# John A. Logan College
# Community College District No. 530

Carterville, Illinois

Annual Financial Report and Single
Audit Reports
June 30, 2017

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RSM US LLP

# Independent Auditor's Report

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, 2017, 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, 2017, 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 Supplemental Information 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 7), 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 Supplemental Information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2017 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 16, 2017

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**
**JUNE 30, 2017**
**(Unaudited)**

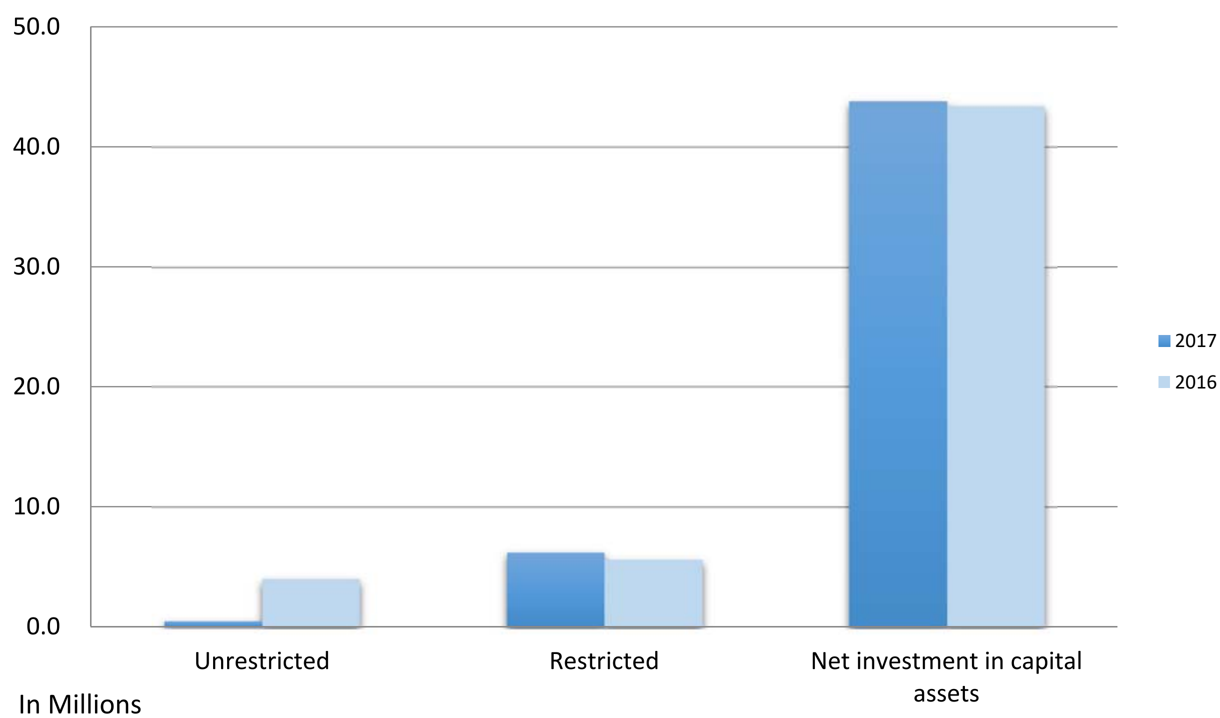
This section of John A. Logan College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2017. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and 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 18-45). 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 (pages 10-17) 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**

**Comparison of Net Position Fiscal Years 2017 and 2016**



As of June 30, 2017, the College's net position decreased to $50.5 million from $53.0 million at June 30, 2016. While total revenues increased $1.3 million largely due to an increase in state funding and local property taxes, expenses decreased by $2.9 million mainly due to a decrease in Construction related expenses, decreased Instructional salaries and benefits, and a decrease in Institutional Support contractual expenses related to the College's ERP system. These figures are excluding the SURS On-behalf figures.

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

**Net Position**
**(in millions)**

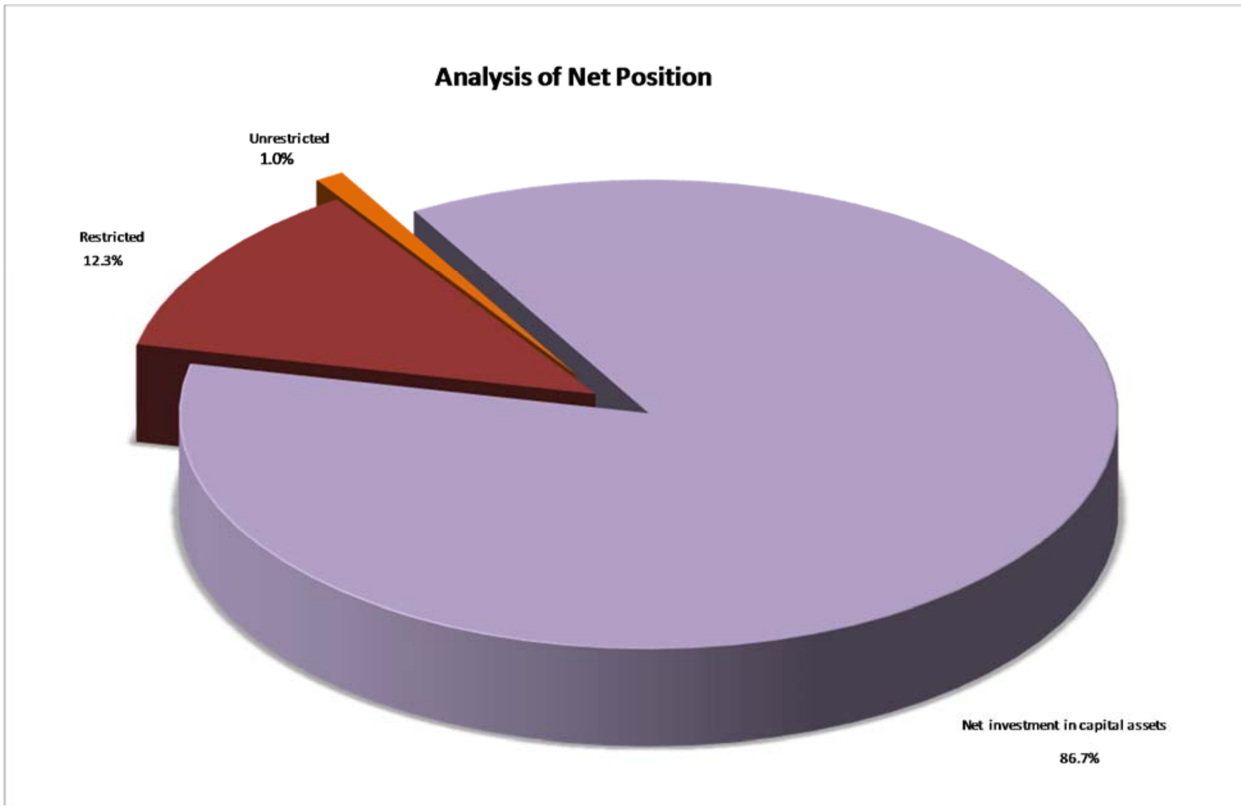
| ASSETS | 2017 | 2016 | Increase (Decrease) | Percent Change |
|---|---|---|---|---|
| Current | | | | |
| Current assets | $ 18.8 | $ 22.3 | $ (3.5) | (15.7) |
| Non-Current | | | | |
| Restricted assets | 13.9 | 8.5 | 5.4 | 63.5 |
| Capital assets, net | 64.1 | 65.4 | (1.3) | (2.0) |
| Total assets | 96.8 | 96.2 | 0.6 | 0.6 |
| **DEFERRED OUTFLOWS OF RESOURCES** | 0.7 | 0.2 | 0.5 | 250.0 |
| **LIABILITIES** | | | | |
| Current liabilities | 7.2 | 8.0 | (0.8) | (10.0) |
| Non-current liabilities | 33.9 | 29.7 | 4.2 | 14.1 |
| Total liabilities | 41.1 | 37.7 | 3.4 | 9.0 |
| **DEFERRED INFLOWS OF RESOURCES** | 5.9 | 5.7 | 0.2 | 3.5 |
| **NET ASSETS** | | | | |
| Net investment in capital assets | 43.8 | 43.4 | 0.4 | 0.9 |
| Restricted | 6.2 | 5.6 | 0.6 | 10.7 |
| Unrestricted | 0.5 | 4.0 | (3.5) | (87.5) |
| Total net assets | $ 50.5 | $ 53.0 | $ (2.5) | (4.7) |

This schedule is prepared from the College's statement of net position (pages 10-11) 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 and GASB 68 reporting and property tax deferrals.

Current assets decreased $3.5 million largely due to a drop in cash and cash equivalents that can be attributable to the state budget impasse which led to the use of current assets for operational needs during fiscal year 2017. The State appropriated an additional $4.3 million in funding on July 6, 2017 that was not able to be recognized as a receivable at June 30, 2017. Total non-current assets increased by $0.6 million.

Current liabilities decreased $0.8 million due to decreases in accounts payable and accrued expenses. Non-current liabilities increased $4.2 million as a result of a new debt issuance.

The following is a graphic illustration of net position:




**Capital Assets, Net**
**(in millions)**

| CAPITAL ASSETS | Capital Assets 2017 | Capital Assets 2016 | Increase (Decrease) | Percent Change |
|---|---|---|---|---|
| Site | $ 0.3 | $ 0.3 | $ 0.0 | 0.0 |
| Site improvement | 1.3 | 1.3 | 0.0 | 0.0 |
| Buildings, additions and improvements | 91.6 | 90.6 | 1.0 | 1.1 |
| Equipment | 10.1 | 9.5 | 0.6 | 6.3 |
| Total cost | 103.3 | 101.7 | 1.6 | 1.6 |
| Less accumulated depreciation | 39.2 | 36.3 | 2.9 | 8.0 |
| Capital assets, net | $ 64.1 | $ 65.4 | $ (1.3) | (2.0) |

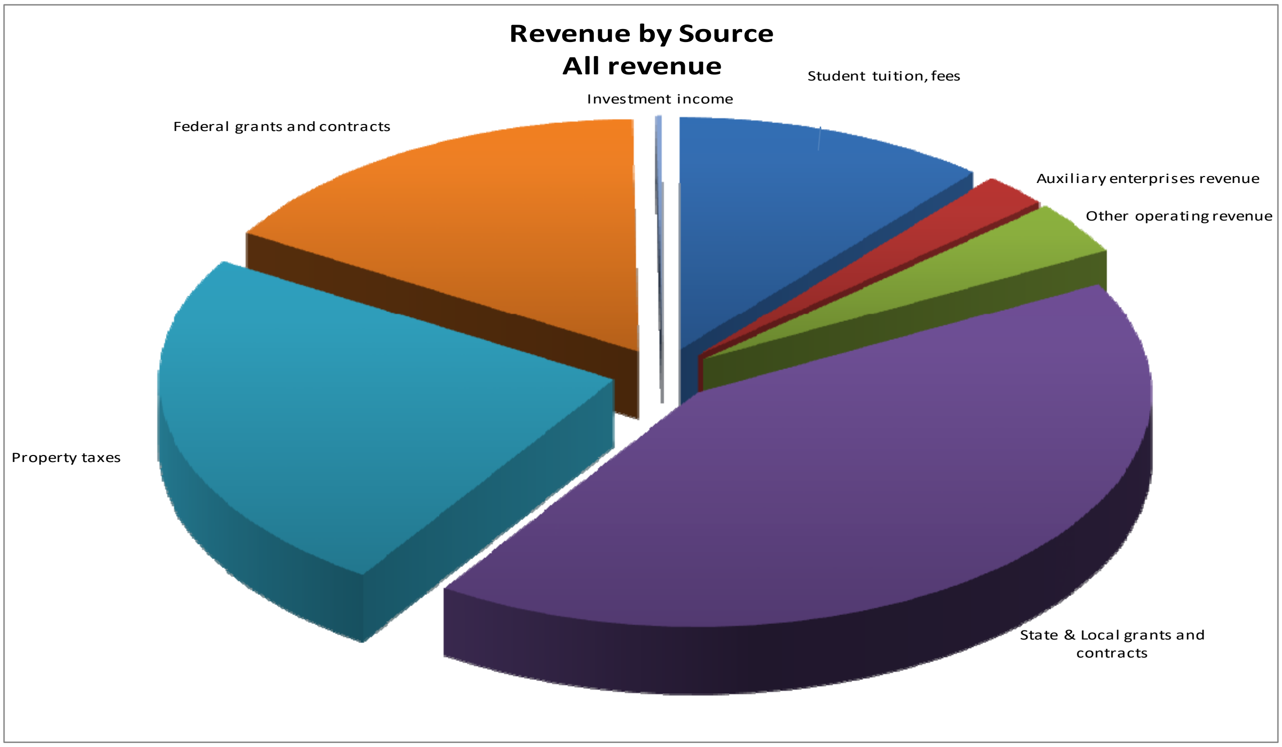
The College completed $152,342 for auditorium lighting and $85,470 for the completion of the grounds storage roof and electrical work. Another $623,528 and $505,638 are for renovation projects related to the CHEC building J and HVAC and water heating in buildings A, C, and G. There are currently no other 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** | 2017 | 2016 | Increase (Decrease) | Percent Change |
|---|---|---|---|---|
| **OPERATING REVENUES** | | | | |
| Student tuition and fees | $ 5.7 | $ 7.0 | $ (1.3) | (18.6) |
| Auxiliary enterprises revenue | 1.2 | 0.8 | 0.4 | 50.0 |
| Other operating revenue | 1.9 | 1.2 | 0.7 | 58.3 |
| Total operating revenues | 8.8 | 9.0 | (0.2) | (2.2) |
| Less operating expenses | 53.7 | 53.7 | 0.0 | 0.0 |
| Net operating income (loss) | (44.9) | (44.7) | (0.2) | 0.4 |
| **NON-OPERATING REVENUES (EXPENSES)** | | | | |
| State and local grants and contracts | 21.5 | 17.4 | 4.1 | 23.6 |
| Property taxes | 12.4 | 11.7 | 0.7 | 6.0 |
| Federal grants and contracts | 8.3 | 8.8 | (0.5) | (5.7) |
| Nongovernmental gifts, grants, and bequests | 0.1 | 0.1 | 0.0 | 0.0 |
| Interest income | 0.1 | 0.0 | 0.1 | 100.0 |
| Bond interest expense | 0.0 | 0.0 | 0.0 | 0.0 |
| Non-operating revenues, net | 42.4 | 38.0 | 4.4 | 11.6 |
| Net income (loss) | $ (2.5) | $ (6.7) | $ 4.2 | 62.7 |

**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**
**JUNE 30, 2017**

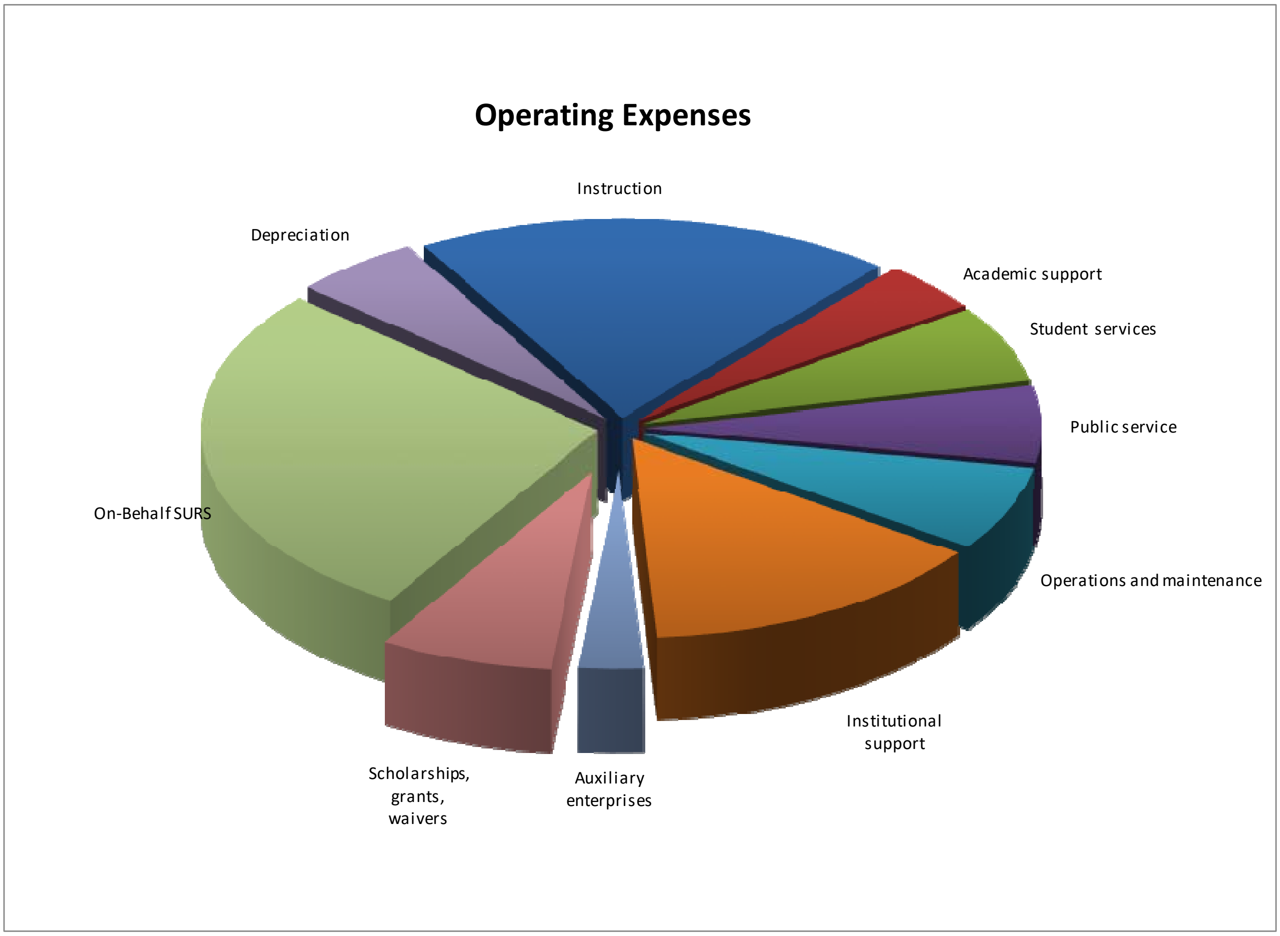
The following is a graphic illustration of revenues by source:




**Operating Expenses**
**(in millions)**

| EXPENSES | 2017 | 2016 | Increase (Decrease) | Percent Change |
|---|---|---|---|---|
| Operating expenses: | | | | |
| Instruction | $10.5 | $11.7 | (1.2) | (10.3) |
| Academic support | 2.2 | 2.2 | 0.0 | 0.0 |
| Student services | 3.4 | 3.3 | 0.1 | 3.0 |
| Public service | 3.3 | 3.5 | (0.2) | (5.7) |
| Operations and maintenance | 3.7 | 3.8 | (0.1) | (2.6) |
| Institutional support | 7.7 | 9.2 | (1.5) | (16.3) |
| Auxiliary enterprises | 1.4 | 1.1 | 0.3 | 27.3 |
| Scholarship, student grants, and waivers | 3.8 | 4.1 | (0.3) | (7.3) |
| On-behalf SURS | 14.9 | 12.0 | 2.9 | 24.2 |
| Depreciation | 2.8 | 2.8 | 0.0 | 0.0 |
| Total operating expenses | $53.7 | $53.7 | $ 0.0 | 0.0 |

The following is a graphic illustration of operating expenses:




Operating expenses at June 30, 2017, remained the same as compared to fiscal year 2016. There was a $2.9 million increase in payments made by the State of Illinois, on behalf of the College, for the State Universities Retirement System (SURS). Net of the SURS On-behalf payments, operating expenses decreased by $2.9 million - largely due to decreases in Instructional salaries and benefits as well as Institutional Support contractual payments. Decreases in these areas were $1.2 million and $1.5 million, respectively. Contractual decreases were seen in construction expenses and ERP related expenses.

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

| | |
|---|---|
| Debt payable, July 1, 2016 | $ 26,884,137 |
| Debt issued | 18,765,000 |
| Debt retired | (1,864,713) |
| Refunded amount | (14,615,000) |
| Debt payable, June 30, 2017 | $ 29,169,424 |

The College issued two debt series in FY 2017: Series 2017A ($13.3 million) and Series 2017B ($5.5 million). The College made principal payments during the fiscal year of $1,864,713 and utilized proceeds from the Series 2017A to retire $14.6 million of the Series 2007 bonds.

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

**Statement of Net Position**
**June 30, 2017**

| | | |
|---|---|---|
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | $ | 3,550,146 |
| Receivables: | | |
| Property taxes | | 11,860,281 |
| Governmental claims | | 758,484 |
| Tuition and fees, net of allowance for doubtful accounts of $1,800,600 | | 1,588,854 |
| Other | | 172,245 |
| Inventories | | 9,772 |
| Prepaid expenses | | 923,169 |
| Total current assets | | 18,862,951 |
| Non-current assets: | | |
| Restricted cash and cash equivalents | | 13,892,925 |
| Capital assets | | 103,239,098 |
| Less accumulated depreciation | | (39,165,416) |
| Total non-current assets | | 77,966,607 |
| **Total assets** | | 96,829,558 |
| **Deferred Outflows of Resources** | | |
| Federal, trust, or grant pension contributions | | 161,062 |
| Deferred loss on refunded bonds payable | | 559,628 |
| Total deferred outflows of resources | | 720,690 |

(Continued)

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

**Statement of Net Position (Continued)**
**June 30, 2017**

| | | |
|---|---|---|
| **Liabilities:** | | |
| Current liabilities: | | |
| Accounts payable | $ | 278,306 |
| Accrued expenses | | 3,463,359 |
| Unearned revenue - tuition and fees | | 824,231 |
| Unearned revenue - SIHS agreement | | 316,527 |
| Deposits held in custody | | 66,047 |
| Accrued bond interest | | 170,791 |
| Lease-purchase payable, current | | 199,712 |
| Bonds payable, current | | 1,660,000 |
| ICCB reimbursement, current | | 258,626 |
| Total current liabilities | | 7,237,599 |
| Non-current liabilities: | | |
| Post-retirement benefit obligation | | 3,193,185 |
| Lease-purchase payable, long-term portion | | 199,712 |
| Bonds payable, long-term portion, net of unamortized discount/premium of $1,995,506 | | 29,105,506 |
| ICCB reimbursement, long-term portion | | 1,396,343 |
| Total non-current liabilities | | 33,894,746 |
| **Total liabilities** | | 41,132,345 |
| **Deferred Inflows of Resources** | | |
| Property taxes | | 5,870,770 |
| Total deferred outflows of resources | | 5,870,770 |
| **Net position** | | |
| Net investment in capital assets | | 43,833,379 |
| Restricted for: | | |
| Expendable: | | |
| Debt service | | 1,226,427 |
| Capital projects | | 1,581,671 |
| Liability protection | | 1,312,037 |
| Working cash | | 2,035,404 |
| Other | | 71,871 |
| Unrestricted | | 486,344 |
| Total net position | $ | 50,547,133 |

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, 2017**

| | | |
|---|---|---|
| **Revenues** | | |
| Operating revenues: | | |
| Student tuition and fees, net of scholarship allowances of $6,292,176 | $ | 5,715,225 |
| Auxiliary enterprise | | 1,175,837 |
| Other | | 1,888,128 |
| **Total operating revenues** | | 8,779,190 |
| **Expenses** | | |
| Operating expenses: | | |
| Instruction | | 10,536,143 |
| Academic support | | 2,155,151 |
| Student services | | 3,408,258 |
| Public service/continuing education | | 3,307,610 |
| Operation and maintenance of plant | | 3,697,890 |
| Institutional support | | 7,698,976 |
| Auxiliary enterprise | | 1,363,308 |
| Scholarships, student grants, and waivers | | 3,774,026 |
| On-behalf - State Universities Retirement System | | 14,887,012 |
| Depreciation | | 2,835,607 |
| **Total operating expenses** | | 53,663,981 |
| **Operating loss** | | (44,884,791) |
| **Non-operating revenues (expenses)** | | |
| Property taxes | | 11,699,905 |
| Corporate personal property replacement taxes and chargebacks | | 673,385 |
| State grants and contracts | | 21,496,285 |
| Federal grants and contracts | | 8,266,275 |
| Nongovernmental gifts, grants and bequests | | 143,289 |
| Interest income | | 120,500 |
| Interest expense | | 13,866 |
| **Total non-operating revenues (expenses)** | | 42,413,505 |
| **Decrease in net position** | | (2,471,286) |
| **Net position, July 1, 2016** | | 53,018,419 |
| **Net position, June 30, 2017** | $ | 50,547,133 |

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, 2017**

| | | |
|---|---|---|
| Cash flows from operating activities: | | |
| Tuition and fees | $ | 6,011,215 |
| Payments to supplier | | (15,301,645) |
| Payments to and benefits for employees | | (20,344,714) |
| Auxiliary enterprise charges | | (187,471) |
| Other receipts | | 2,691,245 |
| **Net cash used in operating activities** | | (27,131,370) |
| Cash flows from noncapital financing activities: | | |
| Property taxes | | 11,437,556 |
| Corporate personal property replacement taxes | | 673,385 |
| Receipt of deposits held in custody | | (20,151) |
| Grants, contracts, gifts and bequests | | 12,932,293 |
| **Net cash provided by noncapital financing activities** | | 25,023,083 |
| Cash flows from capital and related financing activities: | | |
| Capital grants, contracts, gifts, and bequests | | 1,384,573 |
| Interest paid on bonds | | 18,721 |
| Principal paid on lease-purchase agreements | | (199,713) |
| Payment to escrow agent | | (15,198,543) |
| Principal on bonds | | (1,665,000) |
| Proceeds from bond issues | | 20,678,515 |
| Purchases of capital assets | | (1,535,121) |
| **Net cash provided by capital and related financing activities** | | 3,483,432 |
| Cash flows from investing activities | | |
| Interest income | | 120,500 |
| **Net cash provided by investing activities** | | 120,500 |
| Net increase in cash and cash equivalents | | 1,495,645 |
| Cash and cash equivalents, July 1, 2016 | | 15,947,426 |
| Cash and cash equivalents, June 30, 2017 | $ | 17,443,071 |

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

**Statement of Cash Flows (Continued)**
**For the Year Ended June 30, 2017**

| | | |
|---|---|---|
| Reconciliation of operating loss to net | | |
| cash used in operating activites: | | |
| Operating loss | $ | (44,884,791) |
| | | |
| Adjustments to reconcile operating loss to net | | |
| cash used in operating activities | | |
| Depreciation expense | | 2,835,607 |
| On-behalf - State Universities Retirement System | | 14,887,012 |
| Bad debt expense | | 361,429 |
| Amortization expense | | (18,721) |
| Changes in assets and liabilities | | |
| Tuition and fees receivables | | (153,339) |
| Other receivables | | 803,117 |
| Inventories | | 3,323 |
| Prepaid expenses | | (320,475) |
| Federal, trust, or grant pension contributions | | 6,173 |
| Post-retirement benefit obligation | | (77,551) |
| Accounts payable | | (248,525) |
| Accrued expenses | | (340,862) |
| Unearned tuition and fees | | 87,900 |
| Unearned revenue - SIHS agreement | | (71,667) |
| **Net cash used in operating activities** | $ | (27,131,370) |

See accompanying notes to basic financial statements.

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

**Statement of Net Position**
**Year Ended June 30, 2017**

| | | |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ | 1,141,951 |
| Contributions receivable | | 6,500 |
| Prepaid expenses and other assets | | 6,059 |
| Investments | | 6,005,215 |
| Total assets | $ | 7,159,725 |
| **Liabilities and Net Assets** | | |
| Liabilities: | | |
| Accounts payable | $ | 11,379 |
| Net assets: | | |
| Unrestricted | | 1,672,022 |
| Temporarily restricted | | 1,802,238 |
| Permanently restricted | | 3,674,086 |
| Total net assets | | 7,148,346 |
| Total liabilities and net assets | $ | 7,159,725 |

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, 2017**

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Revenue and other support: | | | | |
| Contributions | $ 244,775 | $ 461,346 | $ 10,000 | $ 716,121 |
| Special events, net of expenses of $19,272 | 39,401 | (1,382) | - | 38,019 |
| Net assets released from restrictions | 534,086 | (534,086) | - | - |
| Total public support | 818,262 | (74,122) | 10,000 | 754,140 |
| Investment return: | | | | |
| Dividends and interest | 27,596 | 87,179 | - | 114,775 |
| Net unrealized gain on investments held | 65,521 | 186,710 | - | 252,231 |
| Net realized gain on investments sold | 57,551 | 181,129 | - | 238,680 |
| Total investment return | 150,668 | 455,018 | - | 605,686 |
| Total revenue and other support | 968,930 | 380,896 | 10,000 | 1,359,826 |
| Expenses: | | | | |
| Program services: | | | | |
| Scholarships | 447,947 | - | - | 447,947 |
| Athletics | 32,936 | - | - | 32,936 |
| Other student support | 53,204 | - | - | 53,204 |
| Management and general | 171,095 | - | - | 171,095 |
| Fundraising | 110,329 | - | - | 110,329 |
| Total expenses | 815,511 | - | - | 815,511 |
| Change in net assets | 153,419 | 380,896 | 10,000 | 544,315 |
| **Net assets at beginning of year** | 1,518,603 | 1,421,342 | 3,664,086 | 6,604,031 |
| **Net assets at end of year** | $ 1,672,022 | $ 1,802,238 | $ 3,674,086 | $ 7,148,346 |

See accompanying notes and basic financial statements.

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

**Statement of Cash Flows**
**Year Ended June 30, 2017**

| | |
|---|---|
| Cash flows from operating activities: | |
| Change in net assets | $ 544,315 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | |
| Net realized and unrealized gain on investments | (490,911) |
| Contributions restricted for long-term purposes | (10,000) |
| Changes in assets and liabilities: | |
| Accounts receivable | 94,926 |
| Prepaid expenses and other assets | (4,388) |
| Accounts payable | 1,633 |
| **Net cash provided by operating activities** | 135,575 |
| Cash flows from investing activities: | |
| Proceeds from sales of investments | 3,341,896 |
| Purchase of investments | (3,091,722) |
| **Net cash provided by investing activities** | 250,174 |
| Cash flows from financing activities: | |
| Contributions restricted for long-term purposes | 10,000 |
| **Net cash provided by financing activities** | 10,000 |
| **Net increase in cash and cash equivalents** | 395,749 |
| Cash and cash equivalents, beginning of year | 746,202 |
| Cash and cash equivalents, end of year | $ 1,141,951 |

See accompanying notes to basic 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 (ISDLAF) 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 Illinois Funds and Illinois School District Liquid Asset Fund Plus are external investment pools managed by a Board of Trustees elected from the participating members. The fair value of the College's investments in these funds are the same as the value of the pool shares. Although not subject to direct regulatory oversight, the funds are administered in accordance with the provisions of the Illinois Public Investment Act, 30 ILCS 235.

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.

## Note 1. Summary of Significant Accounting Policies (Continued)

**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.

**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 acquisition 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 intended to finance the subsequent fiscal year.

**Noncurrent liabilities**: Noncurrent liabilities include principal amounts of bond and lease-purchase obligations with maturities greater than one year, the long-term portion of the ICCB reimbursement payable, and net post-employment benefit obligations.

**Note 1. Summary of Significant Accounting Policies (Continued)**

**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 7 for additional discussion.

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

*Net Investment in Capital Assets*

This represents the College's total investment in capital assets, net of accumulated depreciation and deferred refunding losses, 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. Legal level of budgetary control is at the fund level.

**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.

## Note 1. Summary of Significant Accounting Policies (Continued)

**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.

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. 83, *Certain Asset Retirement Obligations*, will be effective for the College beginning with its year ended June 30, 2019. This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

GASB Statement No. 84, *Fiduciary Activities*, will be effective for the College beginning with its year ended June 30, 2020. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

GASB Statement No. 85, *Omnibus 2017*, will be effective for the College beginning with its year ended June 30, 2018. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits).

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, will be effective for reporting periods beginning after June 30, 2018. The objective of this statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. This statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to the financial statements for debt that is defeased in substance.

GASB Statement No. 87, *Leases*, will be effective for reporting periods beginning after June 30, 2021. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

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.

## Note 1. Summary of Significant Accounting Policies (Continued)

**Subsequent events**: The College has evaluated subsequent events through October 16, 2017, the date which the financial statements were available to be issued.

## Note 2. Cash and Cash Equivalents

At June 30, 2017, the carrying amount and bank balance of the College's deposits, which does not include cash on hand and petty cash of $1,637 is as follows:

| Institution | Carrying Amount | Bank Balance |
|---|---|---|
| Cash Deposits: | | |
| DuQuoin State Bank | $ 5,086,695 | $ 5,736,441 |
| First Mid Illinois Bank | 16,354 | 10,484 |
| Illinois National Bank | 52,179 | 51,075 |
| Investments: | | |
| Illinois Funds Money Market Fund | 11,050,851 | 11,051,136 |
| Illinois School District Liquid Asset Fund Plus (ISDLAF) | 1,235,355 | 1,235,355 |
| Total cash and cash equivalents | $ 17,441,434 | $ 18,084,491 |

**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, 2017, 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.

The Illinois Funds and ISDLAF are measured at Net Asset Value (NAV) amortized cost. There are no limitations on redemption frequency or redemption notice. Redemption frequency is daily and redemption notice period is 1 day.

**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 and ISDLAF were rated AAAm by Standard and Poor's at June 30, 2017.

## 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 issuer is greater than 5% of the total fixed income investments. At June 30, 2017, 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, 2017. The investment in capital assets is determined by reducing historical cost by accumulated depreciation.

| | July 1, 2016 | Additions | Deletions | June 30, 2017 |
|---|---|---|---|---|
| Historical Cost: | | | | |
| Capital assets not being depreciated: | | | | |
| Site | $ 346,427 | $ - | $ - | $ 346,427 |
| Construction in progress | 307,429 | 219,073 | 277,477 | 249,025 |
| Other | 16,500 | - | - | 16,500 |
| | 670,356 | 219,073 | 277,477 | 611,952 |
| Other capital assets: | | | | |
| Site Improvements | 1,315,876 | - | - | 1,315,876 |
| Buildings and Improvements | 90,306,520 | 861,340 | - | 91,167,860 |
| Equipment | 9,411,225 | 732,185 | - | 10,143,410 |
| | 101,033,621 | 1,593,525 | - | 102,627,146 |
| Total capital assets | 101,703,977 | 1,812,598 | 277,477 | 103,239,098 |
| Less accumulated depreciation: | | | | |
| Other capital assets: | | | | |
| Site Improvements | 667,670 | 111,588 | - | 779,258 |
| Buildings and Improvements | 29,724,945 | 1,812,340 | - | 31,537,285 |
| Equipment | 5,937,194 | 911,679 | - | 6,848,873 |
| | 36,329,809 | 2,835,607 | - | 39,165,416 |
| Capital assets, net | $ 65,374,168 | $ (1,023,009) | $ 277,477 | $ 64,073,682 |

## Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30, 2017:

| | |
|---|---|
| Accrued payroll | $ 1,463,257 |
| Accrued vacation | 1,191,576 |
| Accrued benefits | 155,756 |
| Accrued expenses - other | 652,770 |
| Total accrued expenses | $ 3,463,359 |

## Note 5. Long-Term Obligations

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2017:

| | 2007 Bond Issue | 2014 Bond Issue | 2016 Debt Certificates | 2016 Bond Issue | 2017 Refunding Bonds | 2017 Bond Issue | Leased Purchase Agreement |
|---|---|---|---|---|---|---|---|
| Debt payable, July 1, 2016 | $ 17,095,000 | $ 2,655,000 | $ 1,500,000 | $ 5,035,000 | $ - | $ - | $ 599,137 |
| Debt issued | - | - | - | - | 13,265,000 | 5,500,000 | - |
| Debt retired | (820,000) | (350,000) | (265,000) | (230,000) | - | - | (199,713) |
| Refunded amount | (14,615,000) | - | - | - | - | - | - |
| Debt payable, June 30, 2017 | $ 1,660,000 | $ 2,305,000 | $ 1,235,000 | $ 4,805,000 | $ 13,265,000 | $ 5,500,000 | $ 399,424 |
| Due within one year | $ 730,000 | $ 360,000 | $ 290,000 | $ 280,000 | $ - | $ - | $ 199,712 |

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2017:

| | |
|---|---|
| Debt payable, July 1, 2016 | $ 26,884,137 |
| Debt issued | 18,765,000 |
| Debt retired | (1,864,713) |
| Refunded amount | (14,615,000) |
| Debt payable, June 30, 2017 | $ 29,169,424 |

## 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%

| | Original Outstanding Amount | *Refunded Amount | Principal | Interest | Total |
|---|---|---|---|---|---|
| 2018 | $ 940,000 | $ 210,000 | $ 730,000 | $ 64,750 | $ 794,750 |
| 2019 | 1,070,000 | 140,000 | 930,000 | 23,250 | 953,250 |
| 2020 | 1,195,000 | 1,195,000 | - | - | - |
| 2021 | 1,335,000 | 1,335,000 | - | - | - |
| 2022 | 1,485,000 | 1,485,000 | - | - | - |
| 2023-2026 | 10,250,000 | 10,250,000 | - | - | - |
| | $ 16,275,000 | $ 14,615,000 | $ 1,660,000 | $ 88,000 | $ 1,748,000 |

*Redemption date is December 1, 2017

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 |
|---|---|---|---|
| 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 | 400,000 | 18,300 | 418,300 |
| Thereafter | 410,000 | 6,150 | 834,450 |
| | $ 2,305,000 | $ 211,125 | $ 2,934,425 |

**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 |
|---|---|---|---|
| 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 |
| | $ 1,235,000 | $ 86,925 | $ 1,321,925 |

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 |
|---|---|---|---|
| 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 | 315,000 | 114,685 | 429,685 |
| 2023-2027 | 1,725,000 | 422,969 | 2,147,969 |
| 2028-2031 | 1,595,000 | 119,309 | 1,714,309 |
| | $ 4,805,000 | $ 1,206,003 | $ 6,011,003 |

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)**

Taxable General Obligation Community College Bonds, Series 2017A
Dated: April 25, 2017
Maturity Date: December 1, 2029
Total Issue: $13,265,000
Principal Paid Annually on December 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2018
Interest Rate: 3.25% - 5.00%

| | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ - | $ 705,128 | $ 705,128 |
| 2019 | - | 641,025 | 641,025 |
| 2020 | - | 641,025 | 641,025 |
| 2021 | - | 641,025 | 641,025 |
| 2022 | - | 641,025 | 641,025 |
| 2023-2027 | 7,345,000 | 2,545,500 | 9,890,500 |
| 2028-2030 | 5,920,000 | 338,688 | 6,258,688 |
| | $ 13,265,000 | $ 6,153,416 | $ 19,418,416 |

On April 25, 2017, the College issued General Obligation Bonds with an interest rate ranging from 3.25% to 5.00% to advance refund $14.6 million of outstanding 2007 Government Obligation Bonds with an interest rate ranging from 3.8% to 5.0%. The net proceeds of $13.3 million (after payment of $235,620 in issuance costs) plus an additional $255,648 College funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2007 G.O. Bonds. As a result, a portion of the 2007 G.O. Bonds are considered to be defeased and that portion of the liability has been removed from the general long-term debt account group.

The College advance refunded the 2007 G.O. Bonds to reduce its total debt service payments over the next year by almost $13.3 million and to obtain an economic gain (different between present values of the debt service payments on the old and new debt) of $1.9 million.

## Note 5. Long-Term Obligations (Continued)

Taxable General Obligation Community College Bonds, Series 2017B
Dated: April 25, 2017
Maturity Date: December 1, 2023
Total Issue: $5,500,000
Principal Paid Annually on December 1
Interest Paid Semi-Annually on December 1 and June 1, beginning on December 1, 2018
Interest Rate: 2.05% - 3.04%

| | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ - | $ 159,204 | $ 159,204 |
| 2019 | - | 144,731 | 144,731 |
| 2020 | 1,025,000 | 134,225 | 1,159,225 |
| 2021 | 1,130,000 | 110,724 | 1,240,724 |
| 2022 | 1,245,000 | 80,236 | 1,325,236 |
| 2023-2024 | 2,100,000 | 53,564 | 2,153,564 |
| | $ 5,500,000 | $ 682,684 | $ 6,182,684 |

On April 25, 2017, the College issued Taxable General Obligation Bonds, Series 2017B to increase the working cash fund of the College and pay costs. $5,576,877 was the bond issue of which $76,877 was bond issuance costs with $5,500,000 deposited into the Working Cash Fund.

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 |
|---|---|---|---|
| 2018 | $ 199,712 | $ - | $ 199,712 |
| 2019 | 199,712 | - | 199,712 |
| | $ 399,424 | $ - | $ 399,424 |

### Note 5. Long-Term Obligations (Continued)

At June 30, 2017, the College's future cash flow requirements of long-term debt obligations by fiscal year were as follows:

| | Principal | Interest | Total |
|---|---|---|---|
| 2018 | $ 1,859,712 | $ 1,179,842 | $ 3,039,554 |
| 2019 | 2,089,712 | 1,030,541 | 3,120,253 |
| 2020 | 2,015,000 | 964,635 | 2,979,635 |
| 2021 | 2,150,000 | 912,709 | 3,062,709 |
| 2022 | 1,960,000 | 854,246 | 2,814,246 |
| 2023-2027 | 11,580,000 | 3,028,183 | 14,608,183 |
| 2028-2031 | 7,515,000 | 457,996 | 7,972,996 |
| | $ 29,169,424 | $ 8,428,152 | $ 37,597,576 |

### 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.

As of June 30, 2017, due to the State of Illinois not passing a budget for fiscal year 2017 until July 6, 2017, no payments were made and the entire amount still remained. Payments will begin in fiscal year 2018 with the reduction of future awarded amounts.

### 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 2018 through 2022 as follows:

| | Equalization | Base Operating | Total |
|---|---|---|---|
| 2018 | $ 178,568 | $ 80,058 | $ 258,626 |
| 2019 | 202,084 | 164,521 | 366,605 |
| 2020 | 191,117 | 164,949 | 356,066 |
| 2021 | 112,705 | 147,225 | 259,930 |
| 2022 | 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, 2017, 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 2017 was 12.53% of employee payroll for employees that met the definition of “trust, federal and other funds”. The College contributed $161,062 during fiscal year 2017. 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 the State, 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, 2016, SURS reported a net pension liability (NPL) of $25,965,271,744. The net pension liability was measured as of June 30, 2015.

*Employer Proportionate Share of Net Pension Liability*
The amount of the proportionate share of the net pension liability to be recognized by the College is $0. The proportionate share of the State’s net pension liability associated with the College is $150,631,522 or 0.5801% and this amount should not be recognized in the financial statements. The net pension liability and total pension liability as of June 30, 2016, was determined based on the June 30, 2015, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pension contributions made to SURS during fiscal year 2016.

*Pension Expense*
At June 30, 2016, SURS reported a collective net pension expense of $2,566,164,865.

**Note 7. Defined Benefit Pension Plans (Continued)**

*Employer Proportionate Share of Pension Expense*
The employer proportionate share of collective pension expense should be recognized as on-behalf revenue and matching expense in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2016. As a result, the College recognized on-behalf revenue and pension expense of $14,887,012 for the fiscal year ended June 30, 2017.

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

The SURS Collective Deferred Outflows and Deferred Inflows of Resources are as follows:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Difference between expected and actual experience | $ 14,215,882 | $ 2,298,574 |
| Changes in assumption | 655,463,758 | - |
| Net difference between projected and actual earnings on pension plan investments | 1,431,081,306 | 635,552,976 |
| Total | $ 2,100,760,946 | $ 637,851,550 |

The SURS Collective Deferred Outflows and Deferred Inflows of Resources by year to be recognized as future pension expenses are as follows:

| Year Ending June 30 | Deferred Outflows of Resources |
|---|---|
| 2017 | $ 539,536,680 |
| 2018 | 275,426,885 |
| 2019 | 401,520,624 |
| 2020 | 246,425,207 |
| Total | $ 1,462,909,396 |

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

**Employer Deferral of Fiscal Year 2017 Pension Expense**

The College paid $161,062 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability measurement date of June 30, 2016, and are recognized as deferred outflows of resources as of June 30, 2017.

**Note 7. Defined Benefit Pension Plans (Continued)**

**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, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 2.75% |
| Salary increases | 3.75 to 15.00%, including inflation |
| Investment rate of return | 7.25% beginning with the actuarial valuation as of June 30, 2014 |

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

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

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2016, 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 % | 6.08 % |
| Private equity | 6 | 8.73 |
| Non-U.S. equity | 19 | 6.95 |
| Global equity | 8 | 6.78 |
| Fixed income | 19 | 1.17 |
| Treasury-inflation protected securities | 4 | 1.41 |
| Emerging Market Debt | 3 | 4.44 |
| Real estate REITS | 4 | 5.75 |
| Direct real estate | 6 | 4.62 |
| Commodities | 2 | 4.23 |
| Hedged strategies | 5 | 4.00 |
| Opportunity fund | 1 | 6.54 |
| **Total** | 100 % | 5.09 |
| **Inflation** | | 2.75 |
| **Expected arithmetic return** | | 7.84 % |

**Note 7. Defined Benefit Pension Plans (Continued)**

*Discount Rate.* A single discount rate of 7.010% 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 2.85% (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 it assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.01%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

| 1% Decrease 6.01% | Current Single Discount Rate Assumption 7.01% | 1% Increase 8.01% |
|---|---|---|
| $31,348,831,631 | $25,965,271,744 | $21,502,421,700 |

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 Trustees' resolution, property tax levies passed in November 2015 and November 2016 were allocated fifty% 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 2016 tax year extension has been deferred and will be recorded as revenue in fiscal year 2018. 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% 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 | 2016 Levy Payable in 2017 | 2015 Levy Payable in 2016 |
| Education | 0.30000 | 0.30000 | 0.30000 |
| Operations and maintenance | 0.05000 | 0.05000 | 0.05000 |
| Bond and interest | Unlimited | 0.13314 | 0.13262 |
| Audit | 0.00500 | 0.00264 | 0.00217 |
| Liability, protection, and settlement | Unlimited | 0.09256 | 0.08977 |
| Health, life, and safety | 0.05000 | 0.04001 | 0.04343 |
| Prior year adjustment | Unlimited | (0.00290) | (0.00218) |
| | | 0.61545 | 0.61581 |

## 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, 2017, the annual other post-retirement benefits cost (OPEB) under this plan is $271,031, of which the College actually paid $348,582. This results in an actuarially determined net other post-retirement benefit obligation liability of $3,193,185 as of June 30, 2017. The College issued a bond in fiscal year 2016 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 | $ | 434,376 |
| Interest | | 130,829 |
| Amortization | | (294,174) |
| Annual OPEB cost | | 271,031 |
| Employer contribution | | (348,582) |
| Prior year estimate adjustment | | (77,551) |
| Net OPEB at June 30, 2016 | | 3,270,736 |
| Net OPEB at June 30, 2017 | $ | 3,193,185 |

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017, 2016 and 2015 were as follows:

| Fiscal Year Ending | | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | | Net OPEB Obligation |
|---|---|---|---|---|---|
| 6/30/2017 | $ | 271,031 | 128.61% | $ | 3,193,185 |
| 6/30/2016 | | 182,224 | 186.00% | | 3,270,736 |
| 6/30/2015 | | 283,273 | 120.29% | | 3,541,393 |

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% participation is assumed for all active employees and sixty% 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, 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%.

## 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, 2017, the College recognized $71,667 as revenue with the remaining $316,527 recorded as an 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, 2017, 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 $1,191,576 and $283,768, respectively. The College has accrued this liability.

*Construction in Progress*. At June 30, 2017, the College had construction project commitments totaling $1,101,771. Of these costs, $331,427 is for the building automation system and $270,644 for replacing windows and EIFS in Building E. Another $420,200 and $79,500 are for renovation projects related to the softball pressbox and faculty offices, respectively.

## Note 12. Subsequent Events

On July 6, 2017, the State of Illinois approved the budget and PA 100-0021, an Act which included appropriations for both fiscal year 2017 and 2018. Language in GASB Statement No. 33 indicates that since the appropriation did not occur prior to the end of the fiscal year, the State does not have a liability to the College. Therefore, the College is unable to recognize and record a receivable for fiscal year 2017. The College was appropriated $2.1 million in a base operating grant and $2.2 million in an equalization grant for fiscal year 2017 that will be recognized in fiscal year 2018.

## Note 13. Component Unit

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

### A. Summary of Significant Accounting Policies

John A. Logan College Foundation (Foundation) is organized exclusively for educational and charitable purposes. The Foundation assists in developing and augmenting the facilities and carrying out the education functions of John A. Logan College (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. The Foundation has presented its assets and liabilities on its statement of financial position in an unclassified manner, but in order of liquidity.

**Basis of presentation**: The Foundation classifies its net assets for accounting and reporting purposes into three net asset categories to the existence or absence of donor-imposed restrictions.

**Unrestricted** – Net assets that are not subject to donor-imposed stipulations. The Foundation may designate portions of its unrestricted net assets as board-designated for various purposes including quasi-endowment.

**Temporarily restricted** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time.

**Permanently restricted** – Net assets subject to donor-imposed stipulations that they be permanently maintained by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned for general or specific purposes.

**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.

**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 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, 2017. 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, 2017.

Contributions received in the same year in which the restriction is met are recorded as temporarily restricted contributions and released from restriction.

**Contributed services**: 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. See Note F.

## Note 13. Component Unit (Continued)

**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.

**Investment expenses**: Expenses, including custodial fees and investment advisory fees, relating to investment income amounted to $48,519 and have been included in management and general expenses in the accompanying statement of activities.

**Income taxes**: The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax exempt status of each entity and various positions relative to potential sources of UBIT. As of June 30, 2017, there were no uncertain tax benefits identified and recorded as a liability. Forms 990 filed by the Foundation are no longer subject to examination by the IRS for the fiscal years ended June 30, 2013 and prior.

**Use of estimates**: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Recently issued accounting pronouncements**: In August 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Key elements of the ASU include reduction in the number of net asset categories from three to two, conforming requirement on releases of capital restrictions, several new requirements related to expense presentation and disclosure (including investment expense), 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 new standard is effective for fiscal years beginning after December 15, 2018; early adoption is allowed. The Foundation is currently evaluating the effect of the adoption of the standard will on its financial statements.

In May 2014, the FASB issued ASU No. 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 No. 2015-04, which defers the effective date of ASU No. 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Foundation has not yet selected a transition method and is currently evaluating the effect that the adoption of the standard will have on its financial statements.

## Note 13. Component Unit (Continued)

**Subsequent events**: Subsequent events have been evaluated through October 16, 2017, which is the date the financial statements were available to be issued. See Note G for discussion of a subsequent event noted.

### B. Investments

The cost and fair value of the Foundation's investments carried at fair value at June 30, 2017, are as follows:

| | Fair Value | Cost |
|---|---|---|
| Mutual funds | $ 2,112,917 | $ 1,931,837 |
| Common stock | 1,670,819 | 1,295,849 |
| Exchange traded funds | 1,000,392 | 905,938 |
| Corporate bonds | 523,074 | 526,565 |
| U.S. Government & agency obligations | 459,200 | 456,830 |
| | $ 5,766,402 | $ 5,117,019 |

Certificates of deposit are carried at amortized cost of $238,813 at June 30, 2017.

### C. Investments and Fair Value Measurements

Accounting guidance for fair value establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The fair value hierarchy is as follows:

**Level 1:** Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Foundation has the ability to access as of the measurement date. Level 1 inputs would also include investments valued at prices in active markets that the Foundation has access to where transactions occur with sufficient frequency and volume to provide reliable pricing information.

**Level 2:** Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

**Level 3:** Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets and liabilities measured at fair value, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below.

## Note 13. Component Unit (Continued)

**Investments**: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include mutual funds, common stock and exchange traded funds.

If quoted market prices are not available, fair values are then estimated by the Foundation's investment managers using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. Level 2 securities would include corporate bonds and U.S. government and agency obligations where values are based on similar securities and certain other securities.

In certain cases where there is limited activity or less transparency around inputs to the valuation, including alternative investments, securities are classified within Level 3 of the valuation hierarchy.

The following table summarize assets measured at fair value on a recurring basis as of June 30, 2017, segregate by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

| | Fair Value Measurements Using | | | |
|---|---|---|---|---|
| Description | Level 1 | Level 2 | Level 3 | Total |
| Mutual funds | $ 2,112,917 | $ - | $ - | $ 2,112,917 |
| Common stock | 1,670,819 | - | - | 1,670,819 |
| Exchange traded funds | 1,000,392 | - | - | 1,000,392 |
| Corporate bonds | - | 523,074 | - | 523,074 |
| U.S. Government & agency obligations | - | 459,200 | - | 459,200 |
| Total | $ 4,784,128 | $ 982,274 | $ - | $ 5,766,402 |

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the year ended June 30, 2017.

## Note 13. Component Unit (Continued)

### 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 2017, the Foundation held $1,802,238 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 | $ 989,326 |
| Other College expenses | 812,912 |
| | $ 1,802,238 |

During fiscal year 2017, $534,086 was released from restrictions and used for the following purposes:

| | |
|---|---|
| Scholarships | $ 417,592 |
| Other College expenses | 116,494 |
| | $ 534,086 |

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

### E. 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.

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

**Note 13. Component Unit (Continued)**

(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% 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% 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. The Board approved spending was $48,519 for fiscal year ended June 30, 2017.

**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%, 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% 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 assets as of June 30, 2017, are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Net Endowment Assets |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 945,301 | $ 3,674,086 | $ 4,619,387 |
| Board-designated endowment funds | 1,537,507 | - | - | 1,537,507 |
| | $ 1,537,507 | $ 945,301 | $ 3,674,086 | $ 6,156,894 |

**Note 13. Component Unit (Continued)**

Changes in endowment net assets for the year ended June 30, 2017 are as follows:

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total Net Endowment Assets |
|---|---|---|---|---|
| Endowment net assets, beginning of year | $ 1,399,735 | $ 528,933 | $ 3,664,086 | $ 5,592,754 |
| Investment return: | | | | |
| Dividends and interest | 26,694 | 85,054 | - | 111,748 |
| Unrealized gain | 65,521 | 186,710 | - | 252,231 |
| Realized gain | 57,551 | 181,129 | - | 238,680 |
| Total investment return | 149,766 | 452,893 | - | 602,659 |
| Contributions | - | - | 10,000 | 10,000 |
| Appropriation of endowment assets for expenditure | (11,994) | (36,525) | - | (48,519) |
| Endowment net assets, end of year | $ 1,537,507 | $ 945,301 | $ 3,674,086 | $ 6,156,894 |

**F. Relationship to John A. Logan College and Related Parties**

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 remains with the College.

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. During the year ended June 30, 2017, $232,050 in contributed services and supplies has been recorded as expenses as follows: $47,824 for scholarship administration, $100,369 for fundraising, and $83,857 for management and general. The same amounts have been included in contribution revenue for the year ended June 30, 2017.

**G. Subsequent Event**

In September 2017, the Foundation received a bequest contribution of approximately $1.5 million. The Foundation intends on utilizing the funds to benefit students through scholarship opportunities.

# Required Supplementary Information

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

**Required Supplementary Information**

**Other Post Employment Benefits (OPEB)**

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### 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) |
|---|---|---|---|---|
| 2016 | $ - | $ 4,432,982 | $ 4,432,982 | 0.00% |
| 2014 | - | 4,894,729 | 4,894,729 | 0.00% |
| 2012 | - | 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 |
|---|---|---|---|
| 2017 | $ 434,376 | $ 348,582 | 80.25% |
| 2016 | 353,523 | 341,507 | 96.60% |
| 2015 | 353,523 | 341,507 | 96.60% |

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

**Required Supplementary Information**

**State Universities Retirement System of Illinois Trend Data**

**Schedule of the College's Proportionate Share of the Net Pension Liability and Contributions**

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| (a) College's Proportion Percentage of the Collective Net Pension Liability | 0% | 0% | 0% |
| (b) College's Proportion Amount of the Collective Net Pension Liability | $ - | $ - | $ - |
| (c) State's Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with the College | 150,631,522 | 142,796,497 | 134,459,461 |
| Total (b) + ( c) | $ 150,631,522 | $ 142,796,497 | $ 134,459,461 |
| College's Covered-Employee Payroll | $ 20,683,683 | $ 25,126,537 | $ 24,062,122 |
| College's Proportion of Collective Net Pension Liability Associated with the College as a Percentage of Covered-Employee Payroll | 728.26% | 568.31% | 558.80% |
| SURS Plan Net Position as a Percentage of Total Pension Liability | 39.57% | 42.37% | 44.39% |

**Schedule of College Contributions**

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| Federal, Trust, Grant and Other contribution (required contribution) | $ 161,062 | $ 167,235 | $ 182,837 |
| Contribution in Relation to Required Contribution | 161,062 | 167,235 | 182,837 |
| Contribution Deficiency (Excess) | $ - | $ - | $ - |
| College's Covered-Employee Payroll | $ 20,683,683 | $ 25,126,537 | $ 24,062,122 |
| Contributions as a Percentage of Covered-Employee Payroll | 0.78% | 0.67% | 0.76% |

Additional Information

| | 2017 | 2016 | 2015 |
|---|---|---|---|
| On-Behalf Payments for Community College Health Insurance Program | $ 84,297 | $ 100,481 | $ 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, 2016.

*Changes of assumptions.* In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS and GASB Statement No. 67, *Financial Reporting for Pension Plans,* required actuarial valuations of the total pension liability to be performed every two years. 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.

# Other Supplemental Information

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

**Schedule of Assessed Valuations, Tax Rates, and Taxes Extended (Unaudited)**
**Levy Years 2014, 2015, and 2016**

| | 2016 Levy Payable in 2017* | 2015 Levy Payable in 2016* | 2014 Levy Payable in 2015* |
|---|---|---|---|
| **Assessed valuation (by County)** | | | |
| Franklin County | $ 86,483,459 | $ 88,025,530 | $ 83,697,751 |
| Jackson County | 700,982,631 | 687,768,397 | 675,757,450 |
| Perry County | 91,232,451 | 88,977,600 | 85,122,356 |
| Randolph County | 11,547,935 | 10,919,160 | 11,055,039 |
| Williamson County | 1,014,817,466 | 982,107,912 | 950,562,817 |
| | $ 1,905,063,942 | $ 1,857,798,599 | $ 1,806,195,413 |
| **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 | 0.13314 | 0.13262 | 0.10977 |
| Audit | 0.00264 | 0.00217 | 0.00251 |
| Liability, protection, and settlement | 0.09256 | 0.08977 | 0.08939 |
| Health, life, and safety | 0.04001 | 0.04343 | 0.03864 |
| Prior year adjustment | (0.00290) | (0.00218) | 0.00070 |
| | 0.61545 | 0.61581 | 0.59101 |
| **Taxes extended** | | | |
| Education | $ 5,715,192 | $ 5,573,396 | $ 5,418,586 |
| Operations and maintenance | 952,532 | 928,899 | 903,098 |
| Bond and interest | 2,533,064 | 2,452,786 | 1,976,203 |
| Audit | 50,250 | 40,242 | 45,252 |
| Liability, protection, and settlement | 1,760,566 | 1,660,047 | 1,608,915 |
| Health, life, and safety | 761,118 | 803,008 | 695,464 |
| Prior year adjustment | (31,183) | (23,423) | 7,645 |
| | $ 11,741,539 | $ 11,434,955 | $ 10,655,163 |

* Tax rates vary by county. Williamson County rates 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, 2017**

| | | |
|---|---|---|
| **Assessed valuation - 2015 levy** | | |
| Franklin County | $ | 88,025,530 |
| Jackson County | | 687,768,397 |
| Perry County | | 88,977,600 |
| Randolph County | | 10,919,160 |
| Williamson County | | 982,107,912 |
| | $ | 1,857,798,599 |
| Debt limit, 2.875% of assessed valuation (50 ILCS 405/1) | | 53,411,710 |
| Less: total indebtedness | | (29,169,424) |
| **Legal debt margin** | $ | 24,242,286 |

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

**Schedule of Insurance in Force (Unaudited)**
**For the Year Ended June 30, 2017**

| Policy Number | Coverage | Effective Date | Expiration Date | Coverage |
|---|---|---|---|---|
| 14-0145-106-00001313 | Title Insurance | Non-expiring | | $188,000 college property main (main campus)<br>$9,000 college property (main campus addition)<br>$15,000 college property (main campus addition)<br>$390,000 college property (DuQuoin Extension Center) |
| 3603-38-50 CN | Blanket Building & Contents | 8/15/2016 | 8/15/2017 | $123,426,403 buildings, contents, betterments<br>blanket limit "all risk"<br>$25,000 deductible |
| 4546-87-41 EUC | Inland Marine | 8/15/2016 | 8/15/2017 | $350,000 mine subsidence limit per structure<br>hazardous substances, CFC refrigerants<br>including $100,000 fine arts coverage<br>$798,186 construction works limit |
| CND-IL-EPP-28702001 | General Liability | 8/15/2016 | 8/15/2017 | $1,000,000 limit per occurrence, $5,000 deductible<br>$2,000,000 general aggregate limit |
| CND-IL-EPP 28704001 | Employee Benefit Liability | 8/15/2016 | 8/15/2017 | $1,000,000 each occurrence limit<br>$1,000,000 personal and advertising injury limit<br>$3,000,000 aggregate limit |
| CND-IL-EXL-28705001 | Educators Excess Liability | 8/15/2016 | 8/15/2017 | $15,000,000 each occurrence<br>$15,000,000 annual aggregate<br>$15,000,000 retained limit |
| CND-IL-LEL-29219001 | Law Enforcement Liability | 8/15/2016 | 8/15/2017 | $1,000,000 law enforcement liability, $2,500 deductible<br>$1,000,000 sexual misconduct and molestation liability |
| CND-IL-ELL 28704001 | Educators Legal Liability | 8/15/2016 | 8/15/2017 | $1,000,000 limit of liability<br>$100,000 each claim<br>$100,000 aggregate |
| CND-IL-CAP-28703001 | Business Auto | 8/15/2016 | 8/15/2017 | $1,000,000 bodily injury and property<br>damage liability<br>$1,000,000 uninsured/underinsured motorists<br>$5,000 medical payments<br>$500 deductible comp/$500 deductible coll. |
| WC 00 00 01 A | Workers' Compensation | 8/15/2016 | 8/15/2017 | Statutory coverage |
| 01-701-09-18 | Cyberliability | 8/15/2016 | 8/15/2017 | $1,000,000 liability limit |
| 124-127-D47-K | Blanket Accident Insurance | 8/1/2016 | 7/30/2017 | $25,000 accident coverage |
| SB20CC-050558-043 | Catastrophic Sports Policy | 8/1/2016 | 8/1/2017 | $5,000 catastrophic accident insurance<br>for intercollegiate athletics |
| 285-024-936 | Treasurers Bond | 6/27/2017 | 6/27/2018 | $3,500,000 bond amount |
| 22012 | Poste Employee Benefit Trust Bond | 11/24/2016 | 11/24/2017 | $1,100,000 bond amount |
| 22110 | Working Cash Bond | 4/22/2017 | 4/22/2018 | $1,400,000 bond amount |
| ESE14681-00 | Excess Earthquake | 8/15/2016 | 8/15/2017 | $12,036,403 per occurrence |

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

**Certification of Chargeback Reimbursement**

**Year Ended June 30, 2017**

**All non-capital audited operating expenditures for fiscal year 2017 from the following funds:**

| | | | |
|---|---|---|---|
| 1 | Education Fund | $ 22,339,054 | |
| 2 | Operations and Maintenance Fund | 3,179,273 | |
| 3 | Public Building Commission Operation and Maintenance Fund | - | |
| 4 | Bond and Interest Fund | 2,744,967 | |
| 5 | Public Building Commission Rental Fund | - | |
| 6 | Restricted Purposes Fund | 4,089,225 | |
| 7 | Audit Fund | 47,650 | |
| 8 | Liability, Protection, and Settlement Fund | 1,701,893 | |
| 9 | Auxiliary Enterprises Fund (subsidy only) | 1,363,308 | |
| **10** | **Total non-capital expenditures (sum of lines 1-9)** | | $ 35,465,370 |
| 11 | Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than State and Federal Funds | 2,835,607 | |
| **12** | **Total costs included (line 10 plus line 11)** | | 38,300,977 |
| 13 | Total certified semester credit hours for fiscal year 2016 | 99,982 | |
| **14** | **Per capita cost (line 12 divided by line 13)** | | $ 383.08 |
| 15 | All fiscal year 2016 State and Federal operating grants for non-capital expenditures, except ICCB grants | 2,564,667 | |
| 16 | Fiscal year 2016 state and Federal grants per semester credit hour (line 15 divided by line 13) | | 25.65 |
| 17 | District's average ICCB grant rate (excluding equalization grant) for fiscal year FY 2017 | | 30.81 |
| 18 | Districts's student tuition and fee rate per semester credit hour for fiscal year FY 2017 | | 120.00 |
| **19** | **Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)** | | $ 206.62 |

**Approved:** ______________________ 10-16-17
Chief Fiscal Officer — Date

**Approved:** Ron House ______________________ 10-16-17
Chief Executive Officer — Date

# Special Reports Section:

# Uniform Financial Statements

John A. Logan College
Community College District No. 530

All Funds Summary
Uniform Financial Statement Number 1
Year Ended June 30, 2017

Schedule 1

| | 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, 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 |
| **Revenues** | | | | | | | | | | |
| Local taxes | 6,325,430 | 942,144 | 798,612 | 2,549,558 | - | - | - | 44,115 | 1,712,606 | 12,372,465 |
| Chargeback | 825 | - | - | - | - | - | - | - | - | 825 |
| ICCB Grants | 3,311,205 | 1,419,087 | - | - | - | 540,685 | - | - | - | 5,270,977 |
| All other state | 491,406 | 2,779 | 585,961 | - | - | 258,150 | - | - | - | 1,338,296 |
| Federal | - | - | - | - | - | 8,266,275 | - | - | - | 8,266,275 |
| Student tuition and fees | 11,654,852 | - | - | - | 294,801 | 666 | - | - | - | 11,950,319 |
| All other | 297,436 | 22,645 | 303,899 | (11,067) | 881,036 | 746,249 | 5,537,636 | 683 | 4,716 | 7,783,233 |
| **Total direct revenues** | 22,081,154 | 2,386,655 | 1,688,472 | 2,538,491 | 1,175,837 | 9,812,025 | 5,537,636 | 44,798 | 1,717,322 | 46,982,390 |
| On-behalf payments | 14,887,012 | - | - | - | - | - | - | - | - | 14,887,012 |
| **Total revenues** | 36,968,166 | 2,386,655 | 1,688,472 | 2,538,491 | 1,175,837 | 9,812,025 | 5,537,636 | 44,798 | 1,717,322 | 61,869,402 |
| **Expenditures** | | | | | | | | | | |
| Instruction | 8,957,620 | - | - | - | - | 684,796 | - | - | - | 9,642,416 |
| Academic support | 1,893,759 | - | - | - | 915 | 260,477 | - | - | - | 2,155,151 |
| Student services | 2,913,564 | - | - | - | - | 417,570 | - | - | - | 3,331,134 |
| Public service/continuing education | 774,458 | - | - | - | 792,278 | 1,740,874 | - | - | - | 3,307,610 |
| Auxiliary services | - | - | - | - | 1,363,308 | - | - | - | - | 1,363,308 |
| Operations and maintenance | - | 3,010,102 | - | - | 2,140 | 2,932 | - | - | 682,716 | 3,697,890 |
| Institutional support | 4,305,717 | 174,171 | 1,586,052 | 2,744,967 | 60,950 | 1,160,126 | 17,736 | 47,650 | 1,019,177 | 11,116,546 |
| Scholarships, student grants, and waivers | 3,542,934 | - | - | - | 346,668 | 6,176,600 | - | - | - | 10,066,202 |
| **Total direct expenditures** | 22,388,052 | 3,184,273 | 1,586,052 | 2,744,967 | 2,566,259 | 10,443,375 | 17,736 | 47,650 | 1,701,893 | 44,680,257 |
| On-behalf payments | 14,887,012 | - | - | - | - | - | - | - | - | 14,887,012 |
| **Total expenditures** | 37,275,064 | 3,184,273 | 1,586,052 | 2,744,967 | 2,566,259 | 10,443,375 | 17,736 | 47,650 | 1,701,893 | 59,567,269 |
| **Net transfers (out) in** | (960,394) | - | 518,712 | 327,911 | 111,382 | 2,389 | - | - | - | - |
| **Fund balance, June 30, 2017** | $ 4,050,389 | $ 374,866 | $ 1,581,671 | $ 1,397,218 | $ 650,355 | $ 4,535,140 | $ 7,535,404 | $ 71,871 | $ 1,312,037 | $ 21,508,951 |

Note 1: This statement is prepared under the modified accrual basis of accounting.

Note 2: The effective date of the fiscal year 2017 appropriation was July 6, 2017. Due to the language contained in GASB Statement No. 33, if the appropriation did not occur prior to the end of the fiscal year, the College is unable to recognize and record a receivable for fiscal year 2017. The College was appropriated $2.1 million in base operating grant and $2.2 million in equalization grant funding for fiscal year 2017 that will be recorded in fiscal year 2018.

**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, 2017**

**Schedule 2**

| | |
|---|---|
| Total fund balances - Uniform Financial Statement Number 1 | $ 21,508,951 |
| 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. | 64,073,682 |
| Premiums on fixed debt are other financing sources in the uniform financial statements but are liabilities that are amortized over the life of the fixed debt in the basic financial statements | (1,995,506) |
| Deferred losses on refunded fixed debt that are other financing uses in the uniform financial statements but are reported as deferred outflows of resources that are amortized over the life of the fixed debt in the basic financial statements | 559,628 |
| 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. | 161,062 |
| Summer 2017 revenue earned in fiscal year 2017 not recognized in the uniform financial statements | 427,685 |
| 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 | (28,770,000) |
| Lease-purchase payable | (399,424) |
| Post-employment benefits | (3,193,185) |
| ICCB reimbursement | (1,654,969) |
| Accrued interest | (170,791) |
| Net position - Statement of Net Position | $ 50,547,133 |

**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, 2017**

| | | |
|---|---|---|
| Net change in fund balances—Uniform Financial Statement Number 1 | | $ 2,302,133 |
| 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 | $ 1,535,121 | |
| Depreciation expense | (2,835,607) | |
| | | (1,300,486) |
| Summer 2017 revenue earned in fiscal year 2017 not recognized in the uniform financial statements | | 57,082 |
| 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. | | (6,173) |
| Some expenses reported in the uniform financial statements use current 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 | | (3,596,538) |
| Post-employment benefits | | 77,551 |
| Accrued interest | | (4,855) |
| Decrease in net position - Statement of Revenues, Expenses and Changes in Net Position | | $ (2,471,286) |

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

**Summary of Fixed Assets and Debt**
**Uniform Financial Statement Number 2**
**Year Ended June 30, 2017**

| | Fixed Asset/Debt Account Groups July 1, 2016 | Additions | Deletions | Fixed Asset/Debt Account Groups June 30, 2017 |
|---|---|---|---|---|
| **Fixed assets** | | | | |
| Sites | $ 346,427 | $ - | $ - | $ 346,427 |
| Site improvements | 1,315,876 | - | - | 1,315,876 |
| Buildings, additions and improvements | 90,306,520 | 861,340 | - | 91,167,860 |
| Equipment | 9,411,225 | 732,185 | - | 10,143,410 |
| Other fixed assets | 16,500 | - | - | 16,500 |
| Construction in progress | 307,429 | 219,073 | (277,477) | 249,025 |
| Total fixed assets | 101,703,977 | 1,812,598 | (277,477) | 103,239,098 |
| Less: accumulated depreciation | 36,329,809 | 2,835,607 | - | 39,165,416 |
| **Net fixed assets** | $ 65,374,168 | $ (1,023,009) | $ (277,477) | $ 64,073,682 |
| **Fixed debt** | | | | |
| Bonds payable | $ 24,785,000 | $ 18,765,000 | $ (16,015,000) | $ 27,535,000 |
| Debt certificates payable | 1,500,000 | - | (265,000) | 1,235,000 |
| Lease-purchase payable | 599,137 | - | (199,713) | 399,424 |
| **Total fixed liabilities** | $ 26,884,137 | $ 18,765,000 | $ (16,479,713) | $ 29,169,424 |

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

**Operating Funds Revenues and Expenditures**
**Uniform Financial Statement Number 3**
**Year Ended June 30, 2017**

| | Education Fund | Operations and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| **Operating revenues by sources** | | | |
| Local government revenues: | | | |
| Local taxes | $ 5,652,870 | $ 942,144 | $ 6,595,014 |
| Corporate personal property replacement tax | 672,560 | - | 672,560 |
| Chargeback | 825 | - | 825 |
| Total local government | 6,326,255 | 942,144 | 7,268,399 |
| State government: | | | |
| ICCB Base Operating Grants | 1,369,592 | 586,967 | 1,956,559 |
| ICCB Equalization Grants | 1,941,613 | 832,120 | 2,773,733 |
| ISBE Vocational Education | 491,406 | - | 491,406 |
| Other State Sources | - | 2,779 | 2,779 |
| Total state government | 3,802,611 | 1,421,866 | 5,224,477 |
| Student tuition and fees: | | | |
| Tuition | 10,506,353 | - | 10,506,353 |
| Fees | 1,148,499 | - | 1,148,499 |
| Total student tuition and fees | 11,654,852 | - | 11,654,852 |
| Other sources: | | | |
| Sales and service fees | 87,497 | - | 87,497 |
| Facilities | - | 3,980 | 3,980 |
| Interest income | 76,207 | 5,399 | 81,606 |
| Other | 133,732 | 13,266 | 146,998 |
| Total other sources | 297,436 | 22,645 | 320,081 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Total revenue** | 36,968,166 | 2,386,655 | 39,354,821 |
| **Less non-operating items:*** | | | |
| Chargeback | 825 | - | 825 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Adjusted revenue** | $ 22,080,329 | $ 2,386,655 | $ 24,466,984 |

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

Note 1: This statement is prepared under the modified accrual basis of accounting.
Note 2: The effective date of the fiscal year 2017 appropriation was July 6, 2017. Due to the language contained in GASB Statement No. 33, if the appropriation did not occur prior to the end of the fiscal year, the College is unable to recognize and record a receivable for fiscal year 2017. The College was appropriated $2.1 million in base operating grant and $2.2 million in equalization grant funding for fiscal year 2017 that will be recorded in fiscal year 2018.

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, 2017**

| | Education Fund | Operations and Maintenance Fund | Total Operating Funds |
|---|---|---|---|
| **Operating expenditures** | | | |
| By program: | | | |
| Instruction | $ 8,957,620 | $ - | $ 8,957,620 |
| Academic support | 1,893,759 | - | 1,893,759 |
| Student services | 2,913,564 | - | 2,913,564 |
| Public service/continuing education | 774,458 | - | 774,458 |
| Operation and maintenance of plant | - | 3,010,102 | 3,010,102 |
| Institutional support | 4,305,717 | 174,171 | 4,479,888 |
| Scholarships, student grants, and waivers | 3,542,934 | - | 3,542,934 |
| **Total direct expenditures** | 22,388,052 | 3,184,273 | 25,572,325 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Total expenditures** | 37,275,064 | 3,184,273 | 40,459,337 |
| **Less non-operating items:*** | | | |
| Chargeback | 6,942 | - | 6,942 |
| Transfers to non-operating funds | 960,394 | - | 960,394 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Adjusted expenditures** | $ 21,420,716 | $ 3,184,273 | $ 24,604,989 |
| By object: | | | |
| Salaries | $ 14,886,868 | $ 1,798,222 | $ 16,685,090 |
| Employee benefits | 1,481,767 | 230,895 | 1,712,662 |
| Contractual services | 1,269,584 | 186,280 | 1,455,864 |
| General materials and supplies | 749,016 | 160,976 | 909,992 |
| Library materials** | 10,729 | - | 10,729 |
| Conference and meeting | 107,412 | 6,701 | 114,113 |
| Fixed charges | 12,696 | 1,361 | 14,057 |
| Utilities | 300 | 794,603 | 794,903 |
| Capital outlay | 48,998 | 5,000 | 53,998 |
| Other | 3,831,411 | 235 | 3,831,646 |
| Scholarships, student grants and waivers** | 542,162 | - | 542,162 |
| **Total direct expenditures** | 22,388,052 | 3,184,273 | 25,572,325 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Total expenditures** | 37,275,064 | 3,184,273 | 40,459,337 |
| **Less non-operating items:*** | | | |
| Chargeback | 6,942 | - | 6,942 |
| Transfers to non-operating funds | 960,394 | - | 960,394 |
| On-behalf payments | 14,887,012 | - | 14,887,012 |
| **Adjusted expenditures** | $ 21,420,716 | $ 3,184,273 | $ 24,604,989 |

**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 Number 4**
**Year Ended June 30, 2017**

| | | Restricted Purposes Fund |
|---|---|---|
| **Revenues by Source** | | |
| State government: | | |
| ICCB Base Operating Grant | $ | 265,643 |
| ICCB Adult Education | | 275,042 |
| ISBE Vocational Education | | 192,670 |
| Other | | 65,480 |
| Total state government | | 798,835 |
| Federal government: | | |
| Department of Education | | 6,847,380 |
| Department of Health and Human Services | | 1,327,964 |
| Other | | 90,931 |
| Total Federal government | | 8,266,275 |
| Other sources: | | |
| Debt certificate proceeds | | 77,613 |
| Other | | 669,302 |
| Total other sources | | 746,915 |
| Transfers | | 2,389 |
| **Total restricted purposes fund revenues** | $ | 9,814,414 |
| **Expenditures by program** | | |
| Instruction | $ | 684,796 |
| Academic support | | 260,477 |
| Student services | | 417,570 |
| Public service/continuing education | | 1,740,874 |
| Operations and maintenance | | 2,932 |
| Institutional support | | 1,160,126 |
| Scholarships, student grants, and waivers | | 6,176,600 |
| **Total restricted purposes fund expenditures** | $ | 10,443,375 |
| **Expenditures by object** | | |
| Salaries | $ | 1,449,908 |
| Employee benefits | | 701,418 |
| Contractual services | | 632,443 |
| General materials and supplies | | 323,408 |
| Travel and conference/meeting | | 88,685 |
| Fixed charges | | 56,337 |
| Utilities | | 17,109 |
| Capital outlay | | 177,550 |
| Other | | 6,996,517 |
| Scholarships, student grants, and waivers** | | 6,176,600 |
| **Total restricted purposes fund expenditures** | $ | 10,443,375 |

**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, 2017**

| | |
|---|---|
| **Instruction** | |
| Baccalaureate | $ 4,169,911 |
| Business occupational | 779,661 |
| Technical occupational | 1,279,696 |
| Health occupational | 2,629,621 |
| Adult basic and adult secondary education | 305,775 |
| General studies | 338,765 |
| Other | 138,987 |
| Total instruction | 9,642,416 |
| **Academic Support** | |
| Library center | 255,723 |
| Instructional materials center | 150,342 |
| Academic computing support | 245,397 |
| Academic administration planning | 1,273,567 |
| Other | 230,122 |
| Total academic support | 2,155,151 |
| **Student Services** | |
| Admissions and records | 527,185 |
| Counseling and career guidance | 1,698,248 |
| Student health service | 477,258 |
| Social and cultural development | 215,747 |
| Administration | 393,738 |
| Other | 18,958 |
| Total student services support | 3,331,134 |
| **Public Service/Continuing Education** | |
| Community education | 369,900 |
| Customized training | 410,473 |
| Community services (Non-instructional) | 2,524,174 |
| Other | 3,063 |
| Total public service/continuing education | 3,307,610 |
| **Auxiliary services** | |
| Food service | 18,151 |
| Bookstore | 228,181 |
| Intercollegiate athletics | 948,177 |
| Other | 168,799 |
| Total auxiliary services | 1,363,308 |
| **Operations and maintenance of plant** | |
| Maintenance | 782,208 |
| Custodial | 1,157,641 |
| Grounds | 278,582 |
| Campus security | 682,716 |
| Transportation | 2,140 |
| Plant utilities | 794,603 |
| Total operations and maintenance of plant | 3,697,890 |
| **Institutional support** | |
| Executive management | 811,240 |
| Fiscal operations | 1,096,732 |
| Community relations | 613,430 |
| Administrative support services | 566,867 |
| Board of trustees | 33,300 |
| General institution | 1,797,726 |
| Institutional research | 296,743 |
| Administrative data processing | 1,538,471 |
| Other | 13,282 |
| Total institutional support | 6,767,791 |
| **Scholarships, student grants, and waivers** | |
| Scholarships/Grants | 6,683,237 |
| Waivers | 3,376,023 |
| Chargeback/Contractual Agreements | 6,942 |
| | 10,066,202 |
| **Total current funds expenditures** | $ 40,331,502 |

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

# 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, 2017, and the related notes to the 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, 2017, 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, 2017, 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 67 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 67 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 67 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 16, 2017, 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 16, 2017

RSM

**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***

RSM US LLP

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, 2017, and the related notes to the grant programs financial statements, and have issued our report thereon dated October 16, 2017. 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, 2017, 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 16, 2017

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

**State Adult Education Grant and Early School Leavers Grant**
**Balance Sheet**
**June 30, 2017**

| | State Basic | State Performance | Early School Leaver | Program Improvement | Total |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Current assets: | | | | | |
| Accounts receivable | $ - | $ - | $ - | $ 49,141 | $ 49,141 |
| **Total assets** | $ - | $ - | $ - | $ 49,141 | $ 49,141 |
| **Liabilities and Fund Balance** | | | | | |
| Current liabilities: | | | | | |
| Due to John A. Logan College | $ 19,439 | $ - | $ - | $ 49,141 | $ 68,580 |
| **Total liabilities** | 19,439 | - | - | 49,141 | 68,580 |
| Fund balance | (19,439) | - | - | - | (19,439) |
| **Total liabilities and fund balance** | $ - | $ - | $ - | $ 49,141 | $ 49,141 |

See accompanying notes to grant program financial statements.

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

**State Adult Education Grant and Early School Leavers Grant**
**Statement of Revenues, Expenditures, and Changes in Fund Balance**
**Year Ended June 30, 2017**

| | State Basic | State Performance | Early School Leaver | Program Improvement | Total |
|---|---|---|---|---|---|
| **Revenues** | | | | | |
| State sources | $ 128,351 | $ 64,425 | $ 35,514 | $ 49,141 | $ 277,431 |
| **Expenditures** | | | | | |
| Assessment and testing | 3,997 | - | - | - | 3,997 |
| Curriculum and development | - | - | - | 40,995 | 40,995 |
| Instruction | 63,980 | 49,520 | 31,270 | 8,146 | 152,916 |
| Guidance | 33,039 | - | - | - | 33,039 |
| Literacy services | 316 | - | - | - | 316 |
| Student support | - | - | 1,500 | - | 1,500 |
| Student transportation | 4,797 | 1,000 | - | - | 5,797 |
| Social work | 13,343 | 3,208 | - | - | 16,551 |
| Subtotal instructional and student services | 119,472 | 53,728 | 32,770 | 49,141 | 255,111 |
| **Program support** | | | | | |
| Data and information services | 9,496 | 1,505 | - | - | 11,001 |
| General administration | 18,167 | - | 451 | - | 18,618 |
| Improve instruction | 655 | 3,142 | - | - | 3,797 |
| Operation and maintenance | - | 6,050 | - | - | 6,050 |
| Staff travel and professional development | - | - | 2,293 | - | 2,293 |
| Subtotal program support | 28,318 | 10,697 | 2,744 | - | 41,759 |
| **Total expenditures** | 147,790 | 64,425 | 35,514 | 49,141 | 296,870 |
| **Excess of revenues over expenditures** | (19,439) | - | - | - | (19,439) |
| **Fund balance, July 1, 2016** | - | - | - | - | - |
| **Fund balance, June 30, 2017** | $ (19,439) | $ - | $ - | $ - | $ (19,439) |



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, 2017**

| | | Expenditure Amount | | Actual Expenditure Percentage |
|---|---|---|---|---|
| **State Basic** | | | | |
| Instruction (45% minimum required) | $ | 63,242 | | 49.27% |
| General administration (15% maximum allowed) | $ | 18,167 | | 14.15% |
| **State Performance** | | | | |
| General administration (9% Maximum Allowed) | $ | - | $ | 0.00% |

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.

**Program Improvement Grant**: The Career & Technical Education Program Improvement Grant is intended to enhance instruction and academic support activities that strengthen and improve career and technical education.

## Note 2. Summary of Significant Accounting Policies

**Basis of accounting**: 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.

Due to other funds represents 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.

## Note 2. Summary of Significant Accounting Policies (Continued)

**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 is pooled with the College.

**Accounts receivable**: A receivable is recorded for the funds to be received from the ICCB at June 30, 2017 for reimbursement of the allowable expenditures incurred during the fiscal year.

**Due to John A. Logan College**: Due to John A. Logan College represents 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, 2017.

**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

RSM US LLP

**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, 2017, and our report thereon dated October 16, 2017, which expresses 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 Allowable Cost Summary and Unallowable Cost Report ("Grant Reports") for the year ended June 30, 2017, 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 16, 2017

State of Illinois
Department of Human Services

# Grant Allowable Cost Summary

GRANT REPORT for the period July 1 through June 30, 2017

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 | FCSVI00640 | FCSVI04632 | | | | | | |
| A | Direct Program expenses | 466,409 | 469,210 | | | | 8,752,100 | 472,080 | 10,179,799 |
| B | Allocate Management and General Costs (Note 1) | 181,651 | 178,584 | | | | 111,845 | - 472,080 | -0- |
| C | SUBTOTAL A & B | 668,060 | 647,794 | | | | 8,863,945 | -0- | 10,179,799 |
| 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) | 56 | 175 | | | | | | |

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: 37-0905504

| Program Name/Number/Contract Number | DHS Grant-Funded Services | | | | |
|---|---|---|---|---|---|
| | Program 1 | Program 2 | Program 3 | Program 4 | Program 5 |
| | FCSVI00640 | FCSVI04632 | | | |

| 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 | | | | | |
| 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: __________ Date: 9-5-17

Printed Name and Title: Brad McCormick VP Business Svcs/College Facil

Reset Form

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# Enrollment Data and Other Bases Upon Which Claims Are Filed

RSM US LLP

**Independent Accountant's Report On The Schedule Of Enrollment Data And Other Bases Upon Which Claims Are Filed**

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed, of John A. Logan Community College District No. 530 for the year ended June 30, 2017 (the Schedule). The College's management is responsible for preparing the Schedule in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual. Our responsibility is to express an opinion on the schedule based upon our examination.

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

In our opinion, the Schedule is presented in accordance with the provisions of the Illinois Community College Board’s Fiscal Management Manual in all material respects.

The supplementary information on pages 76 - 78 discusses the College's residency verification steps and is the responsibility of the College's management. This information has not been subjected to the examination procedures applied in the examination of the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed and accordingly, we do not express an opinion or provide any assurance on them.

RSM US LLP

Springfield, Illinois
October 16, 2017

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

**Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed**
**For the Year Ended June 30, 2017**

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 | 5,156.0 | - | 20,862.0 | 189.0 | 20,355.0 | 183.0 | 46,373.0 | 372.0 |
| Business occupational | 583.0 | 253.0 | 2,765.5 | 1,019.5 | 3,589.5 | 13.0 | 6,938.0 | 1,285.5 |
| Technical occupational | 667.5 | 135.0 | 5,317.0 | 320.5 | 6,244.0 | 142.0 | 12,228.5 | 597.5 |
| Health occupational | 1,911.5 | 179.0 | 6,656.5 | 700.0 | 6,230.5 | - | 14,798.5 | 879.0 |
| Remedial developmental | 222.0 | - | 1,601.0 | - | 1,050.0 | - | 2,873.0 | - |
| Adult basic/secondary education | 320.0 | 50.0 | 190.0 | 1,754.0 | 860.5 | 1,014.0 | 1,370.5 | 2,818.0 |
| **Total** | 8,860.0 | 617.0 | 37,392.0 | 3,983.0 | 38,329.5 | 1,352.0 | 84,581.5 | 5,952.0 |

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)** | 78,215.0 | 6,888.0 | 85,103.0 |

| | Dual Credit | Dual Enrollment |
|---|---|---|
| **Reimbursable Semester Credit Hours (All Terms)** | 6,748.0 | 2,702.0 |

**District Prior Year Equalized Assessed Valuation** $ 1,857,798,599

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

Signatures

President/Chief Executive Officer

Chief Fiscal Officer (CFO)

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

**Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed**
**For the Year Ended June 30, 2017**

Reconciliation of Total Semestewr Credit Hours

| **Categories** | Total Unrestricted Credit Hours | Total Unrestricted Credit Hours Certified to the ICCB | Difference | Total Restricted Credit Hours | Total Restricted Credit Hours Certified to the ICCB | Difference |
|---|---|---|---|---|---|---|
| Baccalaureate | 46,373.0 | 46,373.0 | - | 372.0 | 372.0 | - |
| Business occupational | 6,938.0 | 6,938.0 | - | 1,285.5 | 1,285.5 | - |
| Technical occupational | 12,228.5 | 12,228.5 | - | 597.5 | 597.5 | - |
| Health occupational | 14,798.5 | 14,798.5 | - | 879.0 | 879.0 | - |
| Remedial developmental | 2,873.0 | 2,873.0 | - | - | - | - |
| Adult basic/secondary education | 1,370.5 | 1,370.5 | - | 2,818.0 | 2,818.0 | - |
| **Total** | 84,581.5 | 84,581.5 | - | 5,952.0 | 5,952.0 | - |

**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 | 78,215.0 | 78,215.0 | - |
| Reimbursable out-of-district on Chargeback or contractual agreement | 6,888.0 | 6,888.0 | - |
| **Total** | 85,103.0 | 85,103.0 | - |

| | Total Reimbursable | Total Reimbursable Certified to ICCB | Difference |
|---|---|---|---|
| Dual credit | 6,748.0 | 6,748.0 | - |
| Dual enrollment | 2,702.0 | 2,702.0 | - |
| **Total** | 9,450.0 | 9,450.0 | - |

## 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.

## Reports Required by the Uniform Guidance and *Government Auditing Standards*

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 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of the John A. Logan College Community College District No. 530 (the College) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 16, 2017. The financial statements of the John A. Logan College Foundation (the Foundation), a discretely presented component unit, were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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 16, 2017

RSM

RSM US LLP

## Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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

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

We have audited John A. Logan College Community College District No. 530's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

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

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

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

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

**Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**
We have audited the financial statements of the business-type activities and the discretely presented component unit of the John A. Logan College Community College District No. 530 (the College), as of and for the year ended June 30, 2017 and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated October 16, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

RSM US LLP

Springfield, Illinois
October 16, 2017

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

**Schedule of Expenditures of Federal Awards**
**Year Ended June 30, 2017**

| Federal Grantor/Pass-Through Grant/Program or Cluster Title | Federal CFDA Number | Contract or Pass-Through Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Education** | | | |
| Direct Grants: | | | |
| Trio Student Support Services | 84.042 | P042A150266 | $ 41,781 |
| Trio Student Support Services | 84.042 | P042A150266-16 | 235,941 |
| | | | 277,722 |
| Federal Student Assistance Cluster | | | |
| Federal Pell Grant Program | 84.063 | P063P150542 | 257,424 |
| Federal Pell Grant Program | 84.063 | P063P160542 | 5,520,792 |
| Federal Supplemental Educational Opportunity Grants | 84.007 | P007A151184 | 350 |
| Federal Supplemental Educational Opportunity Grants | 84.007 | P007A161184 | 146,422 |
| Federal Work-Study Program | 84.033 | P033A161184 | 95,941 |
| | | | 6,020,929 |
| Passed Through the Illinois Department of Human Services: | | | |
| Child Care Resource and Referral - Race to the Top Innovation Zone | 84.412 | 616-17 | 38,070 |
| Child Care Resource and Referral - Race to the Top - QRIS | 84.412 | FCSVI00640 | 18,145 |
| | | | 56,215 |
| Passed through Illinois Network of Child Care Resource and Referral Agencies: | | | |
| Excelerate Illinois Bonus | 84.412 | N/A | 94 |
| Passed Through the Illinois Community College Board: | | | |
| Adult Education - Basic Grants to States | 84.002 | F5300117 | 99,630 |
| Career and Technical Education - Basic Grants to States | 84.048 | CTE53017 | 293,427 |
| **Total U.S. Department of Education** | | | 6,748,017 |
| **U.S. Department of Health and Human Services** | | | |
| Passed Through the Illinois Department of Human Services: | | | |
| Child Care and Development Fund Cluster | | | |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | FCSVI00640 | 363,230 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund | 93.596 | FCSVI04532 | 354,678 |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund (NC) | 93.596 | FCSUI00640 | 613,140 |
| | | | 1,331,048 |
| Child Care and Development Block Grant | 93.575 | FCSVI00640 | 263,767 |
| Child Care and Development Block Grant | 93.575 | FCSVI04532 | 267,960 |
| Child Care and Development Block Grant | 93.575 | FCSVI00640 | 22,918 |
| Child Care and Development Block Grant | 93.575 | FCSVI04632 | 25,156 |
| Child Care Development Block Grant (NC) | 93.575 | FCSVI00640 | 334,711 |
| | | | 914,512 |
| Total Child Care and Development Fund Cluster | | | 2,245,560 |
| Passed Through the Illinois Department of Human Services: | | | |
| Temporary Assistance for Needy Families (NC) | 93.558 | FCSTI00640 | 2,322,803 |
| Social Service Block Grant (NC) | 93.667 | FCSTI00640 | 15,624 |
| Passed through Southern Illinois University: | | | |
| Biomedical Research and Research Training | 93.859 | 4R25GM107760-04 | 12,015 |
| **Total U.S. Department of Health and Human Services** | | | 4,596,002 |

(NC) Non-cash awards

**Schedule of Expenditures of Federal Awards (Continued)**
**Year Ended June 30, 2017**

| Federal Grantor/Pass-Through Grant/Program or Cluster Title | Federal CFDA Number | Contract or Pass-Through Identifying Number | Federal Expenditures |
|---|---|---|---|
| **U.S. Department of Agriculture** | | | |
| Passed through Illinois State Board of Education: | | | |
| Child and Adult Care Food Program | 10.558 | 2017-4226-00-21100530051 | $ 9,852 |
| Child and Adult Care Food Program | 10.558 | 2016-4226-00-21100530051 | 4,910 |
| **Total U.S. Department of Agriculture** | | | 14,762 |
| **U.S. Department of Defense** | | | |
| Passed Through the Illinois Department of Commerce and Economic Opportunity: | | | |
| Procurement Technical Assistance for Business Firms | 12.002 | 17-601119 | 40,000 |
| **Total U.S. Department of Defense** | | | 40,000 |
| **U.S. Department of Transportation** | | | |
| Passed through the Illinois Community College Board: | | | |
| Highway Planning and Construction | 20.205 | S-HCCTP-530 | 12,860 |
| **Total U.S. Department of Transportation** | | | 12,860 |
| **U.S. Department of Veteran Affairs** | | | |
| Direct Grant: | | | |
| Post-9/11 Veterans Education Assistance - GI Bill Chapter 33 | 64.028 | N/A | 155,671 |
| **Total U.S. Department of Veterans Affairs** | | | 155,671 |
| **Total Federal Awards** | | | $ 11,567,312 |

See notes to schedule of expenditures of federal awards.

**Notes to Schedule of Expenditures of Federal Awards**
**Year Ended June 30, 2017**

## Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the John A. Logan College Community College District No. 530 (the College) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets or cash flows of the College. There were no federal awards expended for insurance at year-end.

## Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has a 40 percent negotiated indirect cost rate. There were no subrecipients for the year ended June 30, 2017. The non-cash awards represent childcare subsidies paid by the Illinois Department of Health and Human Services in the amount of $3,286,278. There were no loan programs for the year ended June 30, 2017.

## Note 3. Indirect Cost Rate

The College has a plan for allocation of common and indirect costs related to grant programs in accordance with, as applicable, either the cost principles in OMB Circular A-21, Cost Principles for Educational Institutions or the cost principles contained in the Uniform Guidance. The indirect cost rate used to allocate amounts to grant programs during the fiscal year ended June 30, 2017, is primarily based on a federally negotiated higher education rate agreement. The College has elected not to use the 10-percent de minimus indirect cost rate.

## Note 4. Categorization of Expenditures

The Schedule reflects federal expenditures for all individual grants which were active during the period. The categorization of expenditures by program included in the Schedule is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued twice annually. In accordance with the College's policy, the Schedule for the year ended June 30, 2017 reflects CFDA changes issued through June 2017.

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

**Schedule of Findings and Questioned Costs**
**Year Ended June 30, 2017**

## I. Summary of Auditor's Results

### Financial Statements

| | |
|---|---|
| Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: | Unmodified |
| Internal control over financial reporting: | |
| Material weakness(es) identified? | ___Yes _X_No |
| Significant deficiency(ies) identified? | ___Yes _X_None Reported |
| Noncompliance material to financial statements noted? | ___Yes _X_No |

### Federal Awards

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | ___Yes _X_No |
| Significant deficiency(ies) identified? | ___Yes _X_None Reported |
| Type of auditor's report issued on compliance for major federal programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___Yes _X_No |

Identification of major programs:

| CFDA Number | Name of Federal Program or Cluster |
|---|---|
| | Child Care and Development Fund Cluster: |
| 93.596 | Child Care Mandatory and Matching Funds of the Child Care and Development Fund |
| 93.575 | Child Care and Development Block Grant |
| 93.558 | Temporary Assistance for Needy Families |

| | |
|---|---|
| Dollar threshold used to distinguish between type A and type B programs: | $750,000 |
| Auditee qualified as low-risk auditee? | _X_Yes ___No |

## II. Financial Statement Findings

There were no matters reported for fiscal year 2017.

## III. Federal Award Findings

There were no matters reported for fiscal year 2017.

# Summary Schedule of Prior Audit Findings

JOHN A. LOGAN COLLEGE
700 Logan College Road
Carterville, Illinois 62918

**JOHN A. LOGAN COLLEGE**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED JUNE 30, 2017**

Identifying Number: 2016-001

Audit Finding: The College did not report, within the required timeframe, changes in student enrollment. Twenty students had statuses changed to withdraw for which notifications were not sent to the National Student Loan Data System (NSLDS) within the required timeframe. Two students who withdrew did not have their withdrawal dates reported to the NSLDS.

CFR section 685.309(b)(2) requires the College to notify the lender within 30 days if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis. The College has 60 days to notify the lender if the next scheduled roster reporting date is within 60 days of the date of determination of status change.

Corrective Action Taken: The correction plan presented in response to audit finding 2016-001 – Enrollment Reporting was followed. The Office of Institutional Research has submitted the required NSLDS report in a timely manner for FY2017 and the Associate Dean of Admissions & Records has ensured that Last Date of Attendance data has been maintained for students changing enrollment status.

In Spring 2017, the Director of Accounting Services conducted an internal audit of the 3 semesters in our fiscal year with data to date for NSLDS data using normal audit procedures. Those were Summer 2016, Fall 2016, and Spring 2017. This audit substantiated that there had been much improvement. No issues identified with the timeliness of reporting to the Clearinghouse. All students tested (27) were reported within the 60-day window. The previous problems have been mitigated by the corrective action plan, which included greater communication with faculty regarding the necessity of reporting last date of attendance in a timely manner and greater diligence on the part of the admissions and records staff to follow up when corrective action was required. To the college's knowledge, there are no failures to report last date of attendance and all submissions met the time requirements set by the Clearinghouse.

Brad McCormick
Vice President for Business Services and College Facilities