John A. Logan College
Community College District No. 530

Carterville, Illinois

Annual Financial Report
June 30, 2016

John A. Logan College
Community College District No. 530

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RSM

Independent Auditor's Report

RSM US LLP

Board of Trustees
John A. Logan College
Community College District No. 530
Carterville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of John A. Logan Community College District No. 530 (the College) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of John A. Logan Community College District No. 530, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis, Other Post Employment Benefit (OPEB) Schedules, and State Universities Retirement System (SURS) Schedules, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The Uniform Financial Statements, as required by the Illinois Community Colleges Board, and the Other Data consisting of the Schedule of Assessed Valuations, Tax Rates, and Taxes Extended, the Schedule of Legal Debt Margin and the Schedule of Insurance in Force are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Uniform Financial Statements (schedules 1 through 9), as listed in the table of contents, 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 Uniform Financial Statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Other Data consisting of the Schedule of Assessed Valuations, Tax Rates, and Taxes Extended, the Schedule of Legal Debt Margin and the Schedule of Insurance in Force has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016 on our consideration of the College'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 this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Springfield, Illinois
October 14, 2016

JOHN A. LOGAN COLLEGE
COMMUNITY COLLEGE DISTRICT #530
CARTERVILLE, ILLINOIS

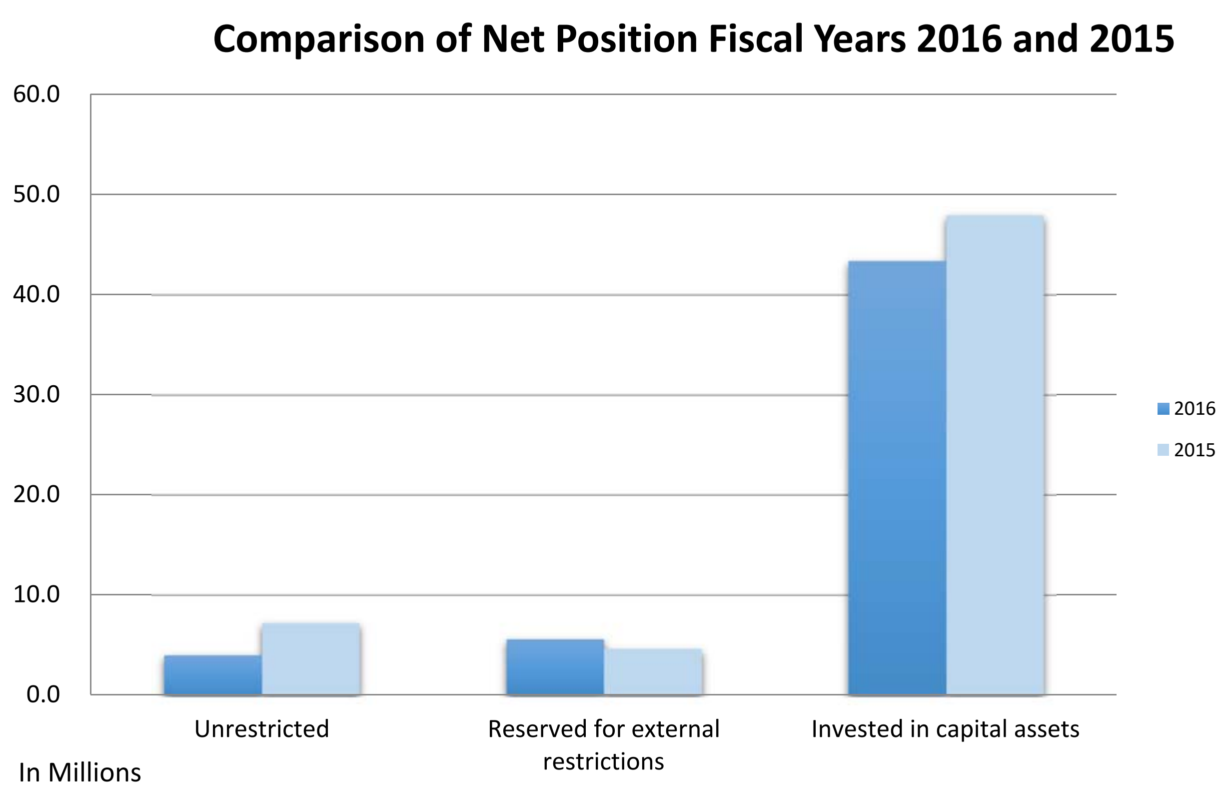
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016
(Unaudited)

This section of John A. Logan College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2016. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's basic financial statements (pages 10-17), and the notes to financial statements (pages 18-43). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The basic financial statements focus on the College as a whole. These basic statements (see pages 11-18) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of costs of various College services to students and the public.

Financial Highlights



As of June 30, 2016, the College's net position decreased to $53.0 million from $59.7 million at June 30, 2015. While total revenues decreased $4.7 million largely due to a decrease in state funding and both state and federal grants, expenses increased by $0.6 million mainly due to an increase in scholarship expense. These figures are excluding the SURS On-behalf figures.

Financial Analysis of the College as a Whole

Net Position
(in millions)

ASSETS	2016	2015	Increase (Decrease)	Percent Change
Current				
Current assets	$ 22.3	$ 26.8	$ (4.5)	(16.8)
Non-Current				
Restricted assets	8.5	3.8	4.7	123.7
Capital assets, net	65.4	65.7	(0.3)	(0.5)
Total assets	96.2	96.3	(0.1)	(0.1)
DEFERRED OUTFLOWS OF RESOURCES	0.2	0.2	0.0	0.0
LIABILITIES				
Current liabilities	8.0	6.6	1.4	21.2
Non-current liabilities	29.7	25.2	4.5	17.9
Total liabilities	37.7	31.8	5.9	18.6
DEFERRED INFLOWS OF RESOURCES	5.7	5.0	0.7	14.0
NET ASSETS				
Invested in capital assets	43.4	47.9	(4.5)	(9.4)
Reserved for external restrictions	5.6	4.6	1.0	21.7
Unrestricted	4.0	7.2	(3.2)	(44.4)
Total net assets	$ 53.0	$ 59.7	$ (6.7)	(11.2)

This schedule is prepared from the College's statement of net position (page 15) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. Total deferred inflows and outflows are due to GASB 65 reporting and property tax deferrals.

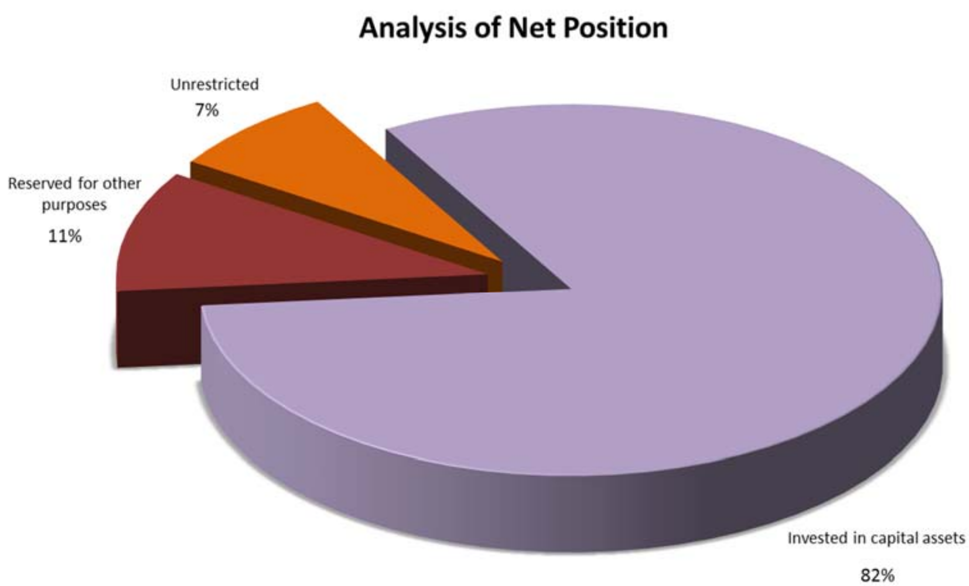
Current assets decreased $4.5 million largely due to a drop in cash and cash equivalents that can be attributable to the decrease in state funding for FY16. Total allocations of $4 million for credit hour grants and equalization payments were received from the state as of June 30, 2016. Total non-current assets increased $4.4 million as a result of restricted cash held from a bond issuance for OPEB-related retiree health insurance expenses.

JOHN A. LOGAN COLLEGE
COMMUNITY COLLEGE DISTRICT #530
CARTERVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016

Current liabilities increased $1.4 million due to increases in unearned revenues related to tuition and fees and the SIHS agreement, and an increase in bonds payable due in one year. Non-current liabilities increased $4.5 million as a result of a new debt issuance related to OPEB retiree health insurance expenses.

The following is a graphic illustration of net position:



Capital Assets, Net
(in millions)

CAPITAL ASSETS	Capital Assets 2016	Capital Assets 2015	Increase (Decrease)	Percent Change
Site	$ 0.3	$ 0.3	$ 0.0	0.0
Site improvement	1.3	1.2	0.1	8.3
Buildings, additions and improvements	90.6	89.1	1.5	1.7
Equipment	9.5	11.2	(1.7)	(15.2)
Total cost	101.7	101.8	(0.1)	(0.1)
Less accumulated depreciation	36.3	36.1	0.2	0.6
Capital assets, net	$ 65.4	$ 65.7	$ (0.3)	(0.5)

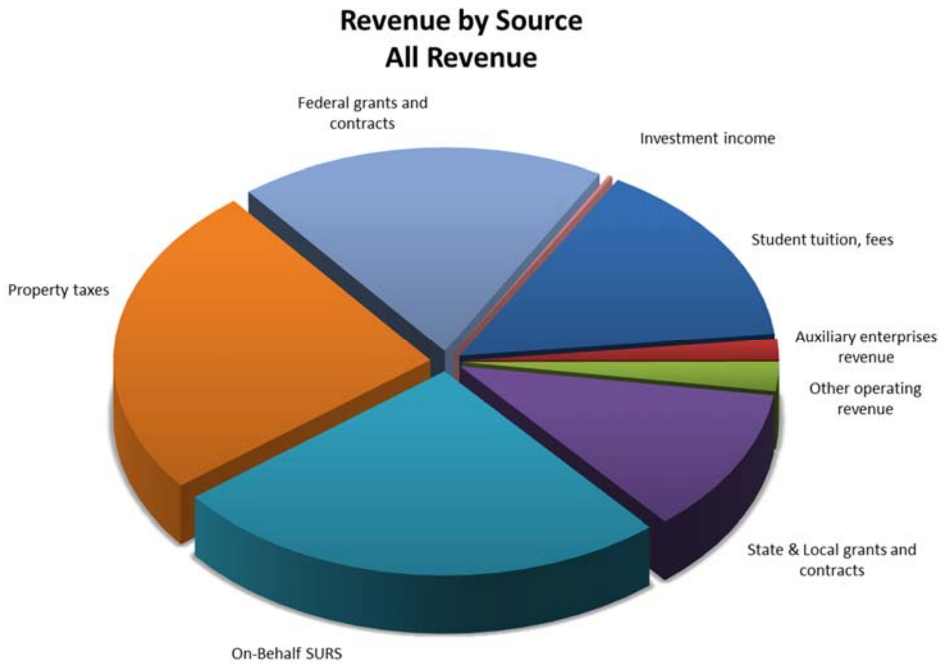
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2016

The College completed $304,623 in protection, health, and safety projects as of June 30, 2016. Other construction projects completed for a total of $479,002 were the renovations of the CHEC locker rooms and the C237 lab. The Capital Development Board also completed the Community Health Education Complex roof replacement. There are currently no other known facts, decisions or conditions which will have a significant effect on the financial position (net position) or results of operation (revenues, expenses and changes in net position).

Operating Results
(in millions)

REVENUES	2016	2015	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Student tuition, fees	$ 7.0	$ 5.3	$ 1.7	32.1
Auxiliary enterprises revenue	0.8	0.4	0.4	100.0
On-behalf SURS	12.0	10.2	1.8	17.6
Other operating revenue	1.2	0.6	0.6	100.0
Total operating revenues	21.0	16.5	4.5	27.2
Less operating expenses	53.7	51.2	2.5	4.9
Net operating income (loss)	(32.7)	(34.7)	2.0	(5.8)
NON-OPERATING REVENUES (EXPENSES)				
State and local grants and contracts	5.4	13.4	(8.0)	(59.7)
Property taxes	11.7	10.9	0.8	7.3
Federal grants and contracts	8.8	9.9	(1.1)	(11.1)
Nongovernmental gifts, grants, and bequests	0.1	0.1	0.0	0.0
Investment income	0.0	0.1	(0.1)	(100.0)
Bond interest expense	0.0	(0.8)	0.8	(100.0)
ICCB Adjustment	0.0	(0.3)	0.3	(100.0)
Non-operating revenues, net	26.0	33.3	(7.3)	(21.9)
Net income (loss)	$ (6.7)	$ (1.4)	$ (5.3)	378.6

The following is a graphic illustration of revenues by source:

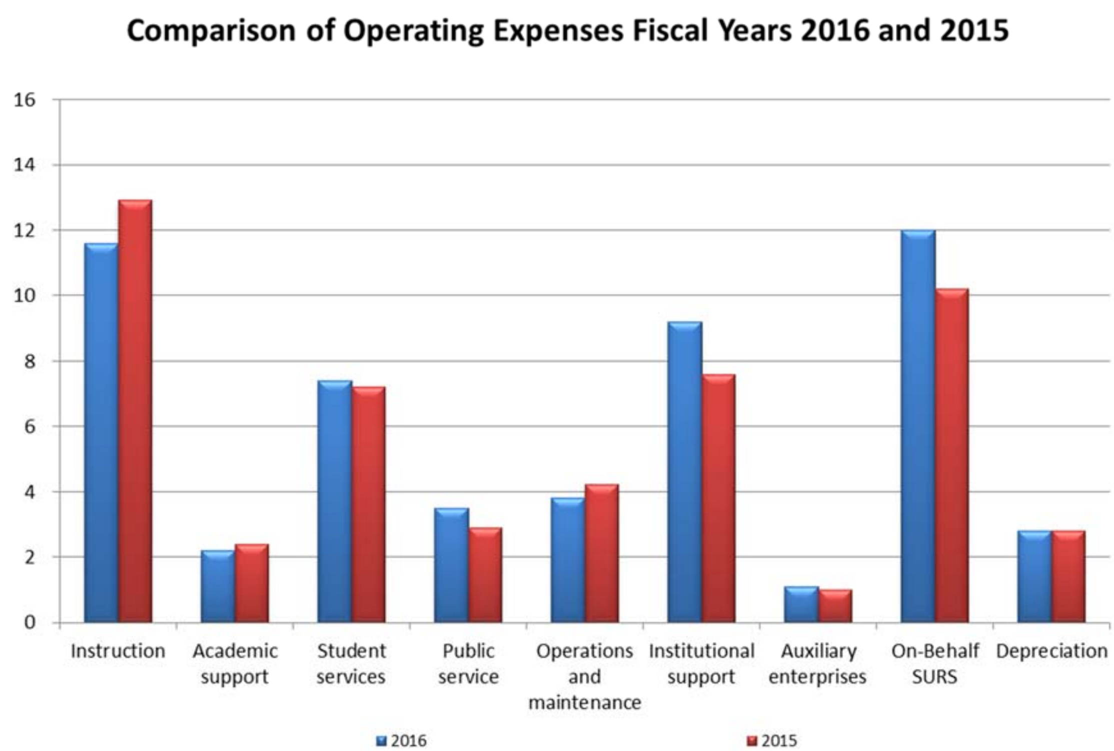


Operating Expenses
(in millions)

EXPENSES	2016	2015	Increase (Decrease)	Percent Change
Operating expenses:				
Instruction	$11.7	$12.9	(1.2)	(9.3)
Academic support	2.2	2.4	(0.2)	(8.3)
Student services	7.4	7.2	0.2	2.8
Public service	3.5	2.9	0.6	20.7
Operations and maintenance	3.8	4.2	(0.4)	(9.5)
Institutional support	9.2	7.6	1.6	21.1
Auxiliary enterprises	1.1	1.0	0.1	10.0
On-behalf SURS	12.0	10.2	1.8	17.6
Depreciation	2.8	2.8	0.0	0.0
Total operating expenses	$53.7	$51.2	$ 2.5	4.9

The following is a graphic illustration of operating expenses:

Operating Expenses



Operating expenses at June 30, 2016 increased $2.5 million over the same period in fiscal year 2015. The largest portion of this was a $1.8 million increase in payments made by the State of Illinois, on behalf of the College, into the State Universities Retirement System (SURS). Net of the SURS On-behalf payments, operating expenses increased $0.6 million - largely due to increases in scholarship expenses and expenses related to a new bond issuance.

The College's debt activity for the year consisted of:

Debt payable, July 1, 2015	$	21,588,849
Debt issued		11,445,000
Debt retired		(6,149,712)
Debt payable, June 30, 2016	$	26,884,137

The College issued 3 debt series in FY 2016: Series 2015 ($4.91 million), Series 2016 A ($1.5 million) and Series 2016 B ($5.035 million). The College made principal payments during the fiscal year of $6,149,712 which included $4,910,000 to retire the 2015 bonds.

John A. Logan College
Community College District No. 530

Statement of Net Position
June 30, 2016

Assets		
Current assets:		
Cash and cash equivalents	$	7,403,100
Receivables:		
Property taxes		11,444,639
Governmental claims		56,513
Tuition and fees, net of allowance for doubtful accounts of $1,439,171		1,796,944
Other		975,362
Inventories		13,095
Prepaid expenses		602,694
Total current assets		22,292,347
Non-current assets:		
Restricted cash and cash equivalents		8,544,326
Capital assets		101,703,977
Less accumulated depreciation		(36,329,809)
Total non-current assets		73,918,494
Total assets		96,210,841
Deferred Outflows of Resources		
Federal, trust, or grant pension contributions		167,235
Loss on debt defeasance		28,108
Total deferred outflows of resources		195,343

(Continued)

John A. Logan College
Community College District No. 530

Statement of Net Position (Continued)
June 30, 2016

Liabilities	
Current liabilities:	
Accounts payable	$ 526,831
Accrued expenses	3,804,221
Unearned revenue - tuition and fees	736,331
Unearned revenue - SIHS agreement	388,194
Deposits held in custody	86,198
Accrued bond interest	165,936
Unamortized bond premium, net	152,735
Lease-purchase payable, due in one year	199,712
Bonds payable, due in one year	1,665,000
ICCB reimbursement, due in one year	258,626
Total current liabilities	7,983,784
Non-current liabilities:	
Post-retirement benefit obligation	3,270,736
Lease-purchase payable, due in more than one year	399,425
Bonds payable, due in more than one year	24,620,000
ICCB reimbursement, due in more than one year	1,396,343
Total non-current liabilities	29,686,504
Total Liabilities	37,670,288
Deferred Inflows of Resources	
Property taxes	5,717,477
Total deferred inflows of resources	5,717,477
Net position	
Net investment in capital assets	43,400,403
Restricted for:	
Expendable:	
Debt service	1,109,848
Capital projects	960,500
Liability protection	1,296,608
Working cash	2,015,504
Other	203,825
Unrestricted	4,031,731
Total net position	$ 53,018,419

See accompanying notes to basic financial statements.

John A. Logan College
Community College District No. 530

Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

Revenues	
Operating revenues:	
Student tuition and fees, net of scholarship allowances of $6,264,118	$ 7,004,912
Auxiliary enterprise	801,514
On-behalf - State Universities Retirement System	11,989,212
Other	1,155,430
Total operating revenues	20,951,068
Expenses	
Operating expenses:	
Instruction	11,682,007
Academic support	2,155,013
Student services	3,320,944
Public service/continuing education	3,491,865
Operation and maintenance of plant	3,781,162
Institutional support	9,199,322
Auxiliary enterprise	1,158,189
Scholarships, student grants, and waivers	4,093,452
On-behalf - State Universities Retirement System	11,989,212
Depreciation	2,839,853
Total operating expenses	53,711,019
Operating loss	(32,759,951)
Non-operating revenues (expenses)	
Property taxes	11,057,001
Corporate personal property replacement taxes	614,166
State grants and contracts	5,462,398
Federal grants and contracts	8,828,880
Nongovernmental gifts, grants, and bequests	133,315
Interest income	52,860
Interest expense	(43,286)
Net loss on disposal of capital assets	(14,936)
Total non-operating revenues (expenses)	26,090,398
Decrease in net position	(6,669,553)
Net position, July 1, 2015	59,687,972
Net position, June 30, 2016	$ 53,018,419

See accompanying notes to basic financial statements.

John A. Logan College
Community College District No. 530

Statement of Cash Flows
For the Year Ended June 30, 2016

Cash flows from operating activities:	
Tuition and fees	$ 6,402,800
Payments to suppliers	(13,732,639)
Payments to and benefits for employees	(24,015,883)
Auxiliary enterprise charges	(356,675)
Other receipts	227,802
Net cash used in operating activities	(31,474,595)
Cash flows from noncapital financing activities:	
Property taxes	10,688,303
Corporate personal property replacement taxes	614,166
Receipt of deposits held in custody	5,916
Grants, contracts, gifts, and bequests	16,890,593
Net cash provided by noncapital financing activities	28,198,978
Cash flows from capital and related financing activities:	
Capital grants, contracts, gifts, and bequests	1,975,363
Interest paid on bonds	(925,060)
Principal paid on lease-purchase agreements	(199,712)
Principal paid on bonds	(5,950,000)
Proceeds from bond issues	11,445,000
Purchases of capital assets	(2,483,678)
Net cash provided by capital and related financing activities	3,861,913
Cash flows from investing activities:	
Interest income	52,860
Net cash provided by investing activities	52,860
Net increase in cash and cash equivalents	639,156
Cash and cash equivalents, July 1, 2015	15,308,270
Cash and cash equivalents, June 30, 2016	$ 15,947,426

(Continued)

John A. Logan College
Community College District No. 530

Statement of Cash Flows (Continued)
For the Year Ended June 30, 2016

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (32,759,951)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	2,839,853
Bad debt expense	201,051
Amortization expense	1,239,712
Change in assets and liabilities:	
Tuition and fees receivables	2,923,622
Other receivables	(1,209,150)
Inventories	(3,535)
Prepaid expenses	(174,905)
Post-retirement benefit obligation	(270,657)
Federal, trust, or grant pension contributions	15,602
Accounts payable	(161,083)
Accrued expenses	81,144
Unearned tuition and fees	(4,124,632)
Unearned revenue - SIHS agreement	(71,666)
Net cash used in operating activities	$ (31,474,595)

See accompanying notes to basic financial statements.

John A. Logan College Foundation
(A Component Unit of John A. Logan College)

Statement of Financial Position
June 30, 2016

Assets		
Cash and cash equivalents	$	746,202
Accounts receivable		101,426
Prepaid expenses and other assets		1,671
Investments		5,764,478
Total assets	$	6,613,777
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	9,746
Net assets:		
Unrestricted		1,518,603
Temporarily restricted		1,421,342
Permanently restricted		3,664,086
Total net assets		6,604,031
Total liabilities and net assets	$	6,613,777

See accompanying notes to basic financial statements.

John A. Logan College Foundation
(A Component Unit of John A. Logan College)

Statement of Activities
Year Ended June 30, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Donations	$ 247,357	$ 416,667	$ 40,000	$ 704,024
Special events, net of expenses of $27,767	9,373	5,499	-	14,872
Net assets released from restrictions	514,602	(514,602)	-	-
Total public support	771,332	(92,436)	40,000	718,896
Other income:				
Investment return:	-	-	-	-
Dividends/interest	34,709	97,974	-	132,683
Net unrealized loss on investments held	(33,670)	(82,736)	-	(116,406)
Net realized loss on investments held	(21,679)	(35,166)	-	(56,845)
Total other income	(20,640)	(19,928)	-	(40,568)
Total revenue and support	750,692	(112,364)	40,000	678,328
Expenses:				
Program services:				
Scholarships	455,345	-	-	455,345
Athletics	59,610	-	-	59,610
Other student support	31,833	-	-	31,833
Management and general	200,104	-	-	200,104
Fundraising	99,702	-	-	99,702
Total expenses	846,594	-	-	846,594
(Decrease) increase in net assets	(95,902)	(112,364)	40,000	(168,266)
Net assets at beginning of year	1,614,505	1,533,706	3,624,086	6,772,297
Net assets at end of year	$ 1,518,603	$ 1,421,342	$ 3,664,086	$ 6,604,031

See accompanying notes to basic financial statements.

John A. Logan College Foundation
(A Component Unit of John A. Logan College)

Statement of Cash Flows
Year Ended June 30, 2016

Cash flows from operating activities:	
Decrease in net assets	$ (168,266)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:	
Net realized and unrealized loss on investments	173,251
Changes in assets and liabilities:	
Accounts receivable	(80,691)
Prepaid expenses and other assets	6,704
Accounts payable	(16,398)
Deferred revenue	(11,085)
Net cash used in operating activities	(96,485)
Cash flows from investing activities:	
Proceeds from sales of investments	3,695,062
Purchases of investments	(3,577,976)
Net cash provided by investing activities	117,086
Net increase in cash and cash equivalents	20,601
Cash and cash equivalents at beginning of year	725,601
Cash and cash equivalents at end of year	$ 746,202

See accompanying notes to financial statements.

Note 1. Summary of Significant Accounting Policies

John A. Logan Community College District No. 530 (the College) is organized under the Illinois Public Community College Act with partial funding by the Illinois Community College Board. The College encompasses parts of five counties in Southern Illinois.

The accounting policies of the College conform to generally accepted accounting principles as applicable to colleges and universities, as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements.

The following is a summary of the more significant accounting policies followed by the College:

Reporting entity: The College is governed by an elected eight-member Board of Trustees. As required by generally accepted accounting principles, these financial statements present the financial position and results of operations of the College (the primary government).

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the primary government, as well as its discretely presented component unit, John A. Logan College Foundation (Foundation).

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, which the Foundation holds and invests is restricted to the activities of the College by donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) "Accounting Standards Codification" (ASC). Most significant to the Foundation's operations and reporting model are *Accounting for Contributions Received and Contributions Made* and *Financial Reporting for Not-for-Profit Organizations* under the ASC topic *Not-for-Profit Entities.* 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 Foundation's financial information in the College's reporting entity for these differences, however significant.

Separate financial statements for the Foundation can be obtained from the Foundation office at 700 Logan College Drive, Carterville, IL 62918.

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting, and financial statement presentation: For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-entity transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from 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 College must provide local resources to be used for a specified purpose, and, expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Classification of revenues and expenses: Operating revenues include activities that have the characteristics of exchange transactions such as (1) student tuition and fees and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions. Operating expenses are those expenses directly attributable to the operations of the College. Incidental expenses are classified as non-operating expenses.

Cash and cash equivalents: Cash includes deposits held at banks and small amounts of cash held for change funds. Cash equivalents include deposits held in the Illinois Funds Money Market Fund as well as the Illinois School District Liquid Asset Fund Plus due to their liquidity and/or short-term nature.

The College's investment policy allows for cash deposits to be invested in accordance with those securities allowed for by statute. Chapter 122, Section 103.47 of the Illinois Public Community College Act and Chapter 85, Sections 901-907 of the Investment of the Public Funds Act allow current operating funds, special funds, interest and sinking funds, and other funds belonging to or in the custody of a community college, including restricted and non-restricted funds, to be invested in U.S. Treasury and U.S. Agencies, repurchase agreements, certificates of deposit, the Illinois School District Liquid Asset Fund Plus and the Illinois Treasurers' Investment Pool.

The College's policy reduces the risk related to cash deposits through requiring deposits in excess of the federally insured amount to be appropriately collateralized to the extent of 110% and such collateralization shall be evidenced by an approved written agreement.

Restricted cash and cash equivalents: Cash that is externally restricted to make debt service payments, or to purchase or construct capital or other noncurrent assets, is classified as noncurrent assets in the statements of net position.

Governmental claims receivable: This receivable is made up of amounts due from various state and federal granting agencies. These amounts are considered to be 100% collectible.

Inventories: Inventories are reported at the lower of cost or market on the FIFO (first-in, first-out) basis. Inventories represent items held for resale by the College's auxiliary enterprises.

Note 1. Summary of Significant Accounting Policies (Continued)

Capital assets: Capital assets include property, improvements to property, vehicles and equipment. Capital assets are defined by the College as assets with an initial cost of $5,000 or more and an estimated useful life in excess of 1 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 an asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

Site improvements	10 Years
Buildings and improvements	50 Years
Equipment	8 Years
Vehicles	5 Years

Amortization of debt issuance premiums/discounts: The College amortizes debt issuance premiums and discounts by the straight line method over the period the related debt issue is outstanding. The debt premium/discount is amortized by using the same interest rate as the related debt issue and the current period amortization is shown as a decrease (for a premium) or increase (for a discount) to current period interest expense. Bond issuance costs are expensed at the time the debt is issued.

Deferred outflow of resources: Deferred outflows are a consumption of net assets by the College that is applicable to a future reporting period, and should be reported as having a similar impact on net position as assets. For the College, pension payments related to federal grants and made subsequent to the pension liability measurement date are considered to be deferred outflows. Deferred outflows also include losses on debt refundings which are amortized over the remaining life of the new debt, or the refunded debt, whichever is shorter.

Unearned revenues and deferred inflows of resources: Unearned tuition and student fees and Southern Illinois Hospital Services (SIHS) agreement proceeds which were either collected or recorded in the current fiscal year but are applicable to periods occurring after year end are recorded as unearned revenues.

Deferred inflows of resources are defined under GASB Statement No. 63 as acquisitions of net assets that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities. Deferred inflows include property tax revenues restricted for the subsequent fiscal year.

Noncurrent liabilities: Noncurrent liabilities include principal amounts of bond obligations with maturities greater than one year and net post-employment benefit obligations.

Pensions: The net pension liability, deferred outflows and inflows of resources related to pensions, contributions and pension expense have been determined on the same basis as they are determined and reported by SURS. See Note 8 for additional discussion.

Net position: The College's net position is classified as follows:

Note 1. Summary of Significant Accounting Policies (Continued)

Net Investment in Capital Assets

This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted - Expendable

This represents assets/resources that are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties, reduced by liabilities and deferred inflow resources related to those assets. Sources of restricted revenue included federal, state, and private grants and contracts. Externally restricted funds may be utilized only in accordance with the purpose established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use in achieving any of its institutional purposes. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted

This represents unrestricted assets/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 College and may be used at the discretion of the Board of Trustees to meet current expenses for any lawful purpose.

Budgets: Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of cash on hand at the beginning of the fiscal year, an estimate of the cash expected to be received during such fiscal year from all sources, an estimate of the expenditures contemplated for such fiscal year, and a statement of the estimated cash expected to be on hand at the end of such year.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Insurance coverage: The College is exposed to various risks of loss including, but not limited to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. To limit exposure to these risks, the College has obtained coverage from commercial insurance companies for all major programs: property, liability, and workmen's compensation. During the current fiscal year, there were no significant reductions in insurance coverage. Also, there have been no settlements which have exceeded insurance coverage during the past three fiscal years.

Pending accounting pronouncements: GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (Employer),* will be effective for the College beginning with its year ending June 30, 2018. This statement outlines reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments.

Note 1. Summary of Significant Accounting Policies (Continued)

GASB Statement No. 77, *Tax Abatement Disclosures*, will be effective for the College beginning with its year ending June 30, 2017. For financial reporting purposes, tax abatement is defined as resulting from an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity subsequently takes specific action to contribute to the economic development or otherwise benefits of the government. This statement requires disclosure of tax abatement information about (1) the reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, will be effective for the College beginning with its year ended June 30, 2017. This statement addresses accounting and financial reporting for certain external investment pools and pool participants.

GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14*, will be effective for the College beginning with its year ended June 30, 2017. This Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This statement amends the blending requirements established in paragraph 53 of *Statement No. 14, The Financial Reporting Entity, as amended*.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, will be effective for the College beginning with its year ended June 30, 2018. This statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement.

GASB Statement No. 82, *Pension Issues*: an amendment of GASB Statement No. 67, No. 68 and No. 73 will be effective for the District beginning with its year ending June 30, 2017. The objective of this Statement is to address issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Management has not yet completed its evaluation of the impact of the provisions of the standards on its financial statements. However, the impact of GASB Statement No. 75 will likely be material to the College.

Subsequent events: The College has evaluated subsequent events through October 14, 2016, the date which the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

At June 30, 2016, the carrying amount and bank balance of the College's deposits, which does not include cash on hand and petty cash of $1,638 is as follows:

Institution	Carrying Amount	Bank Balance
Cash deposits:		
DuQuoin State Bank	$ 5,974,871	$ 6,306,768
First Mid Illinois Bank	158,944	151,285
Investments:		
Illinois Funds Money Market Fund	7,087,705	7,083,482
Illinois School District Liquid Asset Fund Plus (ISDLAF)	2,724,268	2,724,268
Total cash and cash equivalents	$ 15,945,788	$ 16,265,803

Custodial credit risk: With respect to deposits, custodial credit risk refers to the risk that, in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy limits the exposure to deposit custodial credit risk by requiring all deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurable limits to be secured by collateral in the event of default or failure of the financial institution holding the funds. As of June 30, 2016, the bank balance of the College's deposits with financial institutions were all fully collateralized and insured. There were no investments exposed to custodial credit risk.

Interest rate risk: Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The College's investment policy does not limit the maturities of investments as a means of managing its exposure to fair value losses arising from increasing interest rates.

Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments within the State to pool their funds for investment purposes. Illinois Funds is not registered with the SEC . Investments in Illinois Funds are valued at Illinois Funds' share price, which is the price the investment could be sold for (using cost based measures).

ISDLAF is an investment pool for school districts that combines safety with competitive rates of return and immediate access to invested funds. The College has a savings deposit account through ISDLAF at June 30, 2016.

Credit risk: The College is also authorized to invest in short-term obligations of corporations organized in the United States with assets exceeding $500,000,000 if such obligations are rated at the time of purchase within the three highest classifications established by two or more standard rating services, the obligations mature within 180 days, no more than 1/3 of the total average balances from all funds available at the end of each month is invested in such obligations at any time, and such purchases do not exceed 10% of a corporation's outstanding obligations. Investments may be made only in banks, which are insured by the FDIC.

The College's investment policy does not further limit its investment choices. The College's investments in the Illinois Funds Money Market Fund were rated AAAm by Standard and Poor's at June 30, 2016.

Note 2. Cash and Cash Equivalents (Continued)

Concentration of credit risk: Concentration of credit risk is the risk of loss attributed to the magnitude of investment in any one single issuer. The College's investment policy limits the amount the College may invest in any one issuer to 75% of the College's total invested funds. The College is considered to have a concentration of credit risk of its investments if any one single issue is greater than 5% of the total fixed income investments. At June 30, 2016, the College did not have a concentration of credit risk.

Note 3. Capital Assets

The following is a schedule of changes in capital asset categories for the fiscal year ended June 30, 2016. The investment in capital assets is determined by reducing historical cost by accumulated depreciation.

	July 1, 2015	Additions	Deletions	June 30, 2016
Historical cost:				
Capital assets not being depreciated:				
Site	$ 346,427	$ -	$ -	$ 346,427
Construction in progress	842,419	1,309,130	(1,844,120)	307,429
Other	16,500	-	-	16,500
	1,205,346	1,309,130	(1,844,120)	670,356
Other capital assets:				
Site improvements	1,201,874	114,002	-	1,315,876
Buildings and improvements	88,295,908	2,010,612	-	90,306,520
Equipment	11,133,594	894,054	(2,616,423)	9,411,225
	100,631,376	3,018,668	(2,616,423)	101,033,621
Total capital assets	101,836,722	4,327,798	(4,460,543)	101,703,977
Less accumulated depreciation:				
Other capital assets:				
Site improvements	566,532	101,138	-	667,670
Buildings and improvements	27,951,388	1,773,557	-	29,724,945
Equipment	7,592,022	965,158	(2,619,986)	5,937,194
	36,109,942	2,839,853	(2,619,986)	36,329,809
Capital assets, net	$ 65,726,780	$ 1,487,945	$ (1,840,557)	$ 65,374,168

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30, 2016:

Accrued payroll	$ 1,698,846
Accrued vacation	1,187,880
Accrued benefits	503,039
Accrued expenses - other	414,456
Total accrued expenses	$ 3,804,221

Note 5. Long-Term Obligations

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2016:

	2007 Bond Issue	2014 Bond Issue	2015 Bond Issue	2016 Debt Certificates	2016 Bond Issue	Leased Purchase Agreement
Debt payable, July 1, 2015	$ 17,790,000	$ 3,000,000	$ -	$ -	$ -	$ 798,849
Debt issued	-	-	4,910,000	1,500,000	5,035,000	-
Debt retired	(695,000)	(345,000)	(4,910,000)	-	-	(199,712)
Debt payable, June 30, 2016	$ 17,095,000	$ 2,655,000	$ -	$ 1,500,000	$ 5,035,000	$ 599,137

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2016:

Debt payable, July 1, 2015	$ 21,588,849
Debt issued	11,445,000
Debt retired	(6,149,712)
Debt payable, June 30, 2016	$ 26,884,137

Note 5. Long-Term Obligations (Continued)

The following are descriptions of the bond issues and the debt service requirements to maturity:

General Obligation Community College Bond Issue, Series 2007
Dated: February 1, 2007
Maturity Date: December 1, 2026
Total Issue: $20,000,000
Principal Paid Annually on December 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2007
Interest Rate: 3.80% - 5.00%

	Principal	Interest	Total
2017	$ 820,000	$ 768,550	$ 1,588,550
2018	940,000	724,550	1,664,550
2019	1,070,000	674,300	1,744,300
2020	1,195,000	617,675	1,812,675
2021	1,335,000	558,597	1,893,597
2022-2026	9,270,000	1,698,629	10,968,629
2027	2,465,000	55,463	2,520,463
	$ 17,095,000	$ 5,097,764	$ 22,192,764

Taxable General Obligation Community College Bonds, Series 2014
Dated: November 20, 2014
Maturity Date: December 1, 2022
Total Issue: $3,000,000
Principal Paid Annually on December 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2015
Interest Rate: 2.00% - 3.00%

	Principal	Interest	Total
2017	$ 350,000	$ 69,050	$ 419,050
2018	360,000	61,950	421,950
2019	365,000	52,875	417,875
2020	380,000	41,700	421,700
2021	390,000	30,150	420,150
2022-2023	810,000	24,450	834,450
	$ 2,655,000	$ 280,175	$ 2,935,175

Note 5. Long-Term Obligations (Continued)

Taxable Debt Certificates, Series 2016A
Dated: February 25, 2016
Maturity Date: June 1, 2021
Total Issue: $1,500,000
Principal Paid Annually on June 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2016
Interest Rate: 2.10% - 4.00%

	Principal	Interest	Total
2017	$ 265,000	$ 62,193	$ 327,193
2018	290,000	38,500	328,500
2019	305,000	26,900	331,900
2020	315,000	14,700	329,700
2021	325,000	6,825	331,825
	$ 1,500,000	$ 149,118	$ 1,649,118

Taxable General Obligation Community College Bonds, Series 2016B
Dated: February 29, 2016
Maturity Date: December 1, 2030
Total Issue: $5,035,000
Principal Paid Annually on December 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2016
Interest Rate: 3.00% - 3.75%

	Principal	Interest	Total
2017	$ 230,000	$ 199,209	$ 429,209
2018	280,000	150,310	430,310
2019	290,000	141,760	431,760
2020	295,000	132,985	427,985
2021	305,000	123,985	428,985
2022-2026	1,675,000	474,425	2,149,425
2027-2031	1,960,000	182,538	2,142,538
	$ 5,035,000	$ 1,405,212	$ 6,440,212

On December 7, 2015, the College issued Taxable General Obligation Community College Bonds (Alternate Revenue Source), Series 2015 which created an obligation against the college in order to create a tax levy. $4,910,000 was the bond issue of which $81,525 was bond issuance costs, and $4,897,500 was deposited in District funds. The bonds were then called and redeemed with proceeds of the Taxable General Obligation Community College Bonds, Series 2016B above. This money is restricted for making future OPEB contributions.

Note 5. Long-Term Obligations (Continued)

The following is a description of the lease purchase and the debt service requirements to maturity.

Dell Financial Services IT Networking Equipment Lease Purchase Agreement
Dated: June 9, 2014
Maturity Date: June 4, 2019
Lease Amount: $998,561
Lease Term: 60 Months
Interest Rate: 0.00%

	Principal	Interest	Total
2017	$ 199,712	$ -	$ 199,712
2018	199,712	-	199,712
2019	199,713	-	199,713
	$ 599,137	$ -	$ 599,137

At June 30, 2016, the College's future cash flow requirements of long-term debt obligations by fiscal year were as follows:

	Principal	Interest	Total
2017	$ 1,864,712	$ 1,099,002	$ 2,963,714
2018	2,069,712	975,310	3,045,022
2019	2,229,713	895,835	3,125,548
2020	2,185,000	807,060	2,992,060
2021	2,355,000	719,557	3,074,557
2022-2026	11,755,000	2,197,504	13,952,504
2027-2031	4,425,000	238,001	4,663,001
	$ 26,884,137	$ 6,932,269	$ 33,816,406

The College issued an irrevocable letter of credit in the amount of $5,320,000 on February 2, 2016. There were no draws on the letter as of June 30, 2016.

Note 6. ICCB Reimbursement

During the year ended June 30, 2014, the Illinois Community College Board (ICCB) conducted a recognition evaluation of the College. These evaluations are performed by the ICCB on a five-year cycle to ensure that colleges are in compliance with specific standards as established by the ICCB. All community colleges must be officially recognized to be eligible for State funding.

As part of this evaluation, the ICCB determined that the College did not have adequate controls in place for determining the "active and successful" pursuit of course completion for five of its courses. This resulted in an overstatement of 38,044 credit hours and an overpayment of $1,308,395 to the College by the ICCB through its Equalization and Base Operating Grants from July 1, 2011 through June 30, 2014. The College received an additional overpayment of $346,574 during fiscal year 2015 for a total overpayment of $1,654,969.

Note 6. ICCB Reimbursement (Continued)

The College is required to reimburse the ICCB for these overpayments through the reduction of funds to be received from its Equalization and Base Operating Grants for fiscal years 2017 through 2021 as follows:

	Equalization	Base Operating	Total
2017	$ 178,568	$ 80,058	$ 258,626
2018	202,084	164,521	366,605
2019	191,117	164,949	356,066
2020	112,705	147,225	259,930
2021	228,158	185,584	413,742
	$ 912,632	$ 742,337	$ 1,654,969

Note 7. Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System of Illinois, 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 Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

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, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Note 7. Defined Benefit Pension Plans (Continued)

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% 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 2016 was 12.69% of employee payroll. The College contributed $167,235 during fiscal year 2016. 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.

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).

For the purposes of financial reporting, the State of Illinois and participating employers are considered to be under a special funding situation. A special funding situation is defined as a circumstance in which a non-employer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the non-employer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the non-employer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities. Because the State alone is responsible for funding 100% of past service cost, the State reports 100% of the SURS net pension liability and the College reports 0%.

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

Net Pension Liability
At June 30, 2015, SURS reported a net pension liability (NPL) of $23,756,361,087. The net pension liability was measured as of June 30, 2014.

Employer Proportionate Share of Net Pension Liability
The proportionate share of the State’s net pension liability associated with the College is $142,796,497 or 0.6011% as of the measurement date. The amount of the proportionate share of the net pension liability to be recognized for the College as of the measurement date is $0 due to the special funding situation described above. The net pension liability was measured as of June 30, 2015, and total projected pension benefits used to calculate the net pension liability was determined based on the June 30, 2014 actuarial valuation rolled forward to June 30, 2015. The basis of allocation used to determine the College’s proportionate share of net pension liability is the actual reported pension contributions made to SURS on behalf of College employees during fiscal year 2015 as compared to the total actual reported pension contributions of all employers.

Pension Expense
At June 30, 2015 SURS reported a collective net pension expense of $1,994,587,170.

Note 7. Defined Benefit Pension Plans (Continued)

Employer Proportionate Share of Pension Expense
The employer proportionate share of collective pension expense is recognized as on-behalf payments for both the contributions made by the State and the matching expense in the financial statements. The basis of allocation used in the proportionate share of collective pension expense are the actual reported pension contributions made to SURS during fiscal years 2016. As a result, the College recognized on-behalf revenue and pension expense of $11,989,212 for the fiscal year ended June 30, 2016.

Deferral of Fiscal Year 2016 Pension Expense

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. The College paid $167,235 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These amounts will be reported as pension expense for the year ended June 30, 2017. Contributions to SURS during FY2015 of $182,837 are included in pension expense in fiscal year 2016.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2015 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s).

Note 7. Defined Benefit Pension Plans (Continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
U.S. equity	23 %	5.77 %
Private equity	6	9.23
Non-U.S. equity	19	6.69
Global equity	8	6.51
Fixed income	19	1.12
Treasury-inflation protected securities	4	1.22
Emerging Market Debt	3	4.61
Real estate REITS	4	5.85
Direct real estate	6	4.37
Commodities	2	4.06
Hedged strategies	5	3.99
Opportunity fund	1	6.80
Total	100 %	5.02
Inflation		3.00
Expected arithmetic return		8.02 %

Discount Rate. A single discount rate of 7.120% 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 7.250% and a municipal bond rate of 3.80% (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 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

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.

Note 8. Property Taxes

The College's property taxes are levied each calendar year on all taxable property located in the College's District. Property taxes are recorded on an accrual basis of accounting. Pursuant to Board of Trustee's resolution, property tax levies passed in November 2014 and November 2015 were allocated fifty percent for each of the two years after the levy year. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. The remaining receivable related to the 2015 tax year extension has been deferred and will be recorded as revenue in fiscal year 2017. Collection dates vary according to the schedules of the individual counties with disbursements to the College normally made within thirty days of collection.

Public Act 89-1 placed limitations on the annual growth of most local governments' property tax collections. Currently the limitation is the lesser of 5 percent or the rate of inflation, measured by the Consumer Price Index. The following are the statutory maximum tax rates permitted and the actual rates levied per $100 of assessed valuation:

		Actual Rate	
	Maximum Rate	2015 Levy Payable 2016	2014 Levy Payable 2015
Education	0.30000	0.30000	0.30000
Operations and maintenance	0.05000	0.05000	0.05000
Bond and interest	Unlimited	0.13262	0.10977
Audit	0.00500	0.00217	0.00251
Liability, protection, and settlement	Unlimited	0.08977	0.08939
Health, life, and safety	0.05000	0.04343	0.03864
Prior year adjustment	Unlimited	(0.00218)	0.00070
		0.61581	0.59101

Note 9. Postemployment Benefits

Retirees' Health Insurance Reimbursement – In addition to the pension benefits described in Note 7, the College provides a subsidy to eligible retirees to bring their cost of health insurance to current active employee levels. To be eligible for the health care benefit, the retired employee must retire from active full-time employment and have been employed full-time for 10 years or more. At the death of a retired employee, coverage will be extended to the spouse if previously covered. Retirees from the College will qualify for health insurance coverage under the College Insurance Program (Plan) offered through the State office of Central Management Services. Qualifying individuals receive reimbursement of varying amounts from the College in order to keep retirees' net contributions equal to the contribution of a current active employee with similar coverage. The College finances the Plan on a pay-as-you go basis.

For the year ended June 30, 2016, the annual other post-retirement benefits cost (OPEB) under this plan is $182,224 of which the College actually paid $339,003. This results in an actuarially determined net other post-retirement benefit obligation liability of $3,270,736 as of June 30, 2016. As of June 30, 2016, the College issued a bond for the funding of the Plan's post-retirement benefit obligation.

The components of the post-retirement benefit obligation (OPEB) are as follows:

Annual required contribution	$ 353,523
Interest	137,201
Amortization	(308,500)
Annual OPEB cost	182,224
Employer contribution	(339,003)
Prior year estimate adjustment	(113,878)
Net OPEB at June 30, 2015	3,541,393
Net OPEB at June 30, 2016	$ 3,270,736

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016, 2015 and 2014 were as follows:

Fiscal Year Ending	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/2016	$ 182,224	186.00%	$ 3,270,736
6/30/2015	283,273	120.29%	3,541,393
6/20/2014	418,640	96.28%	3,487,487

The actuarial valuation of the Plan was performed as of July 1, 2016. This valuation was completed based upon the use of the Project Unit Credit actuarial cost method with a 15-year amortization of the unfunded actuarial accrued liability. The results were also based on a discount rate of 4.0%, reimbursements to retirees, and a health care cost trend rate beginning at 9% for pre-65 trend and 7% for post-65 trend in 2014 and scaling down to an ultimate rate of 5.00%. Fifty percent participation is assumed for all active employees and sixty percent of the active employees are assumed married.

As of June 30, 2016, the College's plan was 100% unfunded. The actuarial accrued liability for benefits was $4,432,982, and the actuarial value of assets was $0 (zero), resulting in an unfunded actuarial accrued liability (UAAL) of $4,432,982. The covered payroll (annual payroll of active employees covered by the plan) was $25,126,537, and the ratio of the UAAL to the covered payroll was 17.6 percent.

Note 9. Postemployment Benefits (Continued)

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

Note 10. Southern Illinois Hospital Services Educational Agreement

On November 30, 2011, the College entered into an educational partnership agreement with Southern Illinois Hospital Services (SIHS) with the goal of improving the health outcome and health status of the region. As part of that agreement, SIHS agreed to finish “Area 2” of the College’s Communication Wing (approximately 6,000 square feet) to use for SIHS’ educational purposes at a cost of $716,665 to SIHS for the rights to reside within the space for a period of at least 10 years. After the 10 year period, SIHS would then have the ability to renew the agreement if it is within their best interest to do so. As a result, the $716,665 is being recognized as revenue over the ten-year period. During the year ended June 30, 2016, the College recognized $71,666 as revenue with the remaining $388,194 recorded as a unearned revenue.

Note 11. Contingent Liabilities and Commitments

Federal and State Grants. The College has received a number of Federal and State grants from 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, College management believes that such disallowances, if any, will not be material.

Vacation and Personal Leave. As of June 30, 2016, employees had earned but not taken annual vacation and personal leave, which at salary rates in effect at the end of the year, totaled approximately $1,187,880 and $261,322, respectively. The College has accrued this liability.

Construction in Progress. At June 30, 2016, the College had construction project commitments totaling $1,178,763. Of these costs, $48,147 is for completion of auditorium lighting and $96,967 for the completion of the grounds storage roof and electrical work. Another $620,954 and $412,695 are for renovation projects related to the CHEC Building and HVAC and water heating in buildings A, C and G, respectively.

Note 12. Component Unit

The Foundation's notes to the Financial Statements were as follows:

A. Summary of Significant Accounting Policies

The Foundation is organized exclusively for educational and charitable purposes. The Foundation assists in developing and augmenting the facilities and carrying out the educational functions of the College.

Basis of accounting: The financial statements of John A. Logan College Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of presentation: The Foundation's financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210, Not-For-Profit Entities. Under ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Classification is determined by donor or grantor requirements.

> **Unrestricted** – net assets that are not subject to donor-imposed restrictions.
>
> **Temporarily restricted** – net assets that are subject to donor-imposed restrictions that will be met either by the actions of the Foundation or the passage of time. Items that affect this net asset category are temporarily restricted contributions, including pledges for which restrictions have not been met such as time restrictions. Temporarily restricted net assets at June 30, 2016 consist of contributions restricted for scholarships or other student support and income earned on permanently restricted scholarships that has not yet been appropriated for expenditure.
>
> **Permanently restricted** – net assets that are subject to donor-imposed restrictions to be maintained permanently by the Foundation. Items that affect this net asset category include gifts wherein donors stipulate that the corpus be held in perpetuity (primarily, gifts for endowment) and only the income be made available for program purposes (i.e., scholarships) or general operations of the College.

Note 12. Component Unit (Continued)

Support and revenue are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

Cash and cash equivalents: Cash equivalents consist of cash and highly liquid short-term investments including money market account deposits with an original maturity of three months or less from the date of purchase.

The Foundation maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

Investments: Certificates of deposit are reported at amortized cost. All other investments are reported at fair value. Investment income, gains and losses, and any investment-related expenses are recorded as changes in unrestricted net assets in the statements of activities unless their use is temporarily or permanently restricted by explicit donor stipulations or law. In the absence of donor stipulations or law to the contrary, losses on the investments of donor restricted endowment funds are recognized as reductions of temporarily restricted net assets to the extent that donor imposed restrictions on net appreciation of the funds have not been met before the loss occurs. Any remaining loss reduces unrestricted net assets.

Contributions: Contributions, including unconditional pledges, are recognized in the appropriate category of net assets in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted and recorded at the present value using a risk adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no contributions to be received after one year at June 30, 2016. An allowance for uncollectible pledges is recognized based on historical experience, as necessary. No allowance for uncollectible pledges was recognized for the year ended June 30, 2016.

Donated assets: Donated assets are recorded as contributions at their fair values at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Note 12. Component Unit (Continued)

John A. Logan College provides office space, accounting and record-keeping services, and the necessary administrative services to the Foundation at no charge. The rental value of the office space is recorded at fair rental value equivalent to similar facility space. Other amounts have been recorded based on the actual cost to the College for the services.

Endowment funds: FASB ASC 958-205-05-05-8, *Reporting Endowment Funds*, provides guidance on the net asset classification of donor-restricted endowment funds for a nonprofit Foundation that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). ASC 958-205-05-05-8 also requires additional disclosures about an Foundation's endowment funds (both donor-restricted endowment funds and board-designated endowment funds) whether or not the Foundation is subject to UPMIFA.

Investment expenses: Expenses, including custodial fees and investment advisory fees, relating to investment income amounted to $43,488 and have been included in management and general expenses in the accompanying statement of activities.

Tax status: The Foundation has received a determination letter from the Internal Revenue Service indicating it is a tax-exempt organization as provided in Section 501(c)(3) of the Internal Revenue Code of 1986 and, except for taxes related to unrelated business income, is exempt from federal and state income taxes.

The Foundation may recognize a tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be substantiated on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Foundation and various positions related to the potential sources of unrelated business income tax (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities during the period covered by these financial statements.

The Foundation files information and income tax returns in the U.S. federal jurisdiction and the State of Illinois. The Foundation is generally no longer subject to examination by the Internal Revenue Service for the fiscal years before 2013.

Estimates: The preparation of financial statements in conformity with United States generally accepted accounting principles (U.S. GAAP) requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

New accounting pronouncements: In May 2015, the FASB issued Accounting Standards Update (ASU) 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or Its Equivalent)*. The amendments remove the requirement to categorize within the fair value hierarchy those investments for which fair value is measured using the net asset value per share practical expedient. The amendments in this update will be effective as of July 1, 2017 for the Foundation. The adoption will not have a material effect on the financial statements.

Note 12. Component Unit (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue From Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-04 which defers the effective date of ASU 2014-09 one year, making it effective as of July 1, 2019 for the Foundation. The Foundation has not yet selected a transition method and is currently evaluating the effect that the standard will have on its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendments in this update include significant changes to the financial reporting model for not-for-profit organizations. Key elements in this update include reducing net asset classification from three to two categories, expanded disclosures about the nature and amount of any donor restrictions, expanded disclosures on any board designations of net assets, and other additional disclosures. The amendments in this update will be effective as of July 1, 2018 for the Foundation, and will likely have a material effect on the presentation of the financial statements.

B. Investments

The cost and fair value of the Foundation's investments carried at fair value at June 30, 2016 are as follows:

	Fair Value	Cost
Common stock	$ 1,222,831	$ 1,197,630
Mutual funds	3,247,962	2,873,119
U.S. Governmental & agency obligations	335,685	330,123
Corporate bonds	160,324	161,416
Real estate investments	137,172	124,551
	$ 5,103,974	$ 4,686,839

Certificates of deposit are carried at amortized cost of $660,504 at June 30, 2016.

C. Fair Values of Financial Instruments

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Foundation's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Note 12. Component Unit (Continued)

FASB establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

> Level 1. Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 assets primarily include listed equities, government securities, and mutual funds. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
>
> Level 2. Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities. Level 2 assets includes corporate bonds.
>
> Level 3. Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker-traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. The Foundation's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the investment.

The Foundation did not have any transfers between any levels of the fair value hierarchy during the year ended June 30, 2016. The Foundation's policy for determining transfers between levels occurs at the end of the reporting period when circumstances in the underlying valuation criteria change and result in transfer between levels.

The Foundation holds equity and fixed income mutual funds, common stock, U.S. governmental and agency obligations and real estate investments. Investments in securities traded on a national securities exchange, or reported on the NASDAQ national market, are stated at the last reported sales price on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. The fair value of corporate bonds is estimated using market price quotes corroborated by recently executed transactions observable in the market. Certificates of deposit are held at amortized cost.

The following table presents the Foundation's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2016:

	Fair Value Measurements Using			
Description	Level 1	Level 2	Level 3	Total
Common stock	$ 1,222,831	$ -	$ -	$ 1,222,831
Mutual funds	3,247,962	-	-	3,247,962
U.S. Governmental & agency obligations	335,685	-	-	335,685
Corporate bonds	-	160,324	-	160,324
Real estate investments	137,172	-	-	137,172
Total	$ 4,943,650	$ 160,324	$ -	$ 5,103,974

Note 12. Component Unit (Continued)

The Foundation recognizes transfers into and out of levels at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2016.

D. Restrictions on Net Assets

The Foundation reports gifts of cash and other assets as restricted if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. At the end of fiscal year 2016, the Foundation held $1,421,342 in temporarily restricted net assets. These assets will be used for scholarships for students of the College as well as grants benefiting the College, in amounts as follows:

Scholarships	$ 1,048,165
Other school expenses	373,177
	$ 1,421,342

During fiscal year 2016, $514,602 was released from restrictions and used for scholarships for students of the College, for the following purposes:

Scholarships	$ 394,150
Other school expenses	120,452
	$ 514,602

The Foundation's permanently restricted net assets consist of donor-restricted endowment funds to function as endowments restricted for various scholarships.

E. Donor-Designated Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation, through obtaining a legal opinion and committee review, has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 12. Component Unit (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund;
(2) The purposes of the Foundation and the donor-restricted endowment fund;
(3) General economic conditions;
(4) The possible effect of inflation and deflation;
(5) The expected total return from income and the appreciation of investments;
(6) Other resources of the Foundation;
(7) The investment policies of the Foundation.

Spending Policy. The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 4 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

Investment Return Objectives, Risk Parameters and Strategies. The Foundation has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 5 percent, while growing the funds if possible. Therefore, the Foundation expects its endowment assets, over time, to produce an average rate of return of approximately 9 percent annually. Actual returns in any given year may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Endowment net asset composition by type of fund as of June 30, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 528,933	$ 3,664,086	$ 4,193,019
Board-designated endowment funds	1,399,735	-	-	1,399,735
	$ 1,399,735	$ 528,933	$ 3,664,086	$ 5,592,754

Note 12. Component Unit (Continued)

Changes in endowment net assets as of June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 1,558,335	$ 583,917	$ 3,624,086	$ 5,766,338
Contributions	-	-	40,000	40,000
Investment income	34,566	94,828	-	129,394
Unrealized loss	(33,670)	(82,736)	-	(116,406)
Realized loss	(21,679)	(35,166)	-	(56,845)
Released from restrictions	31,910	(31,910)	-	-
Amounts appropriated for expenditures	(169,727)	-	-	(169,727)
Endowment net assets, end of year	$ 1,399,735	$ 528,933	$ 3,664,086	$ 5,592,754

Commitments

Premises lease: Effective July 8, 2003, the Foundation entered into a 12-month lease agreement with Marion Crossing, LLC for the College's Literacy Center building located at 1120 N. Carbon Street, Marion, Illinois. This lease is renewed on a yearly basis. The Foundation paid a net amount of $7,398 for the year ended June 30, 2016.

F. Relationship to John A. Logan College and Related Transactions

As part of the Foundation's efforts, donations are accepted for the purchase of equipment to be used at the College. The College makes the initial purchase and submits invoices to the Foundation for reimbursement. The amounts reimbursed to the College are expensed as title to the assets remaining with the College. The Foundation also supports the College by paying the lease payments for the Literacy Center in Marion.

Donated goods and services: The College donates various goods and services to the Foundation. The rental value of the Foundation's office at the College for the year was $12,000, which has been allocated $4,237 to scholarships, $4,412 to fundraising, and $3,351 to management and general. The same amount has been included in contribution revenue for the period.

During the year ended June 30, 2016, $224,672 in contributed services has been recorded as expenses as follows: $49,067 for scholarship administration, $88,386 for fundraising, and $87,219 for management and general. In addition, $7,762 in contributed supplies was recorded as expenses as follows: $2,741 for scholarships, $2,854 for fundraising, and $2,167 for management and general. The total amount is included in contribution revenue for the period.

Required Supplementary Information

John A. Logan College
Community College District No. 530

Required Supplementary Information

Other Post Employment Benefits (OPEB)

Schedule of Funding Progress (Unaudited)

Actuarial Valuation Date July 1,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (b) - (a)	Funded Ratio (a)/(b)
2012	$ -	$ 4,432,982	$ 4,432,982	0.00%
2014	-	4,894,729	4,894,729	0.00%
2016	-	6,609,592	6,609,592	0.00%

Schedule of Employer Contributions (Unaudited)

Fiscal Year Ended June 30,	Annual Required Contribution	Employer Contribution	Percentage Contributed
2014	$ 418,640	$ 340,741	96.28%
2015	283,273	340,741	120.29%
2016	351,507	341,507	97.16%

John A. Logan College
Community College District No. 530

Required Supplementary Information

State Universities Retirement System of Illinois Trend Data

John A. Logan College	2016	2015
(a) Proportion Percentage of the Collective Net Pension Liability	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 the Employer	142,796,497	134,459,461
Total (b) + (c)	$ 142,796,497	$ 134,459,461
Employer Covered-Employee Payroll	$ 25,126,537	$ 24,062,122
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered-Employee Payroll	568.31%	558.80%
SURS Plan Net Position as a Percentage of Total Pension Liability	42.37%	42.39%

John A. Logan College	2016	2015
Federal, Trust, Grant and Other contribution	$ 167,235	$ 182,837
Contribution in Relation to Required Contribution	167,235	182,837
Contribution Deficiency (Excess)	$ -	$ -
Employer Covered-Employee Payroll	$ 25,126,537	$ 24,062,122
Contributions as a Percentage of Covered-Employee Payroll	0.67%	0.76%

Additional Information

John A. Logan College	2015	2016
On-Behalf Payments for Community College Health Insurance Program	$ 107,151	$ 106,881

*Note: The College Implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years.

Changes of benefit terms. There were no benefit changes recognized in the total pension liability as of June 30, 2015.

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 the following new assumptions as of June 30, 2015:

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75% 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.

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

John A. Logan College
Community College District No. 530

Certification of Chargeback Reimbursement
Fiscal Year 2017
Year Ended June 30, 2016

The Fiscal Year 2017 Certificate of Chargeback Reimbursement Form was unable to be completed by the October 15, 2016 audit due date because line 17 of the form (the FY 2016 average grant rate based on FY 2017 ICCB grants) was unavailable since the State of Illinois budget had not yet been approved by the General Assembly and the Governor of the State of Illinois. This page will be issued at a later date as an addendum/replacement page once all information is available to complete the FY 2017 Chargeback Form.

Supplemental Information

Other Data

John A. Logan College
Community College District No. 530

Schedule of Assessed Valuations, Tax Rates, and Taxes Extended (Unaudited)
Levy Years 2013, 2014, and 2015

	2015 Levy Payable in 2016*	2014 Levy Payable in 2015*	2013 Levy Payable in 2014*
Assessed valuation (by County)			
Franklin County	$ 88,025,530	$ 83,697,751	$ 77,755,623
Jackson County	687,768,397	675,757,450	667,469,780
Perry County	88,977,600	85,122,356	83,815,165
Randolph County	10,919,160	11,055,039	10,198,758
Williamson County	982,107,912	950,562,817	946,400,403
	$ 1,857,798,599	$ 1,806,195,413	$ 1,785,639,729
Tax rates			
(Per $100 of assessed valuation)			
Education	0.30000	0.30000	0.30000
Operations and maintenance	0.05000	0.05000	0.05000
Bond and interest	0.13262	0.10977	0.07895
Audit	0.00217	0.00251	0.00207
Liability, protection, and settlement	0.08977	0.08939	0.08714
Health, life, and safety	0.04343	0.03864	0.04507
Prior year adjustment	(0.00218)	0.00070	-
	0.61581	0.59101	0.56323
Taxes extended			
Education	$ 5,573,396	$ 5,418,586	$ 5,356,919
Operations and maintenance	928,899	903,098	892,820
Bond and interest	2,452,786	1,976,203	1,411,462
Audit	40,242	45,252	38,328
Liability, protection, and settlement	1,660,047	1,608,915	1,557,595
Health, life, and safety	803,008	695,464	805,624
Prior year adjustment	(23,423)	7,645	(1,276)
	$ 11,434,955	$ 10,655,162	$ 10,061,472

* Tax rates vary by county. Williamson County rates are reflected in the table. Tax extended represents actual extensions from all counties. Therefore, rate times assessed valuation does not compute to taxes extended.

John A. Logan College
Community College District No. 530

Schedule of Legal Debt Margin (Unaudited)
For the Year Ended June 30, 2016

Assessed valuation - 2014 levy		
Franklin County	$	83,697,751
Jackson County		675,757,450
Perry County		85,122,356
Randolph County		11,055,039
Williamson County		950,562,817
	$	1,806,195,413
Debt limit, 2.875% of assessed valuation (50 ILCS 405/1)	$	51,928,118
Less: total indebtedness		(26,884,137)
Legal debt margin	$	25,043,981

John A. Logan College
Community College District No. 530

Schedule of Insurance in Force (Unaudited)
For the Year Ended June 30, 2016

Policy Number	Coverage	Effective Date	Expiration Date	Coverage
14-0145-106-00001313	Title Insurance	Non-expiring		$188,000 College Property (Main Campus) $9,000 College Property (Main Campus Addition) $15,000 College Property (Main Campus Addition) $390,000 College Property (DuQuoin Extension Center)
3603-38-50 CIN	Blanket Building & Contents	8/15/2015	8/15/2016	$96,551,234 buildings, contents, betterments blanket limit "all risk"
4546-87-41 EUC	Inland Marine	8/15/2015	8/15/2016	$5,000 deductible $350,000 Mine subsidence limit per structure hazardous substances, CFC refrigerants
CND-IL-EPP-28702000	General Liability	8/15/2015	8/15/2016	$500,000 Limit per occurrence, $5,000 deductible $2,000,000 general liability aggregate limit $1,000,000 each occurrence limit $1,000,000 personal and advertising injury limit
CND-IL-ELL-28704000	Employee Benefit Liability	8/15/2015	8/15/2016	$3,000,000 employee benefits liability commercial inland marine coverage including $100,000 fine arts coverage and $5,396,502 equipment coverage
CND-IL-EXL-28705000	Educators Excess Liability	8/15/2015	8/15/2016	$15,000,000 each occurrence $15,000,000 annaul aggregate $15,000,000 retained limit $500,000 aggregate garage operations
CND-IL-LEL-29219000	Law Enforcement Liability	8/15/2015	8/15/2016	$1,000,000 law enforcement liability, $2,500 deductible
	School Leaders, Errors, & Omissions			$1,000,000 sexual misconduct and molestation liability $2,000,000 general aggregate limit $2,500 deductible
CND-IL-CAP-28703000	Business Auto	8/15/2015	8/15/2016	$1,000,000 bodily injury and property damage liability
WCP7001189	Workers' Compensation	8/15/2015	8/15/2016	Statutory coverage
01-392-98-26	Cyberliability	8/15/2015	8/15/2016	$1,000,000 liability limit
124-120-D47-T 124-128-D47-T	Blanket Sports Policy	8/15/2015	8/15/2016	$25,000 accident coverage
CCN L2A509095 001	Catastrophic Sports Policy	8/1/2015	8/1/2016	$5,000,000 catastrophic accident insurance for intercollegiate athletics
285-024-936	Treasurers Bond	6/27/2015	6/27/2016	$7,000,000 bond amount
21896	Treasurers ERP Bond	12/20/2015	12/20/2016	$800,000 bond amount
22012	Post Employee Benefit Trust Bond	11/24/2015	11/24/2016	$1,300,000 bond amount
XHO 8002351 00	Earthquake	8/15/2015	8/15/2016	$30,000,000 per occurrence

Supplemental Information

Uniform Financial Statements

John A. Logan College
Community College District No. 530 **Schedule 1**

All Funds Summary
Uniform Financial Statement #1
Year Ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
Fund balance, July 1, 2015	$ 9,463,850	$ 2,493,093	$ 1,274,774	$ 990,428	$ 2,704,668	$ -	$ 2,010,723	$ 78,160	$ 1,423,379	$ 20,439,075
Revenues										
Local taxes	6,109,661	915,914	710,697	2,244,299	-	-	-	44,811	1,638,552	11,663,934
Chargeback	7,233	-	-	-	-	-	-	-	-	7,233
ICCB Grants	3,003,351	1,001,117	-	-	-	237,354	-	-	-	4,241,822
All other state	-	-	1,069,221	-	-	326,656	-	-	-	1,395,877
Federal	-	-	-	-	-	8,828,880	-	-	-	8,828,880
Student tuition and fees	13,043,265	-	-	-	103,692	-	-	-	-	13,146,957
All other	596,220	10,858	176,853	6,927	697,822	7,130,260	4,781	352	1,984	8,626,057
Total direct revenues	22,759,730	1,927,889	1,956,771	2,251,226	801,514	16,523,150	4,781	45,163	1,640,536	47,910,760
On-behalf payments	11,989,212	-	-	-	-	-	-	-	-	11,989,212
Total revenues	34,748,942	1,927,889	1,956,771	2,251,226	801,514	16,523,150	4,781	45,163	1,640,536	59,899,972
Expenditures										
Instruction	11,307,320	-	-	-	-	629,742	-	-	-	11,937,062
Academic support	1,993,656	-	-	-	882	166,995	-	-	-	2,161,533
Student services	2,901,652	-	-	-	-	419,292	-	-	-	3,320,944
Public service/continuing education	1,072,814	-	-	-	630,056	1,788,995	-	-	-	3,491,865
Auxiliary services	-	-	-	-	1,158,189	-	-	-	-	1,158,189
Operations and maintenance	-	3,078,955	-	-	7,495	1,017	-	-	693,695	3,781,162
Institutional support	5,028,818	169,543	2,771,744	1,965,871	55,242	1,821,262	-	48,600	1,073,612	12,934,692
Scholarships, student grants, and waivers	3,476,728	-	-	-	345,671	6,535,171	-	-	-	10,357,570
Total direct expenditures	25,780,988	3,248,498	2,771,744	1,965,871	2,197,535	11,362,474	-	48,600	1,767,307	49,143,017
On-behalf payments	11,989,212	-	-	-	-	-	-	-	-	11,989,212
Total expenditures	37,770,200	3,248,498	2,771,744	1,965,871	2,197,535	11,362,474	-	48,600	1,767,307	61,132,229
Net transfers (out) in	(1,124,911)	-	500,738	-	620,748	3,425	-	-	-	-
Fund balance, June 30, 2016	$ 5,317,681	$ 1,172,484	$ 960,539	$ 1,275,783	$ 1,929,395	$ 5,164,101	$ 2,015,504	$ 74,723	$ 1,296,608	$ 19,206,818

John A. Logan College
Community College District No. 530
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Net Position
June 30, 2016

Schedule 2

Total fund balances - Uniform Financial Statement Number 1	$	19,206,818
Amounts reported in the basic financial statements for net position are different because:		
Capital assets used in College activities are not current financial resources and therefore are not reported in the uniform financial statements.		65,374,168
Pension contributions made after the actuarial valuation date are considered expenditures in the uniform financial statements but are deferred outflows of resources in the basic financial statements.		167,235
Summer 2016 revenue earned in fiscal year 2016 not recognized in the uniform financial statements		370,603
Some liabilities reported in the statement of net position do not require the use of current financial resources and therefore are not reported as liabilities in uniform financial statements:		
These liabilities consist of:		
Fixed debt		(26,285,000)
Lease-purchase payable		(599,137)
Post-employment benefits		(3,270,736)
ICCB reimbursement		(1,654,969)
Other		(290,563)
Net position - Statement of Net Position	$	53,018,419

John A. Logan College **Schedule 3**
Community College District No. 530
Reconciliation of the Uniform Financial Statement Number 1
to the Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2016

Net change in fund balances—Uniform Financial Statement Number 1		$ (1,232,257)
Amounts reported for the general purpose Statement of Revenues, Expenses, and Changes in Net Position are different because:		
The uniform financial statements report capital outlays as expenditures paid while the basic financial statements report depreciation expense to allocate those expenditures over the lives of the assets. This is the amount by which capital outlays exceeded depreciation in the current period:		
Capital outlays	$ 2,520,860	
Depreciation expense	(2,839,853)	
		(318,993)
Loss on disposals of capital assets are not reported in the uniform financial statements		(33,618)
Summer 2016 revenue earned in fiscal year 2016 not recognized in the uniform financial statements		370,603
Contributions to pension funds are recognized as expenditures when paid to the pension fund on the uniform financial statements. These expenditures are recorded on the basic financial statements based on the annual service cost, corresponding with the most recent actuarial valuation year. This is the difference between these amounts.		(15,602)
Some expenses reported in the uniform financial statements use currrent financial financial resources to reduce long term liabilities reported on the basic financial statements. These activities consist of:		
Bonds payable, including amortization of bond premiums		(5,390,204)
Post-employment benefits		270,657
Other		(320,139)
Increase in net position - Statement of Revenues, Expenses and Changes in Net Position		$ (6,669,553)

John A. Logan College **Schedule 4**
Community College District No. 530

Summary of Fixed Assets and Debt
Uniform Financial Statement #2
Year Ended June 30, 2016

	Fixed Asset/Debt Account Groups July 1, 2015	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2016
Fixed assets				
Sites	$ 346,427	$ -	$ -	$ 346,427
Site improvements	1,201,874	114,002	-	1,315,876
Buildings, additions and improvements	88,295,908	2,010,612	-	90,306,520
Equipment	11,133,594	894,054	(2,616,423)	9,411,225
Other fixed assets	16,500	-	-	16,500
Construction in progress	842,419	1,309,130	(1,844,120)	307,429
Total fixed assets	101,836,722	4,327,798	(4,460,543)	101,703,977
Less: accumulated depreciation	36,109,942	2,839,853	(2,619,986)	36,329,809
Net fixed assets	$ 65,726,780	$ 1,487,945	$ (1,840,557)	$ 65,374,168
Fixed debt				
Bonds payable	$ 20,790,000	$ 5,035,000	$ (1,040,000)	$ 24,785,000
Debt certificates payable	-	1,500,000	-	1,500,000
Lease-purchase payable	798,849	-	(199,712)	599,137
Total fixed liabilities	$ 21,588,849	$ 6,535,000	$ (1,239,712)	$ 26,884,137

John A. Logan College **Schedule 5**
Community College District No. 530

Operating Funds Revenues and Expenditures
Uniform Financial Statement #3
Year Ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by sources			
Local government revenues:			
Local taxes	$ 5,495,495	$ 915,914	$ 6,411,409
Corporate personal property replacement tax	614,166	-	614,166
Chargeback	7,233	-	7,233
Total local government	6,116,894	915,914	7,032,808
State government:			
ICCB Credit Hour Grants	741,751	247,250	989,001
ICCB Equalization Grants	2,261,600	753,867	3,015,467
ICCB other	-	-	-
Total state government	3,003,351	1,001,117	4,004,468
Student tuition and fees:			
Tuition	11,818,351	-	11,818,351
Fees	1,224,914	-	1,224,914
Total student tuition and fees	13,043,265	-	13,043,265
Other sources:			
Sales and service fees	235,351	-	235,351
Facilities	-	7,330	7,330
Interest income	37,970	2,106	40,076
Other	322,899	1,422	324,321
Total other sources	596,220	10,858	607,078
On-behalf payments	11,989,212	-	11,989,212
Total revenue	34,748,942	1,927,889	36,676,831
Less non-operating items:*			
Chargeback	(7,233)	-	(7,233)
On-behalf payments	(11,989,212)	-	(11,989,212)
Adjusted revenue	$ 22,752,497	$ 1,927,889	$ 24,680,386

*Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

John A. Logan College
Community College District No. 530

Schedule 5 (continued)

Operating Funds Revenues and Expenditures
Uniform Financial Statement #3 (Continued)
Year Ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures			
By program:			
Instruction	$ 11,307,320	$ -	$ 11,307,320
Academic support	1,993,656	-	1,993,656
Student services	2,901,652	-	2,901,652
Public service/continuing education	1,072,814	-	1,072,814
Operation and maintenance of plant	-	3,078,955	3,078,955
Institutional support	5,028,818	169,543	5,198,361
Scholarships, student grants, and waivers	3,476,728	-	3,476,728
Total direct expenditures	25,780,988	3,248,498	29,029,486
On-behalf payments	11,989,212	-	11,989,212
Total expenditures	37,770,200	3,248,498	41,018,698
Less non-operating items:*			
Chargeback	7,223	-	7,223
Transfers to non-operating funds	1,124,911	-	1,124,911
On-behalf payments	(11,989,212)	-	(11,989,212)
Adjusted expenditures	$ 26,913,122	$ 3,248,498	$ 30,161,620
By object:			
Salaries	$ 17,964,370	$ 1,972,030	$ 19,936,400
Employee benefits	1,765,986	230,109	1,996,095
Contractual services	1,310,042	127,118	1,437,160
General materials and supplies	1,004,207	156,549	1,160,756
Library materials**	13,699	-	13,699
Conference and meeting	155,023	5,578	160,601
Fixed charges	15,365	654	16,019
Utilities	4,500	756,225	760,725
Capital outlay	15,555	-	15,555
Other	48,290	235	48,525
Scholarships, student grants and waivers**	3,483,951	-	3,483,951
Total direct expenditures	25,780,988	3,248,498	29,029,486
On-behalf payments	11,989,212	-	11,989,212
Total expenditures	37,770,200	3,248,498	41,018,698
Less non-operating items:*			
Chargeback	7,223	-	7,223
Transfers to non-operating funds	1,124,911	-	1,124,911
On-behalf payments	(11,989,212)	-	(11,989,212)
Adjusted expenditures	$ 26,913,122	$ 3,248,498	$ 30,161,620

**Non-add line

* Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

John A. Logan College **Schedule 6**
Community College District No. 530

Restricted Purposes Fund Revenues and Expenditures
Uniform Financial Statement #4
Year Ended June 30, 2016

	Restricted Purposes Fund
Revenues by Source	
State government:	
ICCB - Adult Education	$ 34,161
ICCB - Other	203,193
Other	326,656
Total state government	564,010
Federal government:	
Department of Education	7,144,496
Dept. of Labor	36,898
Department of Health and Human Services	1,307,184
Other	340,302
Total Federal government	8,828,880
Other sources:	
Bond proceeds	5,118,416
Other	2,011,844
Total other sources	7,130,260
Transfers	3,425
Total restricted purposes fund revenues	$ 16,526,575
Expenditures by program	
Instruction	$ 629,742
Academic support	166,995
Student services	419,292
Public service/continuing education	1,788,995
Operations and maintenance	1,017
Institutional support	1,821,262
Scholarships, student grants, and waivers	6,535,171
Total restricted purposes fund expenditures	$ 11,362,474
Expenditures by object	
Salaries	$ 1,473,501
Employee benefits	678,151
Contractual services	1,423,173
General materials and supplies	240,985
Travel and conference/meeting	90,411
Fixed charges	84,455
Utilities	13,423
Capital outlay	55,698
Other	7,302,677
Scholarships, student grants, and waivers**	6,462,469
Total restricted purposes fund expenditures	$ 11,362,474

**Non-add line

John A. Logan College **Schedule 7**
Community College District No. 530

Current Funds * Expenditures by Activity
Uniform Financial Statement #5
Year Ended June 30, 2016

Instruction	
Instructional programs	$ 11,793,401
Other	143,661
Total instruction	11,937,062
Academic support	
Library center	300,433
Instructional materials center	214,028
Academic administration and planning	1,476,178
Other	170,894
Total academic support	2,161,533
Student Services	
Admissions and records	576,935
Counseling and career guidance	1,691,864
Financial aid administration	473,798
Other	578,347
Total student services support	3,320,944
Public service/continuing education	
Community education	993,464
Community services	2,497,940
Other	461
Total public service/continuing education	3,491,865
Auxiliary services	1,158,189
Operations and maintenance of plant	
Maintenance	657,347
Custodial	1,412,245
Grounds	254,155
Campus security	693,695
Transportation	7,495
Plant utilities	756,225
Total operations and maintenance of plant	3,781,162
Institutional support	
Executive management	1,306,999
Fiscal operations	865,620
Community relations	799,592
Administrative support services	469,404
Board of trustees	39,474
General institution	1,888,496
Institutional research	397,539
Administrative data processing	2,410,968
Other	18,985
Total institutional support	8,197,077
Scholarships, student grants, and waivers	10,357,570
Total current funds expenditures	$ 44,405,402

*Current funds include the education; operations and maintenance; auxiliary enterprises; restricted purposes; audit; liability, protection, and settlement; and PBC operations and maintenance funds.

John A. Logan College
Community College District No. 530

Schedule 8

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the Year Ended June 30, 2016

Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)

	Summer		Fall		Spring		Total (Note 3)	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories (Notes 1 & 2)								
Baccalaureate	4,671.0	6.00	21,821.0	29.0	22,504.5	266.0	48,996.5	301.0
Business occupational	559.0	614.5	2,992.0	1,250.5	4,155.5	1,788.0	7,706.5	3,653.0
Technical occupational	662.0	159.5	5,443.0	389.5	6,357.0	841.5	12,462.0	1,390.5
Health occupational	2,278.0	42.5	7,142.5	257.0	6,842.0	554.0	16,262.5	853.5
Remedial developmental	274.0	-	1,916.0	-	1,294.0	-	3,484.0	-
Adult basic/secondary education	431.0	147.5	1,334.0	682.5	1,655.0	622.0	3,420.0	1,452.0
Total	8,875.0	970.0	40,648.5	2,608.5	42,808.0	4,071.5	92,331.5	7,650.0

Note 1) Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note 2) Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note 3) Total of unrestricted and restricted should equal the SU and SR record totals.

	Attending In-District	Attending Out-of District on Chargeback or Contractual Agreement	Total
Reimbursable Semester Credit Hours (All Terms)	87,065.5	7,326.0	94,391.5

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	5,853.0	1,980.0

District Prior Year Equalized Assessed Valuation $ 1,806,195,413

See accompanying independent accountant's report on the schedule of enrollment data and other bases upon which claims were filed.

Signatures

Chief Executive Officer (CEO)

Chief Fiscal Officer (CFO)

John A. Logan College
Community College District No. 530

Schedule 9

Reconciliation of Total Semester Credit Hours
For the Year Ended June 30, 2016

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	48,996.5	48,996.5	-	301.0	301.0	-
Business occupational	7,706.5	7,706.5	-	3,653.0	3,653.0	-
Technical occupational	12,462.0	12,462.0	-	1,390.5	1,390.5	-
Health occupational	16,262.5	16,262.5	-	853.5	853.5	-
Remedial developmental	3,484.0	3,484.0	-	-	-	-
Adult basic/secondary education	3,420.0	3,420.0	-	1,452.0	1,452.0	-
Total	92,331.5	92,331.5	-	7,650.0	7,650.0	-

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

	Total Attending (Unrestricted and Restricted)	Total Attending As Certified To The ICCB	Difference
Reimbursable in-district residents	87,065.5	87,065.5	-
Reimbursable out-of-district on Chargeback or contractual agreement	7,326.0	7,326.0	-
Total	94,391.5	94,391.5	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	5,853.0	5,853.0	-
Dual enrollment	1,980.0	1,980.0	-
Total	7,833.0	7,833.0	-

In-District Student

Description: A student who has lived in Franklin, Jackson, Perry, Randolph, or Williamson counties for at least 30 days prior to the beginning of the semester.

Residency Code: In-district

Acceptable Documentation: Includes driver's license, voter registration card, or a property tax statement, and the proof must show an in-district address.

If none of the above items are available, the student may establish proof of in-district residency by providing a notarized statement signed by the student and his/her parents stating that the student's residence is within the boundaries of the district. In the event that parents are not appropriate or available as co-signers on a notarized statement, such a statement can be co-signed by a city clerk or the county clerk in the city or county where the student has a permanent address.

Tuition Charge: Current in-district tuition charge

Student Employed Full-Time in the District

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

Residency Code: Out-of-district

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

Tuition Charge: Current in-district tuition charge

Out-of-District Student

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

Residency Code: Out-of-district

Acceptable Documentation: Includes driver's license, voter registration card, or property tax statement.

Tuition Charge: Current out-of-district tuition charge

Chargeback Student

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

Residency Code: Out-of-district

Acceptable Documentation: A signed chargeback agreement from the home community college.

Tuition Charge: Current out-of-district tuition charge, but a waiver is processed for the difference between in-district and out-of-district

Reciprocal Agreement Student

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

Residency Code: Out-of-district

Acceptable Documentation: A letter of reciprocity from the home community college.

Tuition Charge: Current in-district tuition charge

Out-of-State Student

Description: A student who lives outside the State of Illinois.

Residency Code: Out-of-state

Acceptable documentation: None is required.

Tuition Charge: Current out-of-state tuition charge

International Student

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

Residency Code: Foreign

Acceptable Documentation: None, other than the typical international student admission paperwork which is completed with the Director of Counseling.

Tuition Charge: Current out-of-state tuition charge

International Athlete

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

Residency Code: Foreign

Acceptable Documentation: None, other than the typical international student admission paperwork which is completed with the Director of Counseling.

Tuition Charge: Current in-district tuition charge

International Student with U.S. In-District Sponsor

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

Residency Code: Out-of-country

Acceptable Documentation: A signed letter from an in-district resident verifying financial sponsorship.

Tuition Charge: Current in-district tuition charge

State Compliance Section

Independent Auditor's Report on
The Grant Program Financial Statements

To the Board of Trustees
John A. Logan College
Community College District No. 530
Carterville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education Grant Program (State Performance) and Early School Leavers Grant Program (collectively, the Grant Programs) of the John A. Logan College, Community College District No. 530 (the College) as of and for the year ended June 30, 2016 and the related notes to grant program financial statements, which collectively comprise the College's grant program 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 grant program 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College's State Adult Education Grant Program (State Performance) and Early School Leavers Grant Program as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not, present the financial position of the College as of June 30, 2016, or the changes in financial 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 Matters
Our audit was conducted for the purpose of forming an opinion on the grant program financial statements of the College. The ICCB Compliance Statement on page 70 is presented for purposes of additional analysis and is not a required part of the grant program financial statements.

The ICCB Compliance Statement on page 70 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Grant Programs' financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Grant Programs' financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the ICCB Compliance Statement on page 70 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

RSM US LLP

Springfield, Illinois
October 14, 2016

RSM

RSM US LLP

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Grant Program Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Trustees
John A. Logan College
Community College District No. 530
Carterville, Illinois

We have audited, 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, the financial statements of the State Adult Education Grant Program (State Performance) and Early School Leavers Grant Program (collectively, the Grant Programs) of the John A. Logan College, Community College District No. 530 (the College) as of and for the year ended June 30, 2016, and the related notes to the financial statements – grant programs, and have issued our report thereon dated October 14, 2016. The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of the College as of June 30, 2016, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting
In planning and performing our audit of the grant program financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the grant program financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

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

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

RSM US LLP

Springfield, Illinois
October 14, 2016

John A. Logan College
Community College District No. 530

State Adult Education Grant Program (State Performance)

Balance Sheet
June 30, 2016

Assets		
Current assets:		
Accounts receivable	$	34,161
Total assets	$	34,161
Liabilities and Fund Balance		
Current liabilities:		
Due to John A. Logan College	$	34,161
Total liabilities		34,161
Fund balance		-
Total liabilities and fund balance	$	34,161

See accompanying notes to grant program financial statements.

John A. Logan College
Community College District No. 530

State Adult Education Grant Program (State Performance)

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2016

Revenues	
State Sources	$ 34,161
Expenditures by program	
Instruction	830
Social work services	21,123
Guidance services	12,157
Subtotal instructional and student services	34,110
Program support	
Data and information services	51
Subtotal program support	51
Total expenditures	34,161
Excess of revenues Over expenditures	-
Fund balance, July 1, 2015	-
Fund balance, June 30, 2016	$ -

See accompanying notes to grant program financial statements.

John A. Logan College
Community College District No. 530

ICCB Compliance Statement for the Adult Education Grant

Expenditure Amounts and Percentages for ICCB Grant Funds Only
For the Year Ended June 30, 2016

		Expenditure Amount	Actual Expenditure Percentage
State Basic			
Instruction (45% minimum required)	$	34,110	99.85%
General administration (15% maximum allowed)	$	51	0.15%

See accompanying notes to grant program financial statements.

John A. Logan College
Community College District No. 530

Early School Leavers Grant Program

Balance Sheet
June 30, 2016

Assets		
Current assets:		
Accounts receivable	$	30,694
Total assets	$	30,694
Liabilities and Fund Balance		
Current liabilities:		
Due to John A. Logan College	$	30,694
Total liabilities		30,694
Fund balance		-
Total liabilities and fund balance	$	30,694

See accompanying notes to grant program financial statements.

John A. Logan College
Community College District No. 530

Early School Leavers Grant Program

Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2016

Revenues	
State sources	$ 30,694
Expenditures	
Instruction salaries	30,694
Excess of revenues Over expenditures	-
Fund balance, July 1, 2015	-
Fund balance, June 30, 2016	$ -

See accompanying notes to grant program financial statements.

Note 1. Program Descriptions

The College is responsible for administering the programs listed below in accordance with "'Policy Guidelines for Restricted Grant Expenditures and Reporting" set forth by ICCB in its Fiscal Management Manual. Program funds are accounted for in the College's current restricted fund.

State Adult Education Grant Programs: The ICCB awards funding to eligible applicants to develop, implement and improve adult education and literacy activities. The provider must use the grant to establish or operate programs that provide services or instruction in one or more of the following categories:

- Adult education and literacy services (including workplace)
- Family literacy services
- English literacy programs
-

The ICCB provides funding for Adult Education and Family Literacy from State and Federal sources. State funds include three categories: (1) State Basic, (2) State Public Assistance, and (3) State Performance. Federal funds include two categories: (1) Federal Basic and (2) Federal EL/Civics. Funding is allocated through a competitive process. The funding source determines the applicable statutory regulations, policies, and guidelines, including allowable costs. State Performance – Grants are awarded to Adult Education and Family Literacy providers based upon performance outcomes.

Early School Leavers Grant Program: The Early School Leavers Grant is to provide opportunities for youth aged 16 – 21 years to re-engage in the completion of their secondary education and receipt of either the GED credential or a high school diploma, while receiving intensive career services.

Note 2. Summary of Significant Accounting Policies

Basis of accounting: These grants program financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Expenditures are reported when services are rendered, or when goods are received.

Grant revenues are reported in these grant program financial statements when allowable grant expenditures are made. Expenditures are allowable if they comply with "Policy Guidelines for Restricted Grant Expenditures and Reporting" set forth in the ICCB's *Fiscal Management Manual*. Grant funds should be accounted for in the same period as in the credit hour claiming process.

A receivable is recorded for the funds to be received from the ICCB at June 30, 2016 for reimbursement of the allowable expenditures incurred during the fiscal year. Due to other funds represent the amount to be reimbursed to other funds for the use of the other funds' resources to pay for the expenses incurred.

The grant funds shall be expended or obligated prior to June 30 each year, the last day of the fiscal year. Grant funds should be accounted for in the same period as in the credit hour claiming process. Unexpended funds shall be returned to ICCB by October 15 following the end of the fiscal year. These grant program financial statements cover only the State Adult Education and the Early School Leavers programs. It is not intended to, and does not; present the financial position or results of operations the College in its entirety.

Cash held by John A. Logan College: To facilitate sound management, substantially all grant program cash for the State Adult Education and Early School Leavers programs are pooled with the College.

Note 2. Summary of Significant Accounting Policies (continued)

Accounts receivable: A receivable is recorded for the funds to be received from the ICCB at June 30, 2016 for reimbursement of the allowable expenditures incurred during the fiscal year.

Due to John A. Logan College: Due to John A. Logan College represent the amount to be reimbursed to the College for the use of resources to pay for the expenses incurred.

Capital assets: Acquisitions of capital assets, if any, are reported as capital assets in the College's financial statements. There were no capital assets purchased with grant funds during fiscal year ended June 30, 2016.

Uses of Estimates: The preparation of the grant program financial statements in conformity with accounting principles generally accepted in the United States of America requires sound management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

Illinois Department of Human Services Section

Independent Auditor's Report on Illinois Department of Human Services Grant Report

To the Board of Trustees
John A. Logan College
Community College District No. 530
Carterville, Illinois

We have audited the basic financial statements of John A. Logan Community College District No. 530, as of and for the year ended June 30, 2016, and our report thereon dated October 14, 2016, which expressed an unmodified opinion on those financial statements appears on pages 1-2. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Illinois Department of Human Services Grant Report for the year ended June 30, 2016 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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.

RSM US LLP

Springfield, Illinois
October 14, 2016

State of Illinois
Department of Human Services

Grant Allowable Cost Summary

GRANT REPORT for the period July 1 through June 30, 2016

AGENCY NAME: John A Logan College No. 530 FEIN: 37-0905504

		DHS GRANT - FUNDED SERVICES					All other Programs	Mgmt. & General	Total
		Program 1	Program 2	Program 3	Program 4	Program 5			
	Program Name/Number/Contract Number/Other Identification	FCSUI00640 BCCD-CCRR	FCSUI03562 BCCD-RTTELC						
A	Direct Program expenses	1,164,519	89,748				9,671,752	281,727	11,207,746
B	Allocate Management and General Costs (Note 1)	159,363	11,291				111,073	- 281,727	-0-
C	SUBTOTAL A & B	1,323,882	101,039				9,782,825	-0-	11,207,746
D	Subtract Unallowable costs per page 2								
E	Add other approved uses (attach documentation)								
F	TOTAL Allowable costs								
G	Special provisions (see instructions)								
H	Interest Earned (see instructions)	232	0						

NOTE 1: Management and General costs are allocated based on: ☐ direct salaries, ☒ total direct costs, ☐ other basis (attach explanation).

State of Illinois - Department of Human Services

UNALLOWABLE COST REPORT

Agency Name: John A. Logan College FEIN: 37-0906504

Program Name/Number/Contract Number	DHS Grant-Funded Services				
	Program 1	Program 2	Program 3	Program 4	Program 5
	FCSUI00640 BCCD-CCRR	FCSUI03582 BCCD-RTTELC			
Unallowable Costs (see Instructions)					
Compensation of Governing Body					
Entertainment					
Association Dues					
Meetings and Conventions					
Fundraising					
Bad Debt					
Charity and Grants					
Unallowable Interest					
Inventories					
Depreciation of DHS-funded Assets					
Cost of Production					
In-Kind Expenses					
Alcoholic Beverages					
Personal Automobile					
Fines and Penalties					
Personal Use Items					
Lobbying					
Unallowable Relocation					
Gratuities		0	0		
Political Contributions					
Related Party Transactions					
Costs Where a Conflict of Interest Exists					
Unallowable Cost if Program is Federally Funded or Cost Restricted by Contract (See Instructions)					
Explain:					
Explain:					
Total Unallowable Costs (to line D of Grant Report) - See below if None					

If no unallowable costs are listed, sign and date as follows:

I certify that no unallowable costs are included in either direct costs or allocated Management and General costs on the Grant Report.

Signature: [signature] Date: 10-12-16

Printed Name and Title: Brad McCormick VP Business Services & College Facilities

Reset Form

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