfield National Bank Line of Credit - Dated September 12, 2016, the \$30,000 bank line of credit will expire on September 12, 2018. The line of credit has an interest rate of 3.00% as of June 30, 2017. The line of credit is unsecured.	-	13,573
Wayne County Revolving Loan Fund - Dated January 9, 2017, the \$150,000 loan bears interest at 0.50% per year. Monthly principal and interest payments are due as follows: Interest payments only of \$375 commencing on June 15, 2017 June 15, 2017 semi annually until January 15, 2019 and payments of \$1,594 commencing on January 15, 2019 for for 96 months. The note is unsecured.	150,000	150,000
Total	<u>\$ 288,386</u>	<u>\$ 330,466</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 4 COMPONENT UNIT – SIGNIFICANT DISCLOSURES (CONTINUED)

Annual maturities of notes payable for the years after June 30, 2018 are as follows:

<u>Fiscal Year Ending</u>	<u>Amount</u>
2019	\$ 38,725
2020	49,280
2021	96,613
2022	18,655
2023	18,749
Thereafter	66,364
Total	<u>\$ 288,386</u>

NOTE 5 PROPERTY TAXES

The District's property tax is levied each year on all taxable real estate located in the District. The District's boundaries overlap 12 counties with each serving as a local taxing authority for the District. The levy applicable to fiscal year 2018 was adopted in October 2017 and the levy applicable to fiscal year 2017 was adopted October 2016 and attached as an enforceable lien on property as of January 1. Collection dates vary according to the schedules of the individual counties with disbursements to the District normally made within thirty days of collection.

The following are the tax rates permitted and the actual rates levied per \$100 of assessed valuation:

	<u>Maximum Rate</u>	<u>2017 Levy</u>	<u>2016 Levy</u>	<u>2015 Levy</u>
Education	0.1750	0.1748	0.1739	0.1748
Operation and Maintenance	0.0750	0.0749	0.0745	0.0749
Bond and Interest	Unlimited	0.1405	0.1402	0.1494
Liability, Protection, and Settlement	Unlimited	0.0492	0.0462	0.0478
Audit	0.0050	0.0050	0.0050	0.0050
Total		<u>0.4444</u>	<u>0.4398</u>	<u>0.4519</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2018 are summarized below:

	Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018
Capital Assets not Being Depreciated:				
Land and Site Improvements	\$ 2,518,191	\$ -	\$ -	\$ 2,518,191
Total Capital Assets not Being Depreciated	2,518,191	-	-	2,518,191
Capital Assets Being Depreciated:				
Buildings	39,400,623	159,721	-	39,560,344
Equipment	18,017,024	334,117	(185,544)	18,165,597
Total	59,935,838	493,838	(185,544)	60,244,132
Less Accumulated Depreciation:				
Buildings	24,895,398	656,510	-	25,551,908
Equipment	17,690,926	1,221,660	(178,375)	18,734,211
Total Accumulated Depreciation	42,586,324	1,878,170	(178,375)	44,286,119
Capital Assets, Net	<u>\$ 17,349,514</u>	<u>\$ (1,384,332)</u>	<u>\$ (7,169)</u>	<u>\$ 15,958,013</u>

Changes in capital assets for the year ended June 30, 2017 are summarized below:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017
Capital Assets not Being Depreciated:				
Land and Site Improvements	\$ 2,275,906	\$ 242,285	\$ -	\$ 2,518,191
Total Capital Assets Not Being Depreciated	2,275,906	242,285	-	2,518,191
Capital Assets Being Depreciated:				
Buildings	39,292,873	107,750	-	39,400,623
Equipment	17,815,425	361,954	(160,355)	18,017,024
Total	59,384,204	711,989	(160,355)	59,935,838
Less Accumulated Depreciation:				
Buildings	24,216,438	678,960	-	24,895,398
Equipment	16,514,291	1,317,616	(140,981)	17,690,926
Total Accumulated Depreciation	40,730,729	1,996,576	(140,981)	42,586,324
Capital Assets, Net	<u>\$ 18,653,475</u>	<u>\$ (1,284,587)</u>	<u>\$ (19,374)</u>	<u>\$ 17,349,514</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 6 CAPITAL ASSETS (CONTINUED)

Capital asset additions reconcile to the purchase of capital assets in the statements of cash flows as follows:

	2018	2017
Total Additions Per Note Above	\$ 493,838	\$ 711,989
Loss on Disposal	(7,169)	(19,374)
Purchase of Capital Assets Per Statements of Cash Flows	\$ 486,669	\$ 692,615

NOTE 7 LONG-TERM DEBT

Terms of the general obligation bonds are as follows:

Tax Exempt General Obligation Community College Bond, Series 2015

Original issue of \$4,460,000, dated February 4, 2015, with principal payments of \$135,000 due December 1, 2015, \$2,000,000 due December 1, 2016, \$2,025,000 due December 1, 2017, and \$300,000 due December 1, 2018. Interest rate of 2.5% through November 30, 2016, 2.75% from December 1, 2016 through November 30, 2017, 3.0% from December 1, 2017 through November 30, 2018, and 2.7% on December 1, 2018 with interest being due semiannually each June 1 and December 1. The bonds were issued for the purpose of replacing or repairing existing physical facilities of the District in addition to repaying the Limited Tax General Obligation Debt Certificates, Series 2014.

Taxable General Obligation Community College Bond, Series 2017A

Original issue of \$1,000,000, dated March 15, 2017, with a principal payment of \$1,000,000 due December 1, 2018. Interest rate of 2.75% with interest being due December 1. The bonds were issued for the purpose of funding and paying outstanding and unpaid claims of the District.

Taxable General Obligation Community College Bond, Series 2017B

Original issue of \$2,410,000, dated March 15, 2017, with principal payments of \$390,000 due December 1, 2018 and \$2,020,000 due December 1, 2019. Interest rate of 2.75% through May 31, 2019 and 3.25 from June 1, 2019 through December 1, 2019 with interest being due semiannually each June 1 and December 1. The bonds were issued for the purpose of funding and paying outstanding and unpaid claims of the District.

Taxable General Obligation Community College Bond, Series 2017C

Original issue of \$2,835,000, dated March 15, 2017, with principal payments of \$2,120,000 due December 1, 2020 and \$715,000 due December 1, 2021. Interest rate of 3.75% through May 31, 2020 and 4.00 from June 1, 2020 through December 1, 2021 with interest being due semiannually each June 1 and December 1. The bonds were issued for the purpose of funding and paying outstanding and unpaid claims of the District.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations

The District is the lessee of equipment under capital leases expiring in various years through 2022. The assets and liabilities under capital leases are recorded at the lower of present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over the lower of their related lease terms or their estimated productive lives. Depreciation of assets under capital leases is included in depreciation expense for 2018 and 2017.

Following is a summary of property held under capital leases at June 30:

	<u>2018</u>	<u>2017</u>
Equipment	\$ 257,354	\$ 257,354
Less: Accumulated Depreciation	(49,911)	(36,654)
Total	<u>\$ 207,443</u>	<u>\$ 220,700</u>

Bond Obligations

Changes in Bond Debt for the years ended June 30, 2018 and 2017 are summarized below:

	<u>Balance</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2018</u>
Taxable				
General Obligation				
Bond Series 2017A	\$ 1,000,000	\$ -	\$ -	\$ 1,000,000
Bond Series 2017B	2,410,000	-	-	2,410,000
Bond Series 2017C	2,835,000	-	-	2,835,000
Tax Exempt				
General Obligation				
Bonds Series 2015	2,325,000	-	2,025,000	300,000
Total Bonds	<u>\$ 8,570,000</u>	<u>\$ -</u>	<u>\$ 2,025,000</u>	<u>\$ 6,545,000</u>
Lease Obligations	<u>\$ 102,482</u>	<u>\$ -</u>	<u>\$ 21,737</u>	<u>\$ 80,745</u>

	<u>Balance</u> <u>June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>June 30, 2017</u>
Taxable				
General Obligation				
Bond Series 2017A	\$ -	\$ 1,000,000	\$ -	\$ 1,000,000
Bond Series 2017B	-	2,410,000	-	2,410,000
Bond Series 2017C	-	2,835,000	-	2,835,000
Tax Exempt				
General Obligation				
Bonds Series 2015	4,325,000	-	2,000,000	2,325,000
Total Bonds	<u>\$ 4,325,000</u>	<u>\$ 6,245,000</u>	<u>\$ 2,000,000</u>	<u>\$ 8,570,000</u>
Lease Obligations	<u>\$ 85,162</u>	<u>\$ 38,990</u>	<u>\$ 21,670</u>	<u>\$ 102,482</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 7 LONG-TERM DEBT (CONTINUED)

Bond Obligations (Continued)

At June 30, 2018, the annual requirements to retire all bonds payable, including principal and interest, and meet noncancelable lease obligations were as follows:

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>	<u>Leases Payable</u>	<u>Total</u>
2019	\$ 2,143,638	\$ 24,958	\$ 2,168,596
2020	2,160,925	24,958	2,185,883
2021	2,188,350	24,958	2,213,308
2022	<u>729,300</u>	<u>11,214</u>	<u>740,514</u>
	7,222,213	86,088	7,308,301
Less: Interest	<u>(677,213)</u>	<u>(5,343)</u>	<u>(682,556)</u>
Total	<u>\$ 6,545,000</u>	<u>\$ 80,745</u>	<u>\$ 6,625,745</u>

Legal Debt Margin

The legal debt margin of the District at June 30, 2018 is as follows:

Assessed Valuation 2017	<u>\$ 1,518,650,175</u>
Statutory Limit (2.875% of Assessed Valuation)	\$ 43,661,193
Less: Bonded Debt	<u>6,545,000</u>
Legal Debt Margin	<u>\$ 37,116,193</u>

NOTE 8 COMPENSATED ABSENCES

At June 30, 2018 and 2017, employees had earned but not taken annual vacation, which at salary rates in effect at the end of the year totaled \$744,923 and \$719,068, respectively. For sick leave, the District operates under a personnel policy which allows accumulation from year to year. The policy allows unused sick leave to be applied toward service credit for retirement. Since the accumulated sick leave is not subject to reasonable estimation, no liability has been recorded in the financial statements.

	June 30,	
	2018	2017
Beginning Balance	\$ 719,068	\$ 694,045
Additions *	25,855	25,023
Ending Balance	<u>\$ 744,923</u>	<u>\$ 719,068</u>

* This represents net change of accrued vacation.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 DEFINED BENEFIT PENSION PLAN

General Information About the Pension Plan

Plan Description. The District contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the state of Illinois (the State) 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 Chapter 40, Act 5, Article 15 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.

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 6 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 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% 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 employer normal cost for fiscal year 2017 and 2018 respectively, was 12.53% and 12.46% of employee payroll. The normal cost is equal to the value of 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% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Participating employers make 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% during the final rate of earnings period).

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

Net Pension Liability

SURS reported a net pension liability (NPL) of \$25,481,105,995 at June 30, 2017 and \$25,965,271,744 at June 30, 2016. The net pension liability was measured as of June 30, 2017 and June 30, 2016, respectively.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the District in both fiscal years ended June 30, 2018 and 2017 was \$-0-. The proportionate share of the State's net pension liability associated with the District at June 30, 2017 and June 30, 2016 was \$109,288,464 or 0.4289% and \$115,234,130 or 0.4438%, respectively. These amounts should not be recognized in the financial statements. The net pension liability and total pension liability as of June 30, 2017 and June 30, 2016 were determined based on the June 30, 2016 actuarial valuation rolled forward and the June 30, 2015 actuarial valuation rolled forward, respectively. The basis of allocation used in the proportionate share of net pension liability for each year is the actual reported pensionable contributions made to SURS during fiscal years 2017 and 2016, respectively.

Pension Expense

For the years ended June 30, 2017 and 2016 SURS reported collective net pension expense of \$2,412,918,129 and \$2,566,164,865, respectively.

Employer Proportionate Share of Pension Expense

The District'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 years 2017 and 2016, respectively. As a result, the District recognized on-behalf revenue and pension expense of \$10,349,006 and \$11,388,665 for the fiscal years ended June 30, 2018 and June 30, 2017, respectively.

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.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

SURS collective deferred outflows and deferred inflows of resources

Fiscal year ended June 30, 2017	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	<u>\$ 438,818,369</u>	<u>\$ 260,828,348</u>

Fiscal year ended June 30, 2016	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 14,215,882	\$ 2,298,574
Changes in Assumption	655,463,758	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,431,081,306	635,552,976
Total	<u>\$ 2,100,760,946</u>	<u>\$ 637,851,550</u>

SURS collective deferred outflows and deferred inflows of resources by year to be recognized in future pension expenses

Net deferred outflows of resources:

<u>Year Ending June 30,</u>	Amount
2018	\$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	<u>\$ 177,990,021</u>

Employer Deferral of Pension Expense

The District paid \$79,807 and \$64,774 in federal, trust or grant contributions for the fiscal years ended June 30, 2018 and 2017, respectively. These contributions were made subsequent to the pension liability measurement dates of June 30, 2017 and 2016, and are recognized as Deferred Outflows of Resources as of June 30, 2018 and 2017.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions and Other Inputs

Actuarial Assumptions. 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%
Salary increases	3.75 to 15.00%, including inflation
Investment rate of return	7.25% beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP-2014 Combined Mortality Table, projected with generational mortality and 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(ies). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2016, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. 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
Total	100 %	5.20
Inflation		2.75
Expected Arithmetic Return		7.95 %

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017**

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

Discount Rate. A single discount rate of 7.09% and 7.01% at June 30, 2017 and 2016, respectively, 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% at June 30, 2017 and 2016 and a municipal bond rate of 3.56% and 2.85% at June 30, 2017 and 2016, respectively (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% at June 30, 2017 as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

June 30, 2017		
Current Single Discount Rate Assumption		
1% Decrease 6.09%	7.09%	1% Increase 8.09%
\$ 30,885,146,279	\$ 25,481,105,995	\$ 20,997,457,586

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 9 DEFINED BENEFIT PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

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.

Changes of Benefit Terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017 and 2016.

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. The changes are listed below.

- 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% to 15.00% based on years of service, with underlying wage inflation of 3.75%.
- 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 and higher turnover for members with more 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.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information about the OPEB Plan

Plan administration

The District 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 the 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 the State Universities Retirement System 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 State Universities Retirement System (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

Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State University's Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Contributions

The Act 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 also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the State of Illinois to make an annual appropriation to the CIP to cover any expected expenditures in excess of the contributions by active employees, employers, and retirees. 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 for the years ended June 30, 2018 and 2017 were \$73,097 and \$72,448, respectively. The District's contributions for fiscal years ended June 30, 2018 and 2017 were \$73,123 and \$72,663, respectively.

OPEB Liabilities, Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The District reported a liability of \$15,228,583 as of June 30, 2018. This amount is the District's proportional share of the net OPEB liability. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Illinois' proportional share of the net OPEB liability associated with the District totaled \$15,028,021. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, with procedures performed to roll forward the total OPEB liability to the June 30, 2017 measurement date. The District's proportion of the net OPEB liability was based on the District'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 District's proportion was 0.835067%.

For the year ended June 30, 2018, the District recognized OPEB expense of \$1,370,740, for its proportional share of the OPEB expense. In addition, the District recognized an additional \$1,328,023 as OPEB expense and on behalf revenue for its proportional share of the state of Illinois' contribution to the plan.

Restatement of June 30, 2017 Net Position

The District recognized the adoption of GASB Statement No. 75, Accounting for Post-Employment Benefits Other Than Pensions by recording the cumulative effect of adoption of \$15,390,881 as a reduction of the unrestricted net position as of the beginning of the 2018 fiscal year. The amount is made up of the Net Other Post Employment Benefit Liability of \$15,463,329 less the amount of deferred outflows of \$72,448 as of June 30, 2017.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred amounts to be Recognized in OPEB Expense in Future Periods</i>		
Differences Between Expected and Actual Experience	\$ -	\$ 43,100
Changes in Assumptions	-	1,268,528
Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	-	160
Changes in Proportion and Differences Between Employer Contributions and Share of Contributions	-	221,250
Total Deferred Amounts to be Recognized as OPEB Expense in Future Periods	-	1,533,038
 <i>OPEB Contributions Made Subsequent to the Measurement Date</i>	 73,123	 -
Total Deferred Amounts Related to OPEB	<u>\$ 73,123</u>	<u>\$ 1,533,038</u>

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

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ -	\$ 306,608
2019	-	306,608
2020	-	306,608
2021	-	306,608
2022	-	306,606
	<u>\$ -</u>	<u>\$ 1,533,038</u>

Actuarial 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.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

- Inflation – 2.75%
- Salary increases – depends on service and ranges from 10.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75 wage inflation assumption
- Investment rate of return – 0%, 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% and 9.00% for non-Medicare costs and post Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.50%. Additional trend rate of 0.52% 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 the RP-2014 White Collar table. Tables were adjusted for SURS experience. All tables reflect mortality improvements using Projection Scale MP-2014.

The actuarial assumptions used in the June 20, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

Changes in assumptions reflect a change in the single discount rate from 2.85% in 2016 to 3.56% in 2017.

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% as of June 30, 2016, and 3.56% as of June 30, 2017.

Sensitivity of the District's Proportional Share of the Net OPEB liability to changes in the Single Discount Rate.

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

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 10 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Sensitivity of the District's Proportional Share of the Net OPEB Liability
as of June 30, 2017 to the Single Discount Rate Assumption

	1% Decrease 2.56%	Current Single Discount Rate Assumption 3.56%	1% Increase 4.56%
Net OPEB Liability	\$ 17,416,349	\$ 15,288,583	\$ 13,342,456

Sensitivity of the District's Proportional Share of the Net OPEB liability to changes in the healthcare cost trend rates.

The following presents the District's proportional share of the net OPEB liability, calculated using the healthcare cost trend rates as well as what the District's proportional share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.02% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

Sensitivity of the District's Proportional Share of the Net OPEB Liability
as of June 30, 2017 to the Healthcare Cost Trend Rate Assumption

	1% Decrease	Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$ 12,633,659	\$ 15,228,583	\$ 18,983,762

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

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 11 COMMITMENTS AND CONTINGENCIES

The District is from time to time subject to various claims, legal actions, and inquiries relating to compliance with environmental and other governmental laws and regulations arising in the ordinary course of business. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate settlement of these matters will not adversely affect the District's future financial condition or results of operations as the District has the ability to levy funds through local real estate taxes specifically for these purposes.

Accordingly, management does not believe that a reserve for the future effect, if any, of these matters on the financial condition or results of operations of the District is necessary at June 30, 2018 and 2017 as it is not possible to determine with any degree of probability the level of future expenditures for these matters.

Federal and State Grants

The District has received a number of federal and state grants for specific purposes which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, the District's management believes that such disallowances, if any, will not be material.

NOTE 12 RELATED PARTY TRANSACTIONS

As described in Note 1, the District has four related foundations comprising the component unit, Olney Central College Foundation, Frontier Community College Foundation, Lincoln Trail College Foundation, and Wabash Valley College Foundation. The foundations provide scholarship funding and capital improvement funding to the District. Transactions with component units totaled \$724,365 and \$838,862 for the years ended June 30, 2018 and 2017, respectively, as follows:

	<u>2018</u>	<u>2017</u>
Olney Central College Foundation	\$ 105,028	\$ 92,122
Wabash Valley College Foundation	234,376	239,681
Lincoln Trail College Foundation	319,975	202,603
Frontier Community College Foundation	64,986	304,456
Total	<u>\$ 724,365</u>	<u>\$ 838,862</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 13 FUNCTIONAL EXPENSES

The District's functional allocation of expenses is as follows for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Instruction	\$ 18,405,045	\$ 18,214,978
Academic Support	721,711	725,912
Student Services	4,966,618	4,526,579
Public Services	263,730	250,634
Auxiliary Services	5,091,266	5,687,173
Operations and Maintenance of Plant	3,856,002	3,038,625
Institutional Support	9,970,727	9,134,225
Scholarships, Student Grants, and Waivers	3,094,440	2,790,995
Depreciation Expense	1,878,170	2,015,950
Total	<u>\$ 48,247,709</u>	<u>\$ 46,385,071</u>

REQUIRED SUPPLEMENTARY INFORMATION

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
REQUIRED SUPPLEMENTARY INFORMATION –
STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

<u>SCHEDULE OF SHARE OF THE NET PENSION LIABILITY</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Employer	109,288,464	115,234,130	101,854,540	94,138,266
Total (b) + (c)	109,288,464	115,234,130	101,854,540	94,138,266
Employer Covered-Employee Payroll	18,396,020	19,281,859	18,931,473	19,151,392
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered Payroll	594.09%	597.63%	538.02%	491.55%
SURS Plan Net Position as a Percentage of Total Pension Liability	42.04%	39.57%	42.37%	44.39%

<u>FISCAL YEAR ENDED JUNE 30,</u>					
<u>SCHEDULE OF CONTRIBUTIONS</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Federal, Trust, Grant, and Other Contribution	\$ 79,807	\$ 64,774	\$ 86,267	\$ 86,189	\$ 124,684
Contribution in Relation to Required Contribution	79,807	64,774	86,267	86,189	124,684
Contribution Deficiency (Excess)	-	-	-	-	-
Employer Covered Payroll	18,625,920	18,396,020	19,281,859	18,931,473	19,151,392
Contributions as a Percentage of Covered Payroll	0.43%	0.35%	0.44%	0.43%	0.45%

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
 REQUIRED SUPPLEMENTARY INFORMATION –
 SCHEDULE OF THE DISTRICT’S PROPORTIONATE SHARE
 OF THE NET OPEB LIABILITY – COLLEGE INSURANCE PROGRAM
 YEAR ENDED JUNE 30, 2018
 (SEE INDEPENDENT AUDITORS’ REPORT)**

<u>Fiscal Year Ending June 30,</u>	<u>2017</u>
District’s Proportion of the Net OPEB Liability	0.835067%
District’s Proportionate Share of the Net OPEB Liability (Asset)	\$ 15,228,583
District’s Covered-Employee Payroll	\$ 14,532,552
District’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	1.047895
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	-2.87%

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
 REQUIRED SUPPLEMENTARY INFORMATION –
 SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS –
 COLLEGE INSURANCE PROGRAM
 YEAR ENDED JUNE 30, 2018
 (SEE INDEPENDENT AUDITORS' REPORT)**

<u>Fiscal Year Ending June 30,</u>	<u>2017</u>
Contractually Required Contribution	\$ 72,448
Contributions in Relation to the Contractually Required Contribution	<u>\$ (72,448)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
District's Covered-Employee Payroll	14,532,552
Contributions as a Percentage of Covered-Employee Payroll	0.498522%

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
REQUIRED SUPPLEMENTARY INFORMATION –
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
COLLEGE INSURANCE PROGRAM
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

NOTE 1 CHANGES IN BENEFIT TERMS

In the June 30, 2017 actuarial valuation, there were no changes of benefit terms.

NOTE 2 CHANGES OF ASSUMPTIONS

In the June 30, 2017 actuarial valuation, there were no changes of assumptions.

SUPPLEMENTARY FINANCIAL INFORMATION

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
ASSESSED VALUATIONS AND TAXES LEVIED –
GOVERNMENTAL FUND TYPES
LEVY YEARS JUNE 30, 2017 AND 2016
(SEE INDEPENDENT AUDITORS' REPORT)

ASSESSED VALUES AS EQUALIZED	2017 Levy	2016 Levy
Clark	\$ 5,314,799	\$ 5,015,720
Clay	144,876,583	136,491,313
Crawford	447,610,600	430,497,865
Cumberland	47,396	39,898
Edwards	81,202,514	78,864,355
Hamilton	679,803	732,716
Jasper	159,601,033	179,341,456
Lawrence	127,834,385	122,473,554
Richland	230,546,944	217,156,284
Wabash	140,731,578	144,975,947
Wayne	138,519,518	128,394,632
White	41,685,022	43,934,866
Total	\$ 1,518,650,175	\$ 1,487,918,606
 TAX RATES (PER \$100 OF ASSESSED VALUATION)		
Education Fund	\$ 0.1748	\$ 0.1739
Operations and Maintenance Fund	0.0749	0.0745
Bond and Interest Fund	0.1402	0.1402
Liability, Protection, and Settlement Fund	0.0491	0.0462
Audit Fund	0.0050	0.0050
Total	\$ 0.4440	\$ 0.4398
 TAXES EXTENDED		
Education Fund	\$ 2,617,095	\$ 2,578,374
Operations and Maintenance Fund	1,136,510	1,105,018
Bond and Interest Fund	2,126,054	2,012,601
Liability, Protection, and Settlement Fund	743,849	685,128
Audit Fund	76,139	73,667
Total	\$ 6,699,647	\$ 6,454,788

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS –
GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

Levy Year	Assessed Valuation	Combined Rate	Taxes Extended	Total Collected to June 30, 2017	Collected During Year Ended June 30, 2018	Total Collected to June 30, 2018	Percent Collected June 30, 2018	Allowance for Uncollectible Taxes	Balance After Allowance
2017	\$ 1,518,650,175	0.4440	\$ 6,699,647	\$ -	\$ -	\$ -	0.00%	\$ -	\$ 6,699,647
2016	<u>1,487,918,606</u>	0.4398	<u>6,454,788</u>	<u>-</u>	<u>6,454,788</u>	<u>6,454,788</u>	100.00%	<u>-</u>	<u>-</u>
				<u>\$ -</u>	<u>\$ 6,454,788</u>	<u>\$ 6,454,788</u>		<u>\$ -</u>	<u>\$ 6,699,647</u>

2018 TAXES EXTENDED

	Uncollected June 30, 2018	Allowance For Uncollectible Taxes	Balance After Allowance
Education Fund	\$ 2,617,095	\$ -	\$ 2,617,095
Operations and Maintenance Fund	1,136,510	-	1,136,510
Bond and Interest Fund	2,126,054	-	2,126,054
Liability, Protection, and Settlement Fund	743,849	-	743,849
Audit Fund	<u>76,139</u>	<u>-</u>	<u>76,139</u>
	<u>\$ 6,699,647</u>	<u>\$ -</u>	<u>\$ 6,699,647</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF DEBT MATURITIES
JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

GENERAL OBLIGATION COMMUNITY COLLEGE BONDS

Year Ended June 30,	Interest Rate	Amounts Due During Year			Unpaid Principal Balance
		Principal	Interest	Total	
Tax-exempt Series 2015:					
2019	2.70%	\$ 300,000	\$ 4,050	\$ 304,050	\$ -
		300,000	4,050	304,050	
Taxable Series 2017:					
2019	2.75%	1,390,000	449,588	1,839,588	4,855,000
2020	3.25%	2,020,000	140,925	2,160,925	2,835,000
2021	3.75%	2,120,000	68,350	2,188,350	715,000
2022	4.00%	715,000	14,300	729,300	-
		<u>6,245,000</u>	<u>673,163</u>	<u>6,918,163</u>	
Total		<u>\$ 6,545,000</u>	<u>\$ 677,213</u>	<u>\$ 7,222,213</u>	

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF LEGAL DEBT MARGIN
JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

Assessed Valuation - 2017 Levy	<u>\$ 1,518,650,175</u>
Debt Limit - 2.875% of Assessed Valuation	\$ 43,661,193
Bonded Indebtedness	<u>6,545,000</u>
Legal Debt Margin	<u>\$ 37,116,193</u>

UNIFORM FINANCIAL STATEMENTS

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 1 – ALL FUNDS SUMMARY
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Education Fund	Operations and Maintenance Fund	Bond and Interest Fund	Operations and Maintenance Restricted Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Auxiliary Enterprise Activities	Total
FUND BALANCE - BEGINNING OF YEAR	\$ 8,744,797	\$ 3,043,266	\$ 682,515	\$ 119,698	\$ 499,543	\$ 6,391,475	\$ (10,786)	\$ 674,903	\$ 8,524,709	\$ 28,670,120
REVENUES										
Local Tax Revenue	3,045,688	1,305,178	2,023,095	-	-	-	75,100	694,341	-	7,143,402
ICCB Grants	11,383,300	-	-	-	357,105	-	-	-	-	11,740,405
All Other State Revenue	-	-	-	-	10,461,220	-	-	-	-	10,461,220
Federal Revenue	-	-	-	-	7,206,458	-	-	-	-	7,206,458
Student Tuition and Fees	12,411,099	1,475,738	-	-	-	-	-	-	265,779	14,152,616
All Other Revenue	65,251	59,084	9,986	45,685	63,702	57,672	28	10,640	3,504,676	3,816,724
Total Revenues	26,905,338	2,840,000	2,033,081	45,685	18,088,485	57,672	75,128	704,981	3,770,455	54,520,825
EXPENDITURES										
Current:										
Instruction	11,882,661	-	-	-	5,824,265	-	-	-	-	17,706,926
Academic Support	462,607	-	-	-	220,403	-	-	-	10,383	693,393
Student Services	1,642,974	-	-	-	3,094,979	-	-	-	87,776	4,825,729
Public Services	2,530	-	-	-	50,308	-	-	-	208,195	261,033
Auxiliary Services	35	-	-	18,120	871,097	-	-	-	4,482,643	5,371,895
Operations and Maintenance of Plant	62,605	2,961,468	-	368,491	586,519	-	-	-	18,638	3,997,721
Institutional Support Scholarships, Student Grants, and Waivers	5,653,226	13,631	2,063,475	28,095	2,156,047	-	72,563	702,467	546	10,690,050
Total Expenditures	26,004,102	2,975,099	2,063,475	414,706	18,075,247	-	72,563	702,467	5,071,036	55,378,695
TOTAL TRANSFERS IN (OUT)	(1,105,107)	-	(250,000)	1,029,833	-	(35,000)	-	-	360,274	-
FUND BALANCE - END OF YEAR	\$ 8,540,926	\$ 2,908,167	\$ 402,121	\$ 780,510	\$ 512,781	\$ 6,414,147	\$ (8,221)	\$ 677,417	\$ 7,584,402	\$ 27,812,250

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 2 –
SUMMARY OF CAPITAL ASSETS AND LONG-TERM DEBT
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Balance June 30, 2017	<u>Additions</u>	<u>Retirements</u>	Balance June 30, 2018
Land and Site Improvements	\$ 2,518,191	\$ -	\$ -	\$ 2,518,191
Buildings	39,400,623	159,721	-	39,560,344
Equipment	18,017,024	334,117	(185,544)	18,165,597
Total	<u>59,935,838</u>	<u>493,838</u>	<u>(185,544)</u>	<u>60,244,132</u>
Less Accumulated Depreciation:				
Buildings	24,895,398	656,510	-	25,551,908
Equipment	17,690,926	1,221,660	(178,375)	18,734,211
Total Accumulated Depreciation	<u>42,586,324</u>	<u>1,878,170</u>	<u>(178,375)</u>	<u>44,286,119</u>
Capital Assets, Net	<u>\$ 17,349,514</u>	<u>\$ (1,384,332)</u>	<u>\$ (7,169)</u>	<u>\$ 15,958,013</u>
LONG-TERM DEBT				
Lease Obligations	\$ 102,482	\$ -	\$ (21,737)	\$ 80,745
Bonds Payable	8,570,000	-	(2,025,000)	6,545,000
OPEB Liability	15,463,329	-	(234,746)	15,228,583
Accrued Vacation	719,068	25,855	-	744,923
Total Long-Term Debt	<u>\$ 24,854,879</u>	<u>\$ 25,855</u>	<u>\$ (2,281,483)</u>	<u>\$ 22,599,251</u>

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 3 –
OPERATING PURPOSES FUNDS REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE			
Local Government:			
Property Taxes	\$ 2,626,688	\$ 1,125,606	\$ 3,752,294
Corporate Personal Property Replacement Tax	419,000	179,572	598,572
Total Local Government	3,045,688	1,305,178	4,350,866
State Government:			
ICCB Base Operating Grants	3,782,630	-	3,782,630
ICCB Equalization Grant	6,845,930	-	6,845,930
ICCB Career and Technical Education	754,740	-	754,740
Total State Government	11,383,300	-	11,383,300
Student Tuition and Fees:			
Tuition	10,198,754	-	10,198,754
Fees	2,212,345	1,475,738	3,688,083
Total Student Tuition and Fees	12,411,099	1,475,738	13,886,837
Other Sources:			
Sales and Service Fees	90,571	9,048	99,619
Facilities Revenue	5	15,914	15,919
Investment Income	125,289	33,122	158,411
Gifts, Scholarships, Grants, Bequests	250	-	250
Other	(150,864)	1,000	(149,864)
Total Other Sources	65,251	59,084	124,335
Total Operating Revenues	26,905,338	2,840,000	29,745,338
Less: Nonoperating Item - Tuition Chargeback Revenue			
	-	-	-
Adjusted Revenue	\$ 26,905,338	\$ 2,840,000	\$ 29,745,338

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 3 –
OPERATING PURPOSES FUNDS REVENUES AND EXPENDITURES (CONTINUED)
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES			
By Program:			
Instruction	\$ 11,882,661	\$ -	\$ 11,882,661
Academic Support	462,607	-	462,607
Student Services	1,642,974	-	1,642,974
Public Services	2,530	-	2,530
Auxiliary Services	35	-	35
Operations and Maintenance of Plant	62,605	2,961,468	3,024,073
Institutional support	5,653,226	13,631	5,666,857
Scholarships, Student Grants, and Waivers	6,297,464	-	6,297,464
Total Expenditures	26,004,102	2,975,099	28,979,201
Operating Transfers Out	(1,105,107)	-	(1,105,107)
Total Expenditures and Transfers Out	24,898,995	2,975,099	27,874,094
Less: Nonoperating Item - Tuition Chargeback	-	-	-
Adjusted Expenditures	\$ 24,898,995	\$ 2,975,099	\$ 27,874,094
By Object:			
Salaries	\$ 14,919,769	\$ 869,440	\$ 15,789,209
Employee Benefits	2,276,995	197,617	2,474,612
Contractual Services	544,677	327,950	872,627
General Materials and Supplies	1,275,381	207,582	1,482,963
Conference and Meeting Expenses	216,518	2,081	218,599
Fixed Charges	116,460	17,036	133,496
Utilities	67,333	1,325,246	1,392,579
Capital Outlay	101,784	23,412	125,196
Other	6,485,185	4,735	6,489,920
Total Expenditures	26,004,102	2,975,099	28,979,201
Operating Transfers Out	(1,105,107)	-	(1,105,107)
Total Expenditures and Transfers Out	24,898,995	2,975,099	27,874,094
Less: Nonoperating Item - Tuition Chargeback	-	-	-
Adjusted Expenditures	\$ 24,898,995	\$ 2,975,099	\$ 27,874,094

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 4 –
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

RESTRICTED PURPOSES FUND REVENUES BY SOURCES

State Government:

State Adult Ed - State Basic	\$ 267,147
State Adult Ed - Performance	89,958
State Universities Retirement System (SURS) - On Behalf Payments	10,349,006
Other	112,214
Total State Government	10,818,325

Federal Government:

Department of Education - Nonfinancial Aid	1,160,589
Department of Education - Passed Through ICCB	379,637
PELL Grant	5,012,949
Supplementary Educational Opportunity Grant	243,679
Federal Work-Study Program	345,005
Department of Labor - Passed through Mine Safety Health Administration	63,280
Department of Health and Human Services - Passed through Project Child	1,319
Total Federal Government	7,206,458

Other Sources

63,702

Total Restricted Purposes Fund Revenues by Sources

\$ 18,088,485

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 4 –
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES (CONTINUED)
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

OPERATING EXPENDITURES

By Program:

Instruction	\$ 5,824,265
Academic Support	220,403
Student Services	3,094,979
Public Services	50,308
Auxiliary Services	871,097
Operations and Maintenance of Plant	586,519
Institutional Support	2,156,047
Scholarships, Student Grants, and Waivers	<u>5,271,629</u>

Total Expenditures	<u><u>\$ 18,075,247</u></u>
--------------------	-----------------------------

By Object:

Salaries	\$ 1,241,523
Employee Benefits	10,605,792
Contractual Services	255,822
General Materials and Supplies	296,018
Conference and Meeting Expenses	78,724
Fixed Charges	413
Capital Outlay	137,805
Other	<u>5,459,150</u>

Total Expenditures	<u><u>\$ 18,075,247</u></u>
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ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
UNIFORM FINANCIAL STATEMENT NO. 5 –
CURRENT FUNDS EXPENDITURES BY ACTIVITY
YEAR ENDED JUNE 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)

INSTRUCTION	
Instructional Programs	\$ 11,235,467
Other	6,471,459
Total Instruction	17,706,926
ACADEMIC SUPPORT	
Library Center	413,254
Academic Computing Support	10,638
Other	269,501
Total Academic Support	693,393
STUDENT SERVICES SUPPORT	
Admissions and Records	215,750
Counseling and Career Services	299,869
Financial Aid Administration	675,846
Other	3,634,264
Total Student Services Support	4,825,729
PUBLIC SERVICES	
Community Education	40,474
Customized Training	148,742
Community Services	33,125
Other	38,692
Total Public Services	261,033
AUXILIARY SERVICES	
	5,353,775
OPERATIONS AND MAINTENANCE OF PLANT	
Administration	153,980
Custodial Services	580,538
Maintenance	753,862
Grounds Maintenance	209,130
Plant Utilities	1,385,201
Other	546,519
Total Operations and Maintenance of Plant	3,629,230
INSTITUTIONAL SUPPORT	
Executive Management	2,213,809
Administrative Support Services	1,333,215
Board of Trustees	34,700
General Institution	1,487,364
Administrative Data Processing	1,373,345
Other	2,156,047
Total Institutional Support	8,598,480
SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS	
	11,831,948
Total Current Fund Expenditures	\$ 52,900,514

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

ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT



**INDEPENDENT AUDITORS' REPORT ON THE
ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT**

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education
Olney, Illinois

We have audited the accompanying financial statements of the Illinois Cooperative Work Study Program Grant of Illinois Eastern Community Colleges District #529 which comprise the statement of net position as of August 31, 2018 and the statement of revenue and expenditures for the grant period January 1, 2018 through August 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Cooperative Work Study Program Grant. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and guidelines for the Illinois Cooperative Work Study Program Grant issued by the Illinois Board of Higher Education. 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Illinois Cooperative Work Study Program Grant of Illinois Eastern Community Colleges District #529 as of August 31, 2018 and the revenue and expenditures for the grant period January 1, 2018 through August 31, 2018, in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Cooperative Work Study Program Grant.

Basis of Accounting

We draw attention to Note 3 of the financial statements, which describes the basis of accounting. The financial statements have been prepared on the regulatory basis of accounting as required by the Illinois Board of Higher Education Cooperative Work Study Program Grant, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois Board of Higher Education Cooperative Work Study Program Grant. Our opinion is not modified with respect to that matter.

Restriction on Use

The accompanying statements of financial position and revenue and expenditures were prepared for the purpose of complying with the terms of the Illinois Cooperative Work Study Program Grant and are not intended to be a complete presentation of the District's financial position as of August 31, 2018 or the revenues and expenditures in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the board of trustees and management of Illinois Eastern Community Colleges District #529 and the Illinois Board of Higher Education and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

Illinois Department of Professional Regulation
License Number 066-004450



**INDEPENDENT AUDITORS' REPORT ON THE ILLINOIS
COOPERATIVE WORK STUDY PROGRAM GRANT
REGULATORY COMPLIANCE REQUIREMENTS**

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education
Olney, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Illinois Cooperative Work Study Program Grant of Illinois Eastern Community Colleges District #529 (the District), which comprise the statement of net position as of August 31, 2108 and the statement of revenue and expenditures for the grant period January 1, 2018 through August 31, 2018 and the related notes to the financial statements, and have issued our report thereon dated November 16, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the grant agreement of the Illinois Cooperative Work Study Program Grant, inclusive, insofar as they relate to accounting matters. Pursuant to the terms of the grant referred to above, funds were expended for the project in the grant agreement and grant funds were not used for sectarian purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced grant agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Illinois Eastern Community Colleges District #529 and the Illinois Board of Higher Education and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT –
STATEMENT OF NET POSITION
AUGUST 31, 2018**

	<u>2018</u>
ASSETS	
Cash	<u>\$ 8,891</u>
Total Assets	<u><u>\$ 8,891</u></u>
Liabilities	
Due to Illinois Board of Higher Education	<u>\$ 8,891</u>
Total Liabilities	<u><u>\$ 8,891</u></u>
Net Position	<u><u>\$ -</u></u>

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT –
STATEMENT OF REVENUES AND EXPENDITURES
GRANT PERIOD ENDED AUGUST 31, 2018**

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUE			
Illinois Board of Higher Education Grant	\$ 34,467	\$ 34,467	\$ -
EXPENDITURES			
Student Wages	34,467	25,576	8,891
Excess of Revenue over Expenditures	\$ -	\$ 8,891	\$ (8,891)

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO THE FINANCIAL STATEMENTS –
ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT
GRANT PERIOD ENDED AUGUST 31, 2018

NOTE 1 PROGRAM BACKGROUND

Illinois Cooperative Work Study Program is an internship program which provides undergraduate students from the Grantee with opportunities to work with business and industry. The objective of the program is to recruit approximately 25 undergraduate students of the Grantee into a Summer Internship Program and to place these students in businesses, government agencies, or community organizations which will agree to pay student stipends.

NOTE 2 ORGANIZATION

The Illinois Cooperative Work Study Program is funded by a grant from the Illinois Board of Higher Education and matching funds from businesses, government agencies, and community organizations that participated in the program. The books and records are maintained as a separate fund of Illinois Eastern Community Colleges District #529.

NOTE 3 BASIS OF PRESENTATION

These financial statements are presented on the regulatory basis of accounting as required by the Illinois Board of Higher Education Cooperative Work Study Program. Grants are recorded as revenue when cash is received and expenditures are recorded when incurred or when obligations are established by executing purchase orders or firm contracts as of August 31, 2018. Expenditures must be paid or liquidated within 90 days after the close of the program year.

This information is an integral part of the accompanying state grant financial statements.

NURSING SCHOOL GRANT PROGRAM

**INDEPENDENT AUDITORS' REPORT ON THE
NURSING SCHOOL PROGRAM GRANT**

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education
Olney, Illinois

We have audited the accompanying financial statement of the Nursing School Program Grant of Illinois Eastern Community Colleges District #529 which comprises the statement of revenue and expenditures for the grant period December 12, 2017 through June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Nursing School Program Grant. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and guidelines for Nursing School Program Grant issued by the Illinois Board of Higher Education. 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 statements. The procedures selected depend on the auditors' 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 District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education

Opinion

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and expenditures of the Nursing School Program Grant of Illinois Eastern Community Colleges District #529 for the grant period December 12, 2017 through June 30, 2018, in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Nursing School Program Grant.

Basis of Accounting

We draw attention to Note 3 of the financial statement, which describes the basis of accounting. The financial statement has been prepared on the regulatory basis of accounting as required by the Illinois Board of Higher Education Nursing School Program Grant, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois Board of Higher Education Nursing School Program Grant. Our opinion is not modified with respect to that matter.

Restriction on Use

The accompanying statement of revenue and expenditures was prepared for the purpose of complying with the terms of the Nursing School Program Grant and is not intended to be a complete presentation of the District's revenues and expenditures in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the board of trustees and management of Illinois Eastern Community Colleges District #529 and the Illinois Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

Illinois Department of Professional Regulation
License Number 066-004450



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CliftonLarsonAllen LLP
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**INDEPENDENT AUDITORS' REPORT ON THE
NURSING SCHOOL PROGRAM GRANT
REGULATORY COMPLIANCE REQUIREMENTS**

Board of Trustees
Illinois Eastern Community Colleges District #529
and Illinois Board of Higher Education
Olney, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statement of the Nursing School Program Grant of Illinois Eastern Community Colleges District #529 (the District), which comprises the statement of revenue and expenditures for the grant period December 12, 2017 through June 30, 2018 and the related notes to the financial statement, and have issued our report thereon dated November 16, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that the District failed to comply with the grant agreement of the Nursing School Program Grant, inclusive, insofar as they relate to accounting matters. Pursuant to the terms of the grant referred to above, funds were expended for the project in the grant agreement and grant funds were not used for sectarian purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced grant agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Illinois Eastern Community Colleges District #529 and the Illinois Board of Education and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
 NURSING SCHOOL PROGRAM GRANT –
 STATEMENT OF REVENUES AND EXPENDITURES
 GRANT PERIOD ENDED JUNE 30, 2018**

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
IBHE Nursing School Grant Program	\$ 37,390	\$ 37,390	\$ -
EXPENDITURES			
Program Audit	<u>37,390</u>	<u>37,390</u>	<u>-</u>
Total Expenditures	<u>37,390</u>	<u>37,390</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO THE FINANCIAL STATEMENTS –
NURSING SCHOOL PROGRAM GRANT
GRANT PERIOD ENDED JUNE 30, 2018

NOTE 1 PROGRAM BACKGROUND

The purpose of the Nursing School Program Grant is to address the nursing shortage in Illinois by increasing the number of nurses graduating from Illinois Institutions of higher learning. Illinois Eastern Community College was awarded an improvement grant by the Illinois Board of Higher Education. Improvement grants are designed to support nursing schools by providing financial assistance to make improvements aimed at increasing student retention and improving licensure examination pass rates.

NOTE 2 ORGANIZATION

The Nursing School Program Grant is funded by a grant from the Illinois Board of Higher Education and matching funds from businesses, government agencies, and community organizations that participated in the program. The books and records are maintained as a separate fund of Illinois Eastern Community Colleges District #529.

NOTE 3 BASIS OF PRESENTATION

The financial statement is presented on the regulatory basis of accounting as required by the Illinois Board of Higher Education Nursing School Program. Grants are recorded as revenue when cash is received and expenditures are recorded when incurred or when obligations are established by executing purchase orders or firm contracts as of June 30, 2018. Expenditures must be paid or liquidated within 90 days after the close of the program year.

This information is an integral part of the accompanying state grant financial statements.

ICCB STATE GRANTS SECTION

**INDEPENDENT AUDITORS' REPORT ON THE ADULT EDUCATION
AND FAMILY LITERACY GRANTS PROGRAM**

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants Program of Illinois Eastern Community Colleges District #529 (the District), which comprise the combining statement of net position as of June 30, 2018, and the related combining statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board'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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy Grants Program of Illinois Eastern Community Colleges District #529 as of June 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

The financial statements of the Adult Education and Family Literacy Grants Program are intended to present the net position and changes in net position of only that portion of the business-type activities of Illinois Eastern Community Colleges District #529 that is attributable to the Adult Education and Family Literacy Grants Program. These financial statements do not purport to, and do not, present fairly the statement of net position of Illinois Eastern Community Colleges District #529 as of June 30, 2018, or the revenues, expenses, and changes in net position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adult Education and Family Literacy Grants Program basic financial statements. The supplementary schedule on page 86 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018



CliftonLarsonAllen

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Adult Education and Family Literacy Grants Program of Illinois Eastern Community Colleges District #529 (the District), which comprise the combining statement of net position as of June 30, 2018, and the related combining statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 16, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that Illinois Eastern Community Colleges District #529 failed to comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Districts noncompliance with the above-referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Illinois Eastern Community Colleges District #529 and the Illinois Community College Board and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM –
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2018**

	State Basic	Performance	Total
ASSETS			
Receivable	\$ 48,777	\$ 16,947	\$ 65,724
	\$ 48,777	\$ 16,947	\$ 65,724
Total Assets	\$ 48,777	\$ 16,947	\$ 65,724
 LIABILITIES			
Accounts Payable	\$ 12,681	\$ 4,735	\$ 17,416
Due to the District	36,096	12,212	48,308
Total Liabilities	48,777	16,947	65,724
 NET POSITION	\$ -	\$ -	\$ -

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM –
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2018**

	State Basic	Performance	Total
REVENUES			
State Sources	\$ 267,148	\$ 89,958	\$ 357,106
EXPENDITURES BY PROGRAM			
Instruction	181,966	25,023	206,989
Guidance Services	19,349	6,316	25,665
Assessment and Testing	12,136	-	12,136
Social Services	24,726	10,670	35,396
Total Expenditures by Program	238,177	42,009	280,186
Program Support:			
Improvement of Instructional Services	11,143	4,959	16,102
Direct Program Support	112	-	112
General Administration	11,118	42,990	54,108
Data and Information Services	6,598	-	6,598
Total Expenditures	267,148	89,958	357,106
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
Net Position - Beginning of Year	-	-	-
NET POSITION - END OF YEAR	\$ -	\$ -	\$ -

These financial statements should be read only in connection
with the accompanying notes to the financial statements.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO THE FINANCIAL STATEMENTS – ADULT EDUCATION
AND FAMILY LITERACY GRANTS PROGRAM
YEAR ENDED JUNE 30, 2018**

NOTE 1 ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS

State Basic Grant. 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 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 childcare facilities or provision.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying statements include only those transactions resulting from the ICCB Adult Education and Family Literacy Grants. These transactions have been accounted for in the Restricted Purposes Fund.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
 SUPPLEMENTAL SCHEDULE - ADULT EDUCATION
 AND FAMILY LITERACY GRANTS PROGRAM
 YEAR ENDED JUNE 30, 2018**

	Expenditures of ICCB Grant Funds Only	Percentage of ICCB Grant Funds Only
STATE BASIC		
Instruction (45% Minimum Required)	\$ 181,966	68.11%
General Administration (15% Maximum Allowed)	\$ 11,118	4.16%

SUPPLEMENTARY ICCB SCHEDULES



**INDEPENDENT ACCOUNTANTS' REPORT ON ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Semester Credit Hours (the Schedules) of Illinois Eastern Community Colleges District #529 (the District) for the year ended June 30, 2018. The District's management is responsible for the preparation and presentation of the Schedules in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual. Our responsibility is to express an opinion on the Schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Schedules are in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual, in all material respects. An examination involves performing procedures to obtain evidence about the Schedules. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

In our opinion, the Schedules for the year ended June 30, 2018, are presented in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual, in all material respects.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED
YEAR ENDED JUNE 30, 2018**

CATEGORIES	Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	4,291.0	99.0	23,252.0	58.0	23,367.0	43.0	50,910.0	200.0
Business Occupational	684.5	-	4,767.5	-	3,808.0	35.0	9,260.0	35.0
Technical Occupational	2,859.5	-	13,218.5	-	19,482.5	5.0	35,560.5	5.0
Health Occupational	2,042.5	-	5,479.5	-	6,166.0	-	13,688.0	-
Remedial Development	177.0	-	677.0	-	278.0	-	1,132.0	-
Adult Basic Education/Adult Secondary Education	55.5	315.0	109.5	864.5	125.5	1,125.5	290.5	2,305.0
Total Credit Hours Certified	10,110.0	414.0	47,504.0	922.5	53,227.0	1,208.5	110,841.0	2,545.0
					Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement		Total
Reimbursable Semester Credit Hours (All Terms)					Unrestricted	Restricted		
					80,991.5	2,324.5	570.0	83,886.0
					Dual Credit	Dual Enrollment		
Reimbursable Semester Credit Hours (All Terms)					14,502.0	3,302.0		
District 2016 Equalized Assessed Valuation							\$ 1,518,650,175	
CORRECTIONAL CREDIT HOURS					Summer	Fall	Spring	Total
Baccalaureate					-	-	-	-
Business Occupational					-	-	-	-
Technical Occupational					-	-	-	-
Health Occupational					-	-	-	-
Remedial Development					-	-	-	-
Adult Basic Education/Adult Secondary Education					-	-	-	-
Total Correctional Credit Hours Certified					-	-	-	-

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
RECONCILIATION OF SEMESTER CREDIT HOURS
YEAR ENDED JUNE 30, 2018**

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	50,910.0	50,910.0	-	200.0	190.0
Business Occupational	9,260.0	9,260.0	-	35.0	35.0	-
Technical Occupational	35,560.5	35,560.5	-	5.0	5.0	-
Health Occupational	13,688.0	13,688.0	-	-	-	-
Remedial Development	1,132.0	1,132.0	-	-	-	-
Adult Basic Education/ Adult Secondary Education	290.5	290.5	-	2,305.0	2,305.0	-
Total Credit Hours	110,841.0	110,841.0	-	2,545.0	2,535.0	10.0
					Total Attending as Certified to the ICCB (Unrestricted and Restricted)	Difference
In-District				83,316.0	83,316.0	-
Out-of-District on Chargeback or Contractual Agreement				570.0	570.0	-
Total				83,886.0	83,886.0	-
					Total Reimbursable Certified to ICCB	Difference
Dual Credit				14,502.0	14,502.0	-
Dual Enrollment				3,302.0	3,302.0	-

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
FOR FISCAL YEAR JUNE 30, 2018
(UNAUDITED)**

RESIDENCY POLICY

Students should provide official documentation of residency before or at the time of registration but no later than the first day of classes, to determine whether they qualify for in-District, out-of-District, out-of-State, or international tuition rates. (International students cannot establish Illinois residence status.)

- I. To qualify for Illinois residency, the student must fulfill one of the following two requirements:
 - A. If under 18, document that at least one parent, stepparent, or appointed guardian is a legal resident of Illinois, or
 - B. If 18 or older, document residency in Illinois, in a capacity other than as a student at a post-secondary institution, for at least 30 days prior to the beginning date of class unless evidence is presented that the student has permanently relocated.

Evidence of legal residency must be based on ownership and/or occupancy of a home in Illinois or a copy of one of the following:

1. An Illinois driver's license registration.
 2. An Illinois automobile license registration.
 3. An Illinois voter's registration card.
 4. Employment in the state of Illinois.
 5. Payment of Illinois income taxes.
 6. A document pertaining to the student's past or existing status as an Illinois student (e.g., high school record).
 7. Other non-self-serving documentation providing verification of the student's address.
 8. A statement by the student certifying his/her address and residency. The college shall verify the certification by sending correspondence to the address.
 9. An affidavit signed by a staff member from the college who registered the student and personally evaluated one or more of the items listed in 1 through 8.
- II. To qualify for in-District residency, the student, in addition to meeting conditions of A or B above, must be a resident of Illinois Eastern Community Colleges District #529, which includes the following school districts:

Clay City Community Unit School District No. 10
Edwards County Community Unit District No. 1
Fairfield Community High School District No. 225
Flora Community Unit School District No. 35
Grayville Community Unit District No. 1
Hutsonville Community Unit School District No. 1
Lawrence County Community School Unit District No. 20

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS (CONTINUED)
FOR FISCAL YEAR JUNE 30, 2018
(UNAUDITED)**

RESIDENCY POLICY (CONTINUED)

North Wayne Community Unit District No. 200
Oblong Community Unit School District No. 4
Palestine Community Unit School District No. 3
Red Hill Community Unit School District No. 10
Richland County Community Unit School District No. 1
Robinson Community Unit School District No. 2
Wabash Community Unit District No. 348

Students who live within the following public school districts may or may not be residents of Illinois Eastern Community Colleges District #529. Students from these Districts should check their property tax statement to determine community college district residency.

Carmi-White County Community Unit District No. 5
Jasper County Community Unit School District No. 1
North Clay Community Unit School District No. 25

Students shall be classified as residents of Illinois Eastern Community Colleges District 529 without meeting the 30 day residency requirement of the district if they are currently residing in the district and are youth:

- who are currently under the legal guardianship of the Illinois Department of Children and Family Services (DCFS) or have been recently been emancipated from the Department, and
- who have had previously met the 30 day residency requirement of the district but who had a placement change into a new community college district. The student, a caseworker or other personnel of DCFS, or the student's attorney or guardian ad litem appointed under the Juvenile Court Act of 1987 shall provide the district with proof of current in-district residency.

Students shall not be classified as residents of the district where attending, even though they may have met the general 30-day residency provision, if they are:

- Federal job corps workers stationed in the District;
- Members of the armed services stationed in the District;
- Inmates of state or federal correctional/rehabilitation institutions located in the District;
- Full-time students attending a post-secondary educational institution in the District who have not demonstrated, through documentation, a verifiable interest in establishing permanent residency;
- Students attending under the provisions of a chargeback or contractual agreement with another community college.

III. Illinois Out-of-District: Any student who lives outside the Illinois Eastern Community Colleges District but who is a resident of the state of Illinois will be considered an out-of-District student. Students shall be classified as residents of the State without meeting the general 30-day residency provision if they are:

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS (CONTINUED)
FOR FISCAL YEAR JUNE 30, 2018
(UNAUDITED)**

RESIDENCY POLICY (CONTINUED)

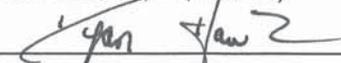
- Federal job corps workers stationed in Illinois;
 - Members of the armed services stationed in Illinois;
 - Inmates of state correctional/rehabilitation institutions located in Illinois; or
 - Employed full-time in Illinois.
- IV. Out-of-State: Any student who is a resident of another state will be considered an out-of-state student and will be charged the rate established by the Board of Trustees.
- V. Out-of-Country: Any student who is a resident of a foreign country will be considered an out-of-country student and will be charged the rate established by the Board of Trustees.
- VI. Undocumented: Public Act 093-007 states an individual shall be deemed an Illinois resident, until the individual establishes a residence outside of this state: if all of the following conditions are met.
- 1) The individual resides with his or her parent or guardian while attending a public or private high school in the state of Illinois.
 - 2) The individual graduated from a public or private high school or received the equivalent of a high school diploma in the state of Illinois.
 - 3) The individual attended school in the state of Illinois for at least 3 years as of the date the individual graduated from high school or received the equivalent of a high school diploma.
 - 4) The individual registers as an entering student in the community college not earlier than the 2003 fall semester.
 - 5) In the case of an individual who is not a citizen or permanent resident of the United States, the individual provides the community college with an affidavit stating that the individual will file an application to become a permanent resident of the United States at the earliest opportunity the individual is eligible to do so. Students may obtain the IECC Affidavit form from any of the IECC college student record's office.

A Resolution on Residency of Undocumented Students, was resolved on January 20, 2017, by the Illinois Community College Board, to clarify tuition policy for undocumented students particularly adult students not included in provisions of PA 93-007. The resolution states that in-district tuition should be paid by those community college students meeting the residency rules for in-district tuition regardless of citizen status. Students who do not meet the requirements of the in-district rule should pay out-of-district tuition.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
 CERTIFICATION OF CHARGEBACK REIMBURSEMENT
 FOR FISCAL YEAR 2019**

**ALL FISCAL YEAR 2018 NONCAPITAL AUDITED OPERATING
 EXPENDITURES FROM THE FOLLOWING FUNDS:**

1	Education Fund	\$ 25,902,318	
2	Operations and Maintenance Fund	<u>2,951,687</u>	
3	Public Building Commission Operation and Maintenance Fund	<u>-</u>	
4	Bond and Interest Fund	<u>-</u>	
5	Public Building Commission Rental Fund	<u>-</u>	
6	Restricted Purposes Fund	<u>7,588,436</u>	
7	Audit Fund	<u>72,563</u>	
8	Liability, Protection, and Settlement Fund	<u>702,467</u>	
9	Auxiliary Enterprises Fund (subsidy only)	<u>316,037</u>	
10	TOTAL NONCAPITAL EXPENDITURES (sum of lines 1-9)		\$ 37,533,508
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>1,185,713</u>	
12	TOTAL COSTS INCLUDED (line 10 plus line 11)		\$ 38,719,221
13	Total certified semester credit hours for FY 2018	<u>113,376</u>	
14	PER CAPITA COST (line 12 divided by line 13)		\$ 341.51
15	All FY 2018 state and federal operating grants for noncapital expenditures DOES NOT INCLUDE ICCB GRANTS	<u>\$ 7,179,595</u>	
16	FY 2018 state and federal grants per semester credit hour (line 15 divided by line 13)		<u>\$ 63.33</u>
17	District's average ICCB grant rate (excluding equalization grants) for FY 2019		<u>\$ 29.97</u>
18	District's student tuition and fee rate per semester credit hour for FY 2019		<u>\$ 120.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u>\$ 128.21</u>

Approved:  11-16-18
 Chief Fiscal Officer / Date

Approved:  11/16/18
 Chief Executive Officer / Date

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



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

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Illinois Eastern Community Colleges District #529, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Illinois Eastern Community Colleges District #529's basic financial statements, and have issued our report thereon dated November 16, 2018. Our report includes a reference to other auditors who audited three of the four component units of Illinois Eastern Community Colleges District #529, as described in our report on Illinois Eastern Community Colleges District #529's financial statements. The financial statements of Illinois Eastern Community Colleges District #529 discretely presented component units were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Illinois Eastern Community Colleges District #529's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Illinois Eastern Community Colleges District #529's internal control. Accordingly, we do not express an opinion on the effectiveness of Illinois Eastern Community Colleges District #529'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as 2018-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Illinois Eastern Community Colleges District #529's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Illinois Eastern Community Colleges District #529's Response to Finding

Illinois Eastern Community Colleges District #529's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Illinois Eastern Community Colleges District #529's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018



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

Board of Trustees
Illinois Eastern Community Colleges District #529
Olney, Illinois

Report on Compliance for Each Major Federal Program

We have audited Illinois Eastern Community Colleges District #529's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Illinois Eastern Community Colleges District #529's major federal programs for the year ended June 30, 2018. Illinois Eastern Community Colleges District #529's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Illinois Eastern Community Colleges District #529's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These 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 Illinois Eastern Community Colleges District #529's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Illinois Eastern Community Colleges District #529's compliance.

Opinion on Each Major Federal Program

In our opinion, Illinois Eastern Community Colleges District #529's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Illinois Eastern Community Colleges District #529 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 Illinois Eastern Community Colleges District #529's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Illinois Eastern Community Colleges District #529's internal control over compliance.

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

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

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



CliftonLarsonAllen LLP

Peoria, Illinois
November 16, 2018

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
Student Financial Assistance Cluster:				
Federal PELL Grant Program	84.063*		\$ -	\$ 5,012,949
Federal Supplementary Education Opportunity Grants	84.007*		-	243,679
Federal Work-Study Program	84.033*		-	345,005
Federal Direct Student Loans	84.268*		-	2,540,354
Total Student Financial Assistance Cluster			-	8,141,987
TRIO Cluster:				
Upward Bound	84.047		-	857,201
Student Support Services	84.042		-	303,587
Total TRIO Cluster			-	1,160,788
Total U.S. Department of Education Direct Programs			-	9,302,775
Pass-Through Programs From the Illinois Community College Board:				
Perkins-Postsecondary/Adult	84.048	CTE52918	-	202,346
CTE Dual Credit Enhancement Grant	84.048	DCE-52918	-	10,000
CTE Leadership Improvement Grant	84.048	CTE-IG52918	-	22,810
Special Populations Grant	84.048	SPS-52918	-	10,000
Pathways to Results Grant Year 2	84.048	PTR2-52918	-	15,000
Total ICCB Cluster			-	260,156
Federal Adult Education - Basic	84.002	5290018	-	112,290
Bridging the Gap	84.367	BTG51318	-	7,500
Total Pass-Through Programs From Illinois Community College Board			-	379,946
Total U.S. Department of Education			-	9,682,721
U.S. Department of Labor				
Pass-Through Program From Illinois Department of Natural Resources				
Annual Refresher Training	17.600	MST18IECC	-	23,280
Pass-Through Program Mine Safety and Health Administration				
Brookwood Sago Grant	17.603	BS-30526-17-60-R-17	-	40,000
Total U.S. Department of Labor			-	63,280
U.S. Department of Health and Human Services				
Pass-Through Program from Project Child				
Quality Improvement Grant	93.596		-	1,520
Total U.S. Department of Health and Human Services			-	1,520
TOTAL FEDERAL AWARDS			\$ -	\$ 9,747,521

* Major Program

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Illinois Eastern Community Colleges District #529 (the District) under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of operations of the District, it is not intended to and does not present the net position, revenues, expenses, and changes in net position, or cash flows of the District.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.

As of and during the year ended June 30, 2018, the District did not receive any noncash federal assistance, federal insurance, or loan guarantees.

NOTE 3 INDIRECT COST RATE

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 ADULT EDUCATION FEDERAL GRANT

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Program Grantor's or Award Number	Amount	Beginning Fund Balance July 1, 2017	Revenues	Expenditures	Ending Fund Balance June 30, 2018
U.S. Department of Education: Pass-Through Illinois Community College Board Adult Education State Grant: Federal Basic	84.002	5290018	\$ 112,290	\$ -	\$ 112,290	\$ 112,290	\$ -

ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2018

NOTE 5 DIRECT LOAN PROGRAMS

During the fiscal year ended June 30, 2018, students and their parents were awarded \$2,540,354 of federally guaranteed loans under the Federal Direct Student Loan Program (programs include Stafford Loans, Parents' Loans for Undergraduate Students, and Unsubsidized Stafford Loans).

The District is responsible only for the performance of certain administrative duties with respect to the federally guaranteed student loan programs and, accordingly, balances relating to these loan programs are not included in the District's basic financial statements.

NOTE 6 BACKGROUND INFORMATION ON GRANT ACTIVITY

Restricted Adult Education Grants/Federal CFDA #84.002

Federal Basic. Grant awarded to Adult Education and Family Literacy providers to assist adults in becoming literate and obtain the knowledge and skills necessary for employment and self-sufficiency; to assist adults who are parents in obtaining the educational skills necessary to become full partners in the educational development of their children; and to assist adults in completing a secondary school education.

Restricted Vocational Education Grants to State (Perkins)/Federal CFDA #84.048

Grant awarded to community colleges as a result of the Carl D. Perkins Vocational and Technical Education Act of 1998 (Perkins III). This grant is intended to help accomplish the new vision of vocational and technical education for the 21st century. The central goals of this new vision are improving student achievement and preparing students for postsecondary education, further learning, and careers. The grant allows community colleges to focus on those programs and student populations they feel will allow for the greatest improvement in overall performance while assuring success for all students in career and technical education programs.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ none reported

Noncompliance material to financial statements noted? X yes _____ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

Type of auditors' report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ yes X no

Identification of major programs:

CFDA Number(s)
Various

Name of Federal Program or Cluster
Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ yes X no

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Section II - Financial Statement Findings

2018-001 – Credit Hour Reporting

Type of Finding:

- Compliance and Significant Deficiency in Internal Control over Financial Reporting

Condition: The Illinois Community College Board (ICCB) conducted an extensive review of credit hours reported by Illinois Eastern Community College District #529 (District) for the years ended June 30, 2015, 2016, and 2017, and part of the year ended June 30, 2018. The review identified two courses in the Quality Improvement Certificate Program at Wabash Valley College repeated by students beyond the guidelines established by ICCB for submission of credit hour reimbursement.

Criteria or specific requirement: According to ICCB guidelines, students who repeat enrollment in a course shall produce credit hours eligible for ICCB grants only if a course was approved as repeatable by ICCB. The student may repeat the course and be claimed as often as approved by the ICCB. ICCB approved the identified courses as repeatable up to three times, with one course approved as a variable credit hour course. This course permitted up to six credit hours per semester.

Context: Training program courses administered by Wabash Valley College through its Quality Improvement Certificate Program were repeated and claimed for more credit hours than approved by ICCB.

Effect: ICCB denied all credit hours claimed by the District for the courses since July 1, 2012. The District received credit hour and equalization grant funding for the submission of the credit hours generated by the Quality Improvement Program at Wabash Valley College. The District is required to reimburse \$318,682 to ICCB for all credit hours claimed for the Quality Improvement Program since July 1, 2012.

Cause: The District had inadequate internal controls over the review and approval process that enabled a single instructor to report excess and unsubstantiated credit hours over an extended period. Additionally, the instructor's compensation was directly related to the number of students taking the courses and the number of hours reported for the courses.

Repeat Finding: No

Recommendation: The District should put in place additional review and approval policies and procedures to ensure that courses submitted for ICCB credit hour and equalization grant funding are substantiated and within the limits set by ICCB.

Views of responsible officials and planned corrective action: The District operated under guidance interpreted to be acceptable for its processes for the submission of repeatable courses for credit hours to ICCB. The District will make a focused effort by its faculty, Deans of Instruction, and the District Chief Academic Officer to ensure that the number of credit hours for a single course or a combination of related courses does not exceed the maximums established and approved by ICCB. Effective summer 2017, the District discontinued offering the Quality Improvement Program.

**ILLINOIS EASTERN COMMUNITY COLLEGES DISTRICT #529
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2018**

Section III - Federal Award Findings and Questioned Costs.

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).