John A. Logan College
Community College District No. 530

Carterville, Illinois

Annual Financial Report and
Single Audit Report
June 30, 2018

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RSM

Independent Auditor's Report

RSM US LLP

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

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 College, Community College District No. 530 (the College), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 College, Community College District No. 530, as of June 30, 2018, 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.

Emphasis of Matter
As discussed in Note 12 to the financial statements, during the year ended June 30, 2018, the College implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* which required a restatement to the July 1, 2017, net position. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require the management's discussion and analysis, other postemployment benefit (OPEB) schedules, and pension 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 College 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 December 14, 2018, 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

Chicago, Illinois
December 14, 2018

JOHN A. LOGAN COLLEGE
COMMUNITY COLLEGE DISTRICT No. 530
CARTERVILLE, ILLINOIS

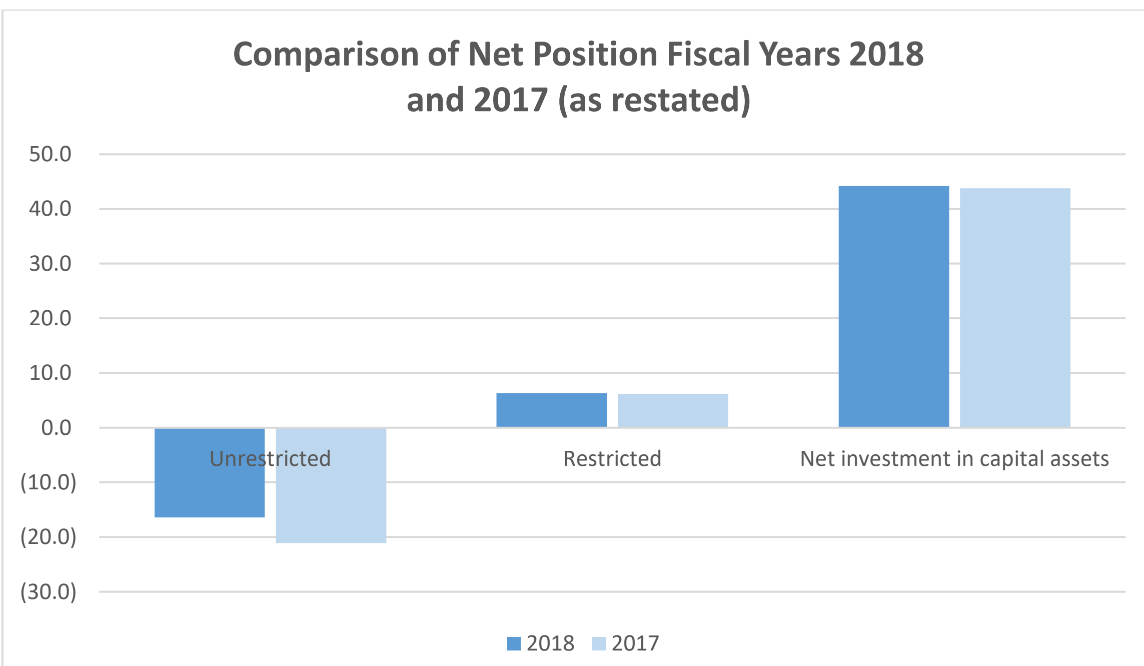
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018
(Unaudited)

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, 2018. 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 18-50). 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



As of June 30, 2018, the College's net position increased to $34.1 million from $28.9 million, as restated, at June 30, 2017. While total revenues, excluding the State Universities Retirement System (SURS) on-behalf revenue, increased $8.8 million largely due to an increase in state funding, expenses, excluding SURS on-behalf expense, also increased by $1.1 million mainly due to an increase in instructional salaries and benefits.

Financial Analysis of the College as a Whole

Net Position
(in millions)

ASSETS	FY 2018	FY 2017 (As Restated)	Increase (Decrease)	Percent Change
Current				
Current assets	$ 26.3	$ 18.8	$ 7.5	39.9%
Noncurrent				
Restricted assets	9.0	13.9	(4.9)	(35.3)
Other long-term investments	3.0	0.0	3.0	100.0
Capital assets, net	62.8	64.1	(1.3)	(2.0)
Total assets	101.1	96.8	4.3	4.4
DEFERRED OUTFLOWS OF RESOURCES	1.5	0.7	0.8	114.3
LIABILITIES				
Current liabilities	7.5	7.2	0.3	4.2
Noncurrent liabilities	51.3	56.1	(4.8)	(8.6)
Total liabilities	58.8	63.3	(4.5)	(7.1)
DEFERRED INFLOWS OF RESOURCES	9.7	5.3	4.4	83.0
NET ASSETS				
Net investment in capital assets	44.2	43.8	0.4	0.9
Restricted	6.3	6.2	0.1	1.6
Unrestricted	(16.4)	(21.1)	4.7	(22.3)
Total net assets	$ 34.1	$ 28.9	$ 5.2	18.0

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, GASB 68 and GASB 75 reporting and property tax deferrals.

Current assets increased $7.5 million largely due to an increase in cash and cash equivalents and investments. This increase can be attributed to the state budget impasse, which led to the use of current assets for operational needs during fiscal year 2017. Supplemental fiscal year 2017 revenue was delayed and received during fiscal year 2018. Total noncurrent assets decreased by $3.2 million.

Current liabilities increased $0.3 million due to increases in accrued expenses and the current portion of bonds payable, offset partially by a decrease in unearned revenue. Noncurrent liabilities decreased by $4.8 million due to decreases in the long-term portion of bonds payable and the ICCB reimbursement.

Capital Assets, Net
(in millions)

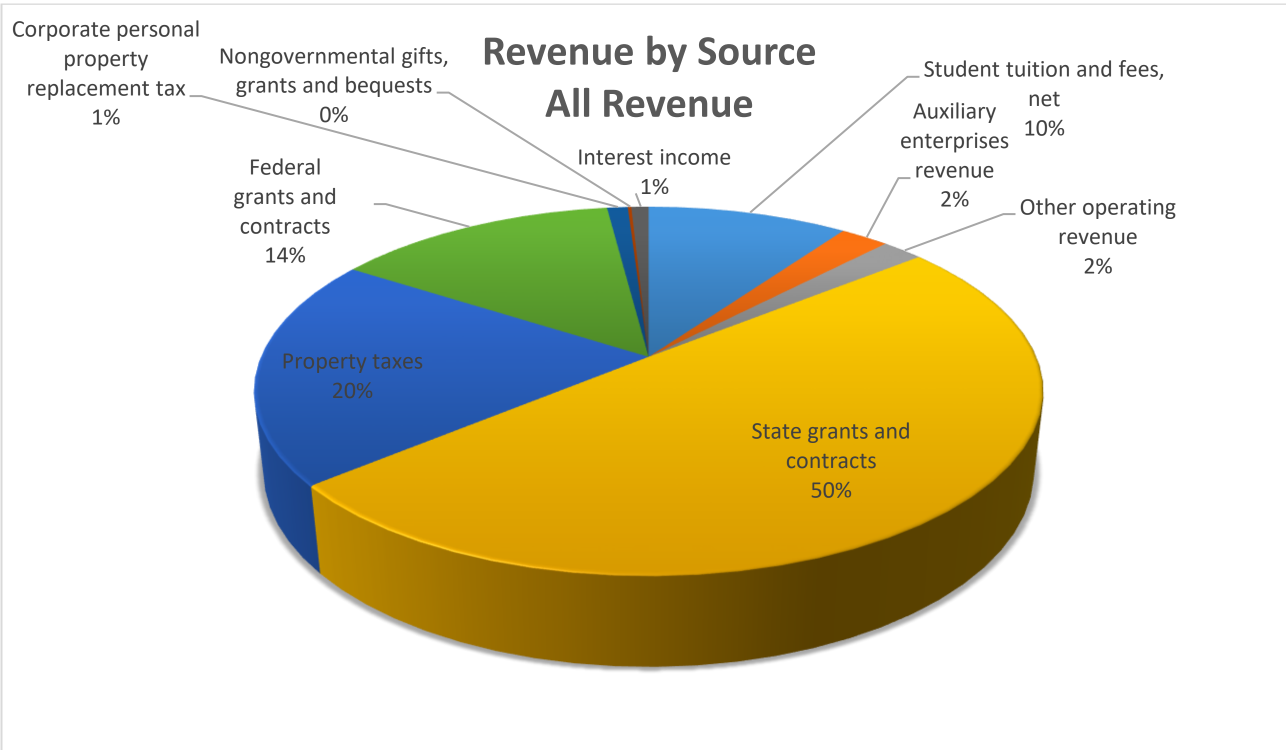
CAPITAL ASSETS	Capital Assets FY 2018	Capital Assets FY 2017	Increase (Decrease)	Percent Change
Site	$ 0.3	$ 0.3	$ 0.0	0.0%
Site improvement	1.7	1.3	0.4	30.8
Buildings, additions and improvements	92.2	91.6	0.6	0.7
Equipment	10.3	10.1	0.2	1.2
Total cost	104.5	103.3	1.2	1.2
Less accumulated depreciation	41.7	39.2	2.5	6.4
Capital assets, net	$ 62.8	$ 64.1	$ (1.3)	(2.2)

The College completed $468,969 for EIFS (exterior insulation and finish system) and window replacements and $417,050 for baseball field site improvements. Another $60,563 was spent on the completion of the H building remodel for classroom updates.

Operating Results
(in millions)

REVENUES	FY 2018	FY 2017	Increase (Decrease)	Percent Change
OPERATING REVENUES				
Student tuition and fees, net	$ 5.8	$ 5.7	$ 0.1	1.8%
Auxiliary enterprises revenue	1.4	1.2	0.2	16.7
Other operating revenue	1.2	1.9	(0.7)	(36.8)
Total operating revenues	8.4	8.8	(0.4)	(4.5)
Less operating expenses	53.9	53.7	0.2	0.1
Net operating income (loss)	(45.5)	(44.9)	(0.6)	1.3
NONOPERATING REVENUES (EXPENSES)				
State grants and contracts	29.4	21.5	7.9	36.7
Property taxes	11.9	11.7	0.2	1.7
Federal grants and contracts	8.2	8.3	(0.1)	(1.2)
Corporate personal property replacement taxes	0.6	0.7	(0.1)	(14.3)
Nongovernmental gifts, grants and bequests	0.1	0.1	0.0	0.0
Interest income	0.5	0.1	0.4	400.0
Nonoperating revenues, net	50.7	42.4	8.3	19.6
Net income (loss)	$ 5.2	$ (2.5)	$ 7.7	(308.0)

The following is a graphic illustration of revenues by source:



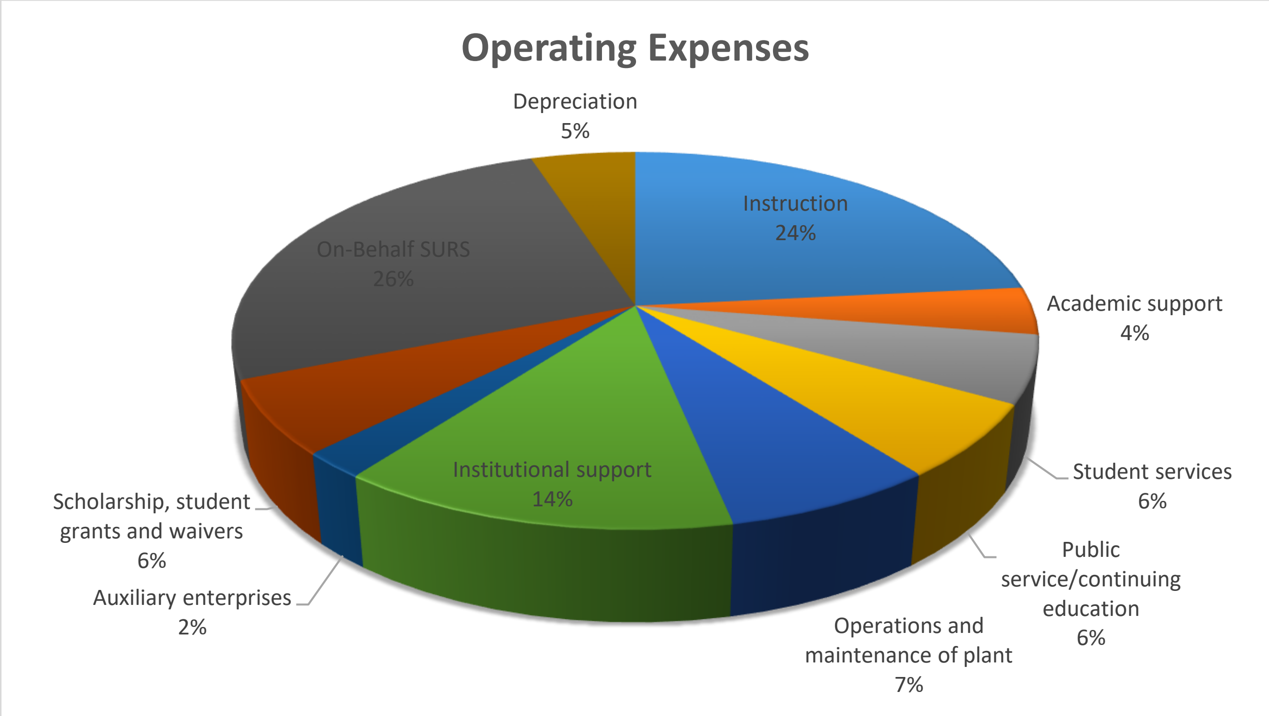
Operating Expenses
(in millions)

EXPENSES	FY 2018	FY 2017	Increase (Decrease)	Percent Change
Operating expenses:				
Instruction	$12.6	$10.5	$ 2.1	20.0%
Academic support	2.2	2.2	0.0	0.0
Student services	3.1	3.4	(0.3)	(8.8)
Public service/continuing education	3.4	3.3	0.1	3.0
Operations and maintenance of plant	3.9	3.7	0.2	5.4
Institutional support	7.3	7.7	(0.4)	(5.2)
Auxiliary enterprise	1.2	1.4	(0.2)	(14.3)
Scholarship, student grants, and waivers	3.4	3.8	(0.4)	(10.5)
On-behalf SURS	14.1	14.9	(0.8)	(5.4)
Depreciation	2.7	2.8	(0.1)	(3.6)
Total operating expenses	$53.9	$53.7	$ 0.2	0.1

JOHN A. LOGAN COLLEGE
COMMUNITY COLLEGE DISTRICT No. 530
CARTERVILLE, ILLINOIS

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018
(Unaudited)

The following is a graphic illustration of operating expenses:



Operating expenses at June 30, 2018, increased $0.2 million compared to fiscal year 2017. There was a $1.5 million decrease in payments made by the State of Illinois, on behalf of the College, for SURS. Net of the SURS on-behalf payments, operating expenses increased by $1.0 million, largely due to increases in instructional salaries and benefits as well as institutional support contractual payments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2018
(Unaudited)

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

Debt payable, July 1, 2017	$29,169,424
Debt retired	(1,859,712)
Debt payable, June 30, 2018	$27,309,712

The College issued no new debt in fiscal year 2018. The College made principal payments during the fiscal year of $1,859,712.

John A. Logan College
Community College District No. 530

Statement of Net Position
June 30, 2018

Assets		
Current assets:		
Cash and cash equivalents	$	9,321,773
Receivables:		
Property taxes		12,160,141
Governmental claims		565,423
Tuition and fees, net of allowance for doubtful accounts of $2,204,127		1,665,643
Other		242,162
Inventories		7,994
Investments		1,500,000
Prepaid expenses		872,989
Total current assets		26,336,125
Noncurrent assets:		
Restricted cash and cash equivalents		8,984,791
Other long-term investments		3,000,000
Capital assets		104,535,510
Less accumulated depreciation		(41,749,516)
Total noncurrent assets		74,770,785
Total assets		101,106,910
Deferred Outflows of Resources		
College OPEB plan related amounts		719,074
CIP OPEB plan related amounts		85,396
Pension related amounts		159,156
Deferred loss on refunded bonds payable		498,899
Total deferred outflows of resources		1,462,525

(Continued)

John A. Logan College
Community College District No. 530

Statement of Net Position (Continued)
June 30, 2018

Liabilities		
Current liabilities:		
Accounts payable	$	258,892
Accrued expenses		3,697,568
Unearned revenue—tuition and fees		726,160
Unearned revenue—SIHS agreement		244,861
Deposits held in custody		56,177
Accrued bond interest		84,739
Lease-purchase payable		199,712
Bonds payable, current		1,890,000
ICCB reimbursement, current		356,066
Total current liabilities		7,514,175
Noncurrent liabilities:		
Net OPEB liability		23,609,564
Bonds payable, long-term portion, net of unamortized discount/premium of $1,835,657		27,055,657
ICCB reimbursement, long-term portion		673,673
Total noncurrent liabilities		51,338,894
Total liabilities		58,853,069
Deferred Inflows of Resources		
College OPEB plan related amounts		20,573
CIP OPEB plan related amounts		3,604,403
Deferred property tax revenue		6,024,694
Total deferred inflows of resources		9,649,670
Net Position		
Net investment in capital assets		44,164,524
Restricted for:		
Debt service		1,373,705
Capital projects		1,519,309
Liability protection		1,355,925
Working cash		2,035,685
Other		65,197
Unrestricted		(16,447,649)
Total net position	$	34,066,696

See notes to basic financial statements.

John A. Logan College
Community College District No. 530

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

Operating revenues:		
Student tuition and fees, net of scholarship allowances of $6,246,897	$	5,798,988
Auxiliary enterprise		1,365,080
Other		1,267,961
Total operating revenues		8,432,029
Operating expenses:		
Instruction		12,601,842
Academic support		2,261,805
Student services		3,118,585
Public service/continuing education		3,391,305
Operation and maintenance of plant		3,871,802
Institutional support		7,291,877
Auxiliary enterprise		1,259,888
Scholarships, student grants, and waivers		3,416,639
On-behalf—State Universities Retirement System		14,032,225
Depreciation		2,707,085
Total operating expenses		53,953,053
Operating loss		(45,521,024)
Nonoperating revenues:		
Property taxes		11,881,335
Corporate personal property replacement taxes and chargebacks		564,882
State grants and contracts		29,371,212
Federal grants and contracts		8,224,902
Nongovernmental gifts, grants and bequests		142,035
Interest income		515,848
Total nonoperating revenues		50,700,214
Increase in net position		5,179,190
Net position at the beginning of the year (as previously reported)		50,547,133
Prior-period restatement (see Note 12)		(21,659,627)
Net position at the beginning of the year (as restated)		28,887,506
Net position at the end of the year	$	34,066,696

See notes to basic financial statements.

John A. Logan College
Community College District No. 530

Statement of Cash Flows
Year Ended June 30, 2018

Cash flows from operating activities:	
Tuition and fees	$ 5,624,128
Payments to supplier	(14,070,221)
Payments to and benefits for employees	(20,919,785)
Auxiliary enterprise charges	105,192
Other receipts	1,198,044
Net cash used in operating activities	(28,062,642)
Cash flows from noncapital financing activities:	
Property taxes	11,735,399
Corporate personal property replacement taxes and chargebacks	564,882
Receipt of deposits held in custody	(9,870)
Grants, contracts, gifts and bequests	23,097,096
Net cash provided by noncapital financing activities	35,387,507
Cash flows from capital and related financing activities:	
Capital grants, contracts, gifts and bequests	801,889
Principal paid on lease-purchase agreements	(199,712)
Principal paid on bonds	(1,660,000)
Purchases of capital assets	(1,419,397)
Net cash used in capital and related financing activities	(2,477,220)
Cash flows from investing activities:	
Purchase of investments	(4,500,000)
Interest income	515,848
Net cash used in investing activities	(3,984,152)
Net increase in cash and cash equivalents	863,493
Cash and cash equivalents, July 1, 2017	17,443,071
Cash and cash equivalents, June 30, 2018	$ 18,306,564

(Continued)

John A. Logan College
Community College District No. 530

Statement of Cash Flows (Continued)
Year Ended June 30, 2018

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	$ (45,521,024)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation expense	2,707,085
On-behalf—State Universities Retirement System	14,032,225
Bad-debt expense	403,267
Amortization expense	(99,120)
Changes in assets, liabilities and deferred outflows (inflows):	
Tuition and fees receivables	(480,056)
Other receivables	(69,917)
Inventories	1,778
Prepaid expenses	50,180
Net College OPEB-related deferred outflows/inflows	(698,501)
Net CIP OPEB-related deferred outflows/inflows	3,519,007
Pension related deferred outflows	1,906
Net OPEB liability	(1,954,530)
Accounts payable	(19,414)
Accrued expenses	234,209
Unearned revenue—tuition and fees	(98,071)
Unearned revenue—SIHS agreement	(71,666)
Net cash used in operating activities	$ (28,062,642)

See notes to basic financial statements.

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

Statement of Financial Position
June 30, 2018

Assets		
Cash and cash equivalents	$	1,157,307
Contributions receivable		150
Prepaid expenses and other assets		3,416
Investments		8,081,765
Total assets	$	9,242,638
Liabilities and Net Assets		
Liabilities:		
Accounts payable	$	154,745
Unearned revenue		2,800
Total liabilities		157,545
Net assets:		
Unrestricted		1,673,018
Temporarily restricted		2,177,989
Permanently restricted		5,234,086
Total net assets		9,085,093
Total liabilities and net assets	$	9,242,638

See 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, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and other support:				
Contributions	$ 239,310	$ 477,335	$ 1,560,000	$ 2,276,645
Special events, net of expenses of $56,332	(14,053)	7,226	-	(6,827)
Net assets released from restrictions	508,840	(508,840)	-	-
Total public support	734,097	(24,279)	1,560,000	2,269,818
Investment return:				
Dividends and interest	31,640	123,806	-	155,446
Net unrealized loss on investments held	(99,239)	(395,036)	-	(494,275)
Net realized gain on investments sold	176,235	671,260	-	847,495
Total investment return	108,636	400,030	-	508,666
Total revenue and other support	842,733	375,751	1,560,000	2,778,484
Expenses:				
Program services:				
Scholarships	379,123	-	-	379,123
Athletics	87,346	-	-	87,346
Other student support	94,511	-	-	94,511
Management and general	149,442	-	-	149,442
Fundraising	131,315	-	-	131,315
Total expenses	841,737	-	-	841,737
Change in net assets	996	375,751	1,560,000	1,936,747
Net assets at beginning of year	1,672,022	1,802,238	3,674,086	7,148,346
Net assets at end of year	$ 1,673,018	$ 2,177,989	$ 5,234,086	$ 9,085,093

See notes to basic financial statements.

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

Statement of Cash Flows
Year Ended June 30, 2018

Cash flows from operating activities:	
Change in net assets	$ 1,936,747
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Net realized and unrealized gain on investments	(353,220)
Contributions restricted for long-term purposes	(1,560,000)
Changes in assets and liabilities:	
Contributions receivable	6,350
Prepaid expenses and other assets	2,643
Accounts payable	143,366
Unearned revenue	2,800
Net cash provided by operating activities	178,686
Cash flows from investing activities:	
Proceeds from sales of investments	14,467,077
Purchases of investments	(16,190,407)
Net cash used in investing activities	(1,723,330)
Cash flows from financing activities:	
Contributions restricted for long-term purposes	1,560,000
Net cash provided by financing activities	1,560,000
Net increase in cash and cash equivalents	15,356
Cash and cash equivalents, beginning of year	1,141,951
Cash and cash equivalents, end of year	$ 1,157,307

See notes to basic financial statements.

Note 1. Summary of Significant Accounting Policies

John A. Logan College, 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 (the Foundation).

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising 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, that 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 nonprofit organization that reports its financial results under Financial Accounting Standard Board (FASB) *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.

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.

Note 1. Summary of Significant Accounting Policies (Continued)

Nonexchange 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. Nonoperating revenues include activities that have the characteristics of nonexchange 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 nonoperating 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 due to its liquidity and/or short-term nature.

The College’s investment policy allows for cash deposits to be invested in securities allowed for by statute. Chapter 122, Section 103.47 of the Illinois Public Community College Act and Chapter 85, Sections 901 through 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 nonrestricted 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 (Illinois Funds).

The Illinois Funds is an investment pool managed by the State of Illinois, Office of the Treasurer, which allows governments in the State to pool their funds for investment purposes. Illinois Funds is not registered with the Securities and Exchange Commission (SEC) as an investment company. Illinois Funds does meet all the criteria in GASB Statement No. 79, paragraph 4, which allows the reporting of its investments at amortized cost. Investments in Illinois Funds are valued at share price, which is the price the investment could be sold for.

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 percent, 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 statement of net position.

Certificates of deposit: Certificates of deposit are valued at amortized cost.

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 percent collectible.

Note 1. Summary of Significant Accounting Policies (Continued)

Inventories: Inventories are reported at the lower of cost or market on the first-in, first-out (FIFO) 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 one year. Certain assets have higher capitalization thresholds, including leasehold improvements of $20,000, site of $25,000, building and site improvements of $50,000 and buildings of $100,000. 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:

Buildings and improvements	50 years
Leasehold improvements	15 years
Site improvements	10 years
Equipment	8 years
Vehicles	5 years
Computer software	3 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 outflows (inflows) 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. Deferred inflows of resources are acquisitions of net position that are applicable to a future reporting period, and should be reported as having a similar impact on net position as liabilities.

Pension payments related to employees with federally funded positions and made subsequent to the pension liability measurement date are considered to be deferred outflows. Changes in assumptions and differences between expected and actual experience of the College's other postemployment benefit (OPEB) plan are considered to be deferred outflows (inflows). Changes in proportion and differences between employer contributions and actual contributions and its proportionate share of contributions to the plan relative to all employers is also considered to be a deferred outflow (inflow). 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. Deferred inflows also include property taxes levied for the subsequent fiscal year.

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

Note 1. Summary of Significant Accounting Policies (Continued)

Noncurrent liabilities: Noncurrent liabilities include principal amounts of bonds with maturities greater than one year, the long-term portion of the ICCB reimbursement payable and net OPEB liability.

Pensions and OPEB: The net pension/OPEB liability, deferred outflows and inflows of resources related to pensions/OPEB, contributions and pension/OPEB expense have been determined on the same basis as they are determined and reported by the State Universities Retirement System of Illinois (SURS). See Notes 7 and 9 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.

Note 1. Summary of Significant Accounting Policies (Continued)

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 workers' compensation. During the current fiscal year, there were no significant reductions in insurance coverage. Also, there have been no settlements that have exceeded insurance coverage during the past three fiscal years.

Pending accounting pronouncements: GASB Statement No. 83, *Certain Asset Retirement Obligations*, will be effective for the College beginning with its year ending 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 ending 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. 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.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of Construction Period,* will be effective for the College beginning with its year ending June 30, 2021. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) simplify accounting for interest cost incurred before the end of a construction period.

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61,* will be effective for the College beginning with its year ending June 30, 2020. This statement improves financial reporting by providing users of financial statements with essential information related to presentation of majority equity interests in legally separate organizations that previously were reported inconsistently. In addition, it requires reporting of information about component units if the government acquires 100 percent equity interest in the component unit.

The College's management has not yet determined the effect, if any, these GASB statements will have on the College's financial statements and related disclosures.

Subsequent events: The College has evaluated subsequent events through December 14, 2018, the date that the financial statements were available to be issued.

Note 2. Cash and Cash Equivalents

At June 30, 2018, the carrying amount and bank balance of the College's deposits, which does not include cash on hand and petty cash of $1,435, is as follows:

		Carrying Amount
Cash and cash equivalents:		
Cash accounts	$	12,110,178
Illinois Funds Money Market Fund		6,194,951
Investments:		
Certificates of deposit		4,500,000
	$	22,805,129

Current assets:		
Cash and cash equivalents	$	9,320,338
Investments		1,500,000
Noncurrent assets:		
Restricted cash and cash equivalents		8,984,791
Other long-term investments		3,000,000
	$	22,805,129

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, 2018, the bank balances 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 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 one 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 one-third 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 percent of a corporation's outstanding obligations. Investments may be made only in banks, which are insured by the FDIC.

The College's investment policy does not further limit its investment choices. The College's investments in the Illinois Funds Money Market Fund were rated AAAm by Standard & Poor's at June 30, 2018.

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 percent 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 percent of the total fixed-income investments. At June 30, 2018, 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, 2018. The investment in capital assets is determined by reducing historical cost by accumulated depreciation.

	July 1, 2017	Additions	Deletions	June 30, 2018
Historical cost:				
Capital assets not being depreciated:				
Site	$ 346,427	$ -	$ -	$ 346,427
Construction in progress	249,025	392,627	199,999	441,653
Other	16,500	-	-	16,500
	611,952	392,627	199,999	804,580
Other capital assets:				
Site improvements	1,315,876	417,050	-	1,732,926
Buildings and improvements	91,167,860	544,090	-	91,711,950
Equipment	10,143,410	269,818	127,174	10,286,054
	102,627,146	1,230,958	127,174	103,730,930
Total capital assets	103,239,098	1,623,585	327,173	104,535,510
Less accumulated depreciation:				
Other capital assets:				
Site improvements	779,256	139,391	-	918,647
Buildings and improvements	31,537,285	1,829,405	-	33,366,690
Equipment	6,848,874	738,289	122,984	7,464,179
	39,165,415	2,707,085	122,984	41,749,516
Capital assets, net	$ 64,073,683	$ (1,083,500)	$ 204,189	$ 62,785,994

Note 4. Accrued Expenses

Accrued expenses consisted of the following at June 30, 2018:

Accrued payroll	$ 1,500,163
Accrued vacation	1,281,469
Accrued benefits	165,996
Accrued personal leave	293,747
Accrued expenses—other	456,193
Total accrued expenses	$ 3,697,568

Note 5. Long-Term Obligations

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

	2007 Bond Issue	2014 Bond Issue	2016A Debt Certificates	2016B Bond Issue	2017A Refunding Bonds	2017B Bond Issue	Lease Purchase Agreement
Debt payable, July 1, 2017	$ 1,660,000	$ 2,305,000	$ 1,235,000	$ 4,805,000	$ 13,265,000	$ 5,500,000	$ 399,424
Debt issued	-	-	-	-	-	-	-
Debt retired	(730,000)	(360,000)	(290,000)	(280,000)	-	-	(199,712)
Refunded amount	-	-	-	-	-	-	-
Debt payable, June 30, 2018	$ 930,000	$ 1,945,000	$ 945,000	$ 4,525,000	$ 13,265,000	$ 5,500,000	$ 199,712
Due within one year	$ 930,000	$ 365,000	$ 305,000	$ 290,000	$ -	$ -	$ 199,712

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

Debt payable, July 1, 2017	$ 29,169,424
Debt issued	-
Debt retired	(1,859,712)
Refunded amount	-
Debt payable, June 30, 2018	$ 27,309,712
Due within one year	$ 2,089,712

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 semiannually on December 1 and June 1, beginning on December 1, 2007
Interest rate: 3.80 percent to 5.00 percent

	Original Outstanding Amount	*Refunded Amount	Principal	Interest	Total
Years ending June 30:					
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	1,660,000	1,660,000	-	-	-
2024-2026	8,590,000	8,590,000	-	-	-
	$ 15,335,000	$ 14,405,000	$ 930,000	$ 23,250	$ 953,250

*Redemption date was December 1, 2017.

Note 5. Long-Term Obligations (Continued)

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 semiannually on December 1 and June 1, beginning on December 1, 2015
Interest rate: 2.00 percent to 3.00 percent

	Principal	Interest	Total
Years ending June 30:			
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
2023	410,000	6,150	416,150
	$ 1,945,000	$ 149,175	$ 2,094,175

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 semiannually on December 1 and June 1, beginning on December 1, 2016
Interest rate: 2.10 percent to 4.00 percent

	Principal	Interest	Total
Years ending June 30:			
2019	$ 305,000	$ 26,900	$ 331,900
2020	315,000	14,700	329,700
2021	325,000	6,825	331,825
	$ 945,000	$ 48,425	$ 993,425

Note 5. Long-Term Obligations (Continued)

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 semiannually on December 1 and June 1, beginning on December 1, 2016
Interest rate: 3.00 percent to 3.75 percent

	Principal	Interest	Total
Years ending June 30:			
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	325,000	105,085	430,085
2024-2028	1,780,000	368,722	2,148,722
2029-2031	1,215,000	68,471	1,283,471
	$ 4,525,000	$ 1,055,693	$ 5,580,693

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.

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 semiannually on December 1 and June 1, beginning on December 1, 2018
Interest rate: 3.25 percent to 5.00 percent

	Principal	Interest	Total
Years ending June 30:			
2019	$ -	$ 641,025	$ 641,025
2020	-	641,025	641,025
2021	-	641,025	641,025
2022	-	641,025	641,025
2023	-	641,025	641,025
2024-2028	9,610,000	2,121,625	11,731,625
2029-2030	3,655,000	121,538	3,776,538
	$ 13,265,000	$ 5,448,288	$ 18,713,288

Note 5. Long-Term Obligations (Continued)

On April 25, 2017, the College issued General Obligation Bonds with an interest rate ranging from 3.25 percent to 5.00 percent to advance refund $14.6 million of outstanding 2007 Government Obligation Bonds with an interest rate ranging from 3.8 percent to 5.0 percent. 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 General Obligation Bonds. As a result, a portion of the 2007 General Obligation Bonds are considered to be defeased.

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 semiannually on December 1 and June 1, beginning on December 1, 2018
Interest rate: 2.05 percent to 3.04 percent

	Principal	Interest	Total
Years ending June 30:			
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	1,370,000	42,468	1,412,468
2024	730,000	11,096	741,096
	$ 5,500,000	$ 523,480	$ 6,023,480

On April 25, 2017, the College issued Taxable General Obligation Community College Bonds, Series 2017B to increase the working cash fund of the College and debt issuance. $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 percent

	Principal	Interest	Total
Year ending June 30, 2019	$ 199,712	$ -	$ 199,712

Note 5. Long-Term Obligations (Continued)

At June 30, 2018, the College's future cash flow requirements of long-term debt obligations by fiscal year were as follows:

	Principal	Interest	Total
Years ending June 30:			
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	2,105,000	794,728	2,899,728
2024-2028	12,120,000	2,501,443	14,621,443
2029-2031	4,870,000	190,009	5,060,009
	$ 27,309,712	$ 7,248,311	$ 34,558,023

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. During the year ended June 30, 2018, $625,230 was repaid to the ICCB.

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 2019 through 2021 as follows:

	Equalization	Base Operating	Total
Years ending June 30:			
2019	$ 191,117	$ 164,949	$ 356,066
2020	112,705	147,225	259,930
2021	228,159	185,584	413,743
	$ 531,981	$ 497,758	$ 1,029,739

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 Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

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

Contributions: The State of Illinois is primarily responsible for funding SURS 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 SURS to reach 90 percent of the total actuarial accrued liability by the end of fiscal year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions, which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2017 and 2018, respectively, was 12.53 percent and 12.46 percent of employee payroll. The normal cost is equal to the value of the current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0 percent of their annual covered salary. The contribution requirements of 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 percent during the final rate of earnings period).

Pension liabilities, expense and deferred outflows of resources and deferred inflows of resources related to pensions:

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

Note 7. Defined Benefit Pension Plans (Continued)

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 $132,756,562, or 0.5210 percent. This amount should not be recognized in the financial statements. The net pension liability and total pension liability as of June 30, 2017, was determined based on the June 30, 2016, actuarial valuation rolled forward to the measurement date. 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 2017.

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

Employer proportionate share of pension expense: The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments both as 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 2017. As a result, the College recognized on-behalf revenue and pension expense of $12,571,303 for the fiscal year ended June 30, 2018.

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

The SURS collective deferred outflows and deferred inflows of resources by year to be recognized as future pension expenses are as follows:

	Net Deferred Outflows of Resources
Years ending June 30:	
2018	$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
Total	$ 177,990,021

Note 7. Defined Benefit Pension Plans (Continued)

Employer deferral of fiscal year 2018 pension expense: The College paid $159,156 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017, and are recognized as deferred outflows of resources as of June 30, 2018.

Assumptions and other inputs:

Actuarial assumptions**:** The actuarial assumptions used in the June 30, 2017, valuation were based on the results of an actuarial experience study for the period from June 30, 2010 to June 30, 2014. The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 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).

Note 7. Defined Benefit Pension Plans (Continued)

For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, 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 %	7.34 %
Global equity	8 %	6.85 %
Fixed income	19 %	1.38 %
Treasury—inflation-protected securities	4 %	1.17 %
Emerging market debt	3 %	4.14 %
Real estate REITS	4 %	5.75 %
Direct real estate	6 %	4.62 %
Commodities	2 %	4.23 %
Hedged strategies	5 %	3.95 %
Opportunity fund	1 %	6.71 %
Total	100 %	5.20 %
Inflation		2.75 %
Expected arithmetic return		7.95 %

Discount rate: A single discount rate of 7.09 percent was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25 percent and a municipal bond rate of 3.56 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate was the amount of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS' 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.

Note 7. Defined Benefit Pension Plans (Continued)

Sensitivity of SURS' net pension liability to changes in the discount rate: Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

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

Additional information regarding the SURS basic financial statements, including the plan net position, can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

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 2016 and November 2017 were allocated 50 percent for each of the two years after the levy year. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. The remaining receivable related to the 2017 tax year extension has been deferred and will be recorded as revenue in fiscal year 2019. Collection dates vary according to the schedules of the individual counties, with disbursements to the College normally made within 30 days of collection.

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

		Actual Rate	
	Maximum Rate	2017 Levy Payable in 2018	2016 Levy Payable in 2018
Education	0.30000	0.30000	0.30000
Operations and maintenance	0.05000	0.05000	0.05000
Bond and interest	Unlimited	0.13492	0.13314
Audit	0.05000	0.00260	0.00264
Liability, protection and settlement	Unlimited	0.11923	0.09256
Health, life and safety	0.05000	0.01688	0.04001
Prior-year adjustment	Unlimited	0.00082	(0.00290)
		0.62445	0.61545

Note 9. Postemployment Benefits Other Than Pensions

As of the fiscal year ended June 30, 2018, the College was required to implement GASB Statement No. 75 (GASB 75). The College participates in two OPEB plans, the State of Illinois' College Insurance Program (CIP) and an OPEB plan provided by the College. Implementation resulted in the recognition of a net OPEB liability, deferred outflows/inflows of resources, OPEB expense, restatement of beginning net position, and changes to disclosures and required supplementary information.

State of Illinois' College Insurance Program:

Plan description: The College participates in CIP, a cost-sharing multiemployer defined benefit postemployment health care plan administered by the State. The benefits, employer, employee, retiree and state contributions are dictated by the Illinois Compiled Statutes (ILCS) through the State Group Insurance Act of 1971 (the Act) and can only be changed by the Illinois General Assembly. Separate financial statements, including required supplementary information, may be obtained from the Department of Healthcare and Family Services, 201 South Grand Avenue East, Springfield, Illinois 62763.

Benefits provided: CIP provides health, vision and dental benefits to retired staff and dependent beneficiaries of participating community colleges. Annuitants may be required to contribution toward health, dental and vision benefits with the amount based on factors such as date of retirement, years of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute toward health, dental and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced 5 percent for each year of credited service with the State allowing those annuitants with 20 or more years of credited service to not have to contribute toward health, dental and vision benefits.

Annuitants also receive life insurance coverage equal to the annual salary on the last day of employment until age 60, at which time the benefit becomes $5,000.

Contributions: The Act requires every active contributor (employee) of SURS to contribute 0.5 percent of covered payroll and every community college district to contribute 0.5 percent of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires the State to make an annual appropriation to CIP to cover any expected expenditures in excess of the contributions by active employees, employers and retirees. The result is pay-as-you-go financing of the plan. The employer contributions to the plan for the years ended June 30, 2018 and 2017, were $85,396 and $84,297, respectively. The College contributions were equal to the required contributions for each year.

OPEB liabilities, expense, deferred outflows of resources and deferred inflows of resources: At June 30, 2018, the College reported a liability for its proportionate share of the collective net OPEB liability that reflected a reduction for State OPEB support provided for the College. The State's support and total are for disclosure purposes only. The OPEB proportionate shares are as follows:

Employer's proportionate share of the collective net OPEB liability	$	17,719,288
The portion of the State's proportionate share amount of the collective net OPEB liability associated with the employer		17,485,836
Total CIP net collective OPEB liability associated with the employer	$	35,205,124

Note 9. Postemployment Benefits Other Than Pensions (Continued)

The collective net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation performed as of June 30, 2016, rolled forward to June 30, 2017. The College's proportion of the net OPEB liability was based on the College's actual contributions to the OPEB plan relative to the projected contributions of all participating colleges and the State of Illinois. At June 30, 2017 and 2016, the College's proportions were 0.971646 percent and 1.108664 percent, respectively.

For the year ended June 30, 2018, the College recognized OPEB revenue of $1,545,219 and OPEB expense of $2,776,025 for support provided by the State. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 50,149
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	2,078,065
Net difference between projected and actual investment earnings	-	187
Changes in assumptions	-	1,476,002
Total deferred amounts to be recognized in expense in future periods	-	3,604,403
Employer contributions subsequent to the measurement date	85,396	-
	$ 85,396	$ 3,604,403

The College reported $85,396 as deferred outflows of resources related to OPEB resulting from College contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability for the measurement period ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to CIP will be recognized in OPEB expense as follows:

Fiscal years ending June 30:	
2019	$ (720,881)
2020	(720,881)
2021	(720,881)
2022	(720,881)
2023	(720,879)
	$ (3,604,403)

Note 9. Postemployment Benefits Other Than Pensions (Continued)

Actuarial assumptions: The total OPEB liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, the measurement date, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.75 percent
Salary rate increases	3.75 percent to 10.00 percent
Investment rate of return	0.00 percent
Health care cost trend rates	8.00 percent to 9.00 percent trending to 4.50 percent
Asset valuation method	Market value

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

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

The following OPEB-related assumptions changes were made since the June 30, 2014, OPEB actuarial valuation date:

- The discount rate was changed from 2.85 percent at June 30, 2016, to 3.56 percent at June 30, 2017;
- The health care cost trend assumption was updated based on claim and enrollment experience through June 30, 2016, projected plan cost for plan year-end June 30, 2017, premium changes through plan year-end June 30, 2018, and expectation of future trend increases after June 30, 2017;
- The excise trend rate adjustment was updated based on available premium and enrollment information as of June 30, 2017;
- Per capita claim costs were updated based on projected claims and enrollment experience through June 30, 2017, and updated premium rates through plan year 2018;
- The morbidity factors, used to adjust per capita claim cost by age and gender, were updated; and
- Health care plan participation rates by plan were updated based on observed experience.

The long-term expected rated of return assumption was set to zero. As such, ranges of expected future real rates of return by asset were not developed.

Discount rate: Since CIP is financed on a pay-as-you-go basis, a long-term rate of return was not used, and the discount rate used to measure the total OPEB liability was the 20-year general obligation bond index rate (source was Fidelity Index's 20-year municipal GO AA Index). The discount rate as of June 30, 2017, was 3.56 percent, which was an increase from the June 30, 2016, rate of 2.85 percent. The projection of cash flows used to determine the discount rate assumed that employee, employer and State contributions would be made at the current statutorily required rates. Based on those assumptions, CIP's fiduciary net position was not projected to be sufficient to make projected OPEB payments for current active and inactive employees beyond the current year.

Note 9. Postemployment Benefits Other Than Pensions (Continued)

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the single discount rate and health care cost trend rates: The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the health care cost trend rates. The table below presents the OPEB liability of the College calculated using the discount rate of 3.56 percent as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.56 percent) or 1 percentage point higher (4.56 percent) than the current rate:

	1% Decrease 2.56%	Current Discount Rate 3.56%	1% Increase 4.56%
Employer's proportionate share of the collective net OPEB liability	$ 20,264,872	$ 17,719,288	$ 15,524,675

The table below presents the College's OPEB liability, calculated using the health care cost trend rates as well as what the College's OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point higher or lower, than the current health care cost trend rates. The key trend rates are 8.00 percent in 2018 decreasing to an ultimate trend rate of 5.02 percent in 2025, for non-Medicare coverage, and 9.00 percent in 2018 decreasing to an ultimate trend rate of 4.50 percent in 2027 for Medicare coverage.

	1% Decrease (a)	Health Care Cost Trend Rates Assumptions	1% Increase (b)
Employer's proportionate share of the collective net OPEB liability	$ 14,699,951	$ 17,719,288	$ 22,088,642

(a) One percentage point decrease in health care cost trend rates are 7.00 percent in 2018 decreasing to an ultimate trend rate of 4.02 percent in 2025, for non-Medicare coverage, and 8.00 percent in 2018 decreasing to an ultimate trend rate of 3.50 percent in 2027 for Medicare coverage.

(b) One percentage point increase in health care cost trend rates are 9.00 percent in 2018 increasing to an ultimate trend rate of 6.02 percent in 2025, for non-Medicare coverage, and 10.00 percent in 2018 decreasing to an ultimate trend rate of 5.50 percent in 2027 for Medicare coverage.

OPEB plan fiduciary net position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CIP financial report.

Payable to the OPEB plan: The College had no outstanding contributions payable to the CIP plan for the year ended June 30, 2018.

Note 9. Postemployment Benefits Other Than Pensions (Continued)

John A Logan College Single Employer Defined Benefit Postemployment Benefit Healthcare Plan

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. Eligibility is based on board policy or the applicable union contract, depending on the employee group. 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.

Employees covered by benefit terms: As of June 30, 2018, the following employees were covered by the benefit terms:

Active employees	233
Inactive employees entitled to but not receiving benefits	-
Inactive employees currently receiving benefits	144
Total	377

Total OPEB liability: The College's total OPEB liability of $5,890,276 was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial assumptions: The total OPEB liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00 percent
Salary rate increase	4.00 percent
Discount rate	2.98 percent
Health care cost trend rates	7.00 percent, managed care option, 6.00 percent CCHP option for 2019 decreasing to an ultimate rate of 5.00 percent for 2028 and later years.
Retirees' share of benefit-related costs	Same as health care trend

Since the Plan is financed on a pay-as-you-go basis, a long-term rate of return was not used, and the discount rate used to measure the total OPEB liability was a 20-year general obligation bond index rate. The discount rate was based on the S&P Municipal Bond 20-Year High-Grade Rate Index as of June 29, 2018. The discount rate as of June 30, 2018, was 2.98 percent, which was a decrease from the June 30, 2017, rate of 4.0 percent.

Mortality rates were based on RP-2014 Combined Annuitant Mortality Table for males and females, as appropriate.

Note 9. Postemployment Benefits Other Than Pensions (Continued)

Changes in the total OPEB liability:

Balance as of June 30, 2017	$	5,235,174
Changes for the year:		
Service cost		17,620
Interest		148,927
Difference between expected and actual experience		497,910
Changes in assumptions and other inputs		116,522
Benefit payments		(475,247)
Other changes		349,370
Net changes		655,102
Balance as of June 30, 2018	$	5,890,276

Changes in assumptions reflect that the discount rate was changed to comply with the GASB Statement No. 75 standard. These changes also reflect that rates of retirement, withdrawal and disability were changed to those in the State Universities Retirement System of Illinois Actuarial Valuation Report as of June 30, 2017.

Sensitivity of the total OPEB liability to changes in the discount rate and health care cost trend rates: The following is a sensitivity analysis of the OPEB liability to changes in the discount rate and the health care cost trend rates. The table below presents the OPEB liability of the College calculated using the discount rate of 2.98 percent as well as what the College's OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.98 percent) or 1 percentage point higher (3.98 percent) than the current rate.

	1% Decrease 1.98%	Current Discount Rate 2.98%	1% Increase 3.98%
Net OPEB liability	$ 6,535,785	$ 5,890,276	$ 5,352,958

Note 9. Postemployment Benefits Other Than Pensions (Continued)

The table below presents the College's OPEB liability, calculated using the health care cost trend rates as well as what the College's OPEB liability would be if it were calculated using a health care cost trend rate that is one percentage point higher or lower than the current health care cost trend rates. The key trend rates are 7.00 percent, managed care option, and 6.00 percent, CCHP option, decreasing to an ultimate rate of 5.00 percent in 2028.

	1% Decrease (a)	Health Care Cost Trend Rates Assumptions	1% Increase (b)
Net OPEB liability	$ 5,356,811	$ 5,890,276	$ 6,519,632

(a) One percentage point decrease in health care cost trend rates are 6.00 percent, managed care option, and 5.00 percent, CCHP option, in 2018 decreasing to an ultimate trend rate of 4.00 percent in 2028.

(b) One percentage point increase in health care cost trend rates are 8.00 percent, managed care option, and 7.00 percent, CCHP option, in 2018 increasing to an ultimate trend rate of 6.00 percent in 2028.

OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB: For the year ended June 30, 2018, the College recognized OPEB expense of $431,848. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 360,853	$ -
Changes in assumptions	358,221	20,573
Net difference between projected and actual investment earnings	-	-
Total deferred amounts to be recognized in expense in future periods	$ 719,074	$ 20,573

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

Fiscal years ending June 30:	
2019	$ 265,301
2020	265,301
2021	167,899
	$ 698,501

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 10-year period. During the year ended June 30, 2018, the College recognized $71,667 as revenue, with the remaining $244,861 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 for specific purposes, which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, College management believes that such disallowances, if any, will not be material.

Vacation and personal leave: As of June 30, 2018, 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 $1,281,000 and $294,000, respectively. The College has accrued this liability.

Construction in progress: At June 30, 2018, the College had construction project commitments totaling approximately $1,116,000. Of these commitments, approximately $32,000 is for the building automation system, approximately $177,000 for elevator renovations, approximately $218,000 for fire alarm system upgrades, approximately $272,000 for miscellaneous plumbing and pipework, and approximately $82,000 for historical village upgrades. Another $335,000 is for renovation projects related to the Southern Illinois Medical System’s Community Health Education Center’s renovations.

Note 12. Prior-Period Restatement

The College's net position has been restated as of July 1, 2017. The restatement is a result of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expense for other postemployment benefits (including medical insurance, dental insurance and long-term care coverage) that are provided to employees through CIP and the College's Plan. See Note 9 for additional information about these plans. The impact of implementing this statement resulted in a restatement of the beginning net position to adjust for the OPEB liability and deferred outflows of resources for OPEB contributions made subsequent to the measurement date that would have been reported in previous years. Accounting changes adopted to conform to the provisions of GASB Statement No. 75 were applied retroactively by restating the beginning net position, as follows:

Net position, June 30, 2017	$	50,547,133
Net OPEB liability		(20,177,182)
Net OPEB liability under College Plan (GASB 75)		(5,235,174)
Net OPEB obligation under College Plan (GASB 45)		3,193,185
Deferred outflow of resources—OPEB contributions subsequent to the measurement date		559,544
Total restatement		(21,659,627)
Net position as restated, June 30, 2017	$	28,887,506

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

Basis of accounting: The financial statements of the 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 according to the existence or absence of donor-imposed restrictions:

Unrestricted: Unrestricted net assets 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: Temporarily restricted net assets are subject to donor-imposed stipulations that will be met either by actions of the Foundation or the passage of time.

Note 13. Component Unit (Continued)

Permanently restricted: Permanently restricted net assets are 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 that, 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 at the present value using a risk-adjusted rate of return. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. There were no contributions to be received after one year at June 30, 2018. 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, 2018.

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.

Investments: 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 statement 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 $44,742 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 UBI tax. As of June 30, 2018, there were no uncertain tax benefits identified and recorded as a liability.

Note 13. Component Unit (Continued)

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 June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contribution Made.* These amendments clarify and improve the scope and accounting guidance related to contributions of cash and other assets received, whether a transfer of assets or the reduction, settlement or cancellation of liabilities is a contribution or an exchange transaction. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The updated standard is effective for annual financial statements issued for the years beginning after December 15, 2018. The Foundation is currently evaluating the effect the adoption of the standard will have on its financial statements.

In August 2016, the FASB issued 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, 2017; early adoption is allowed. The Foundation is currently evaluating the effect the adoption of the standard will have 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. 2015-14, which defers the effective date of ASU 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.

Subsequent events: Subsequent events have been evaluated through December 5, 2018, which is the date the financial statements were available to be issued.

Note 13. Component Unit (Continued)

B. Investments

The cost and fair value of the Foundation's investments carried at fair value at June 30, 2018, are as follows:

	Fair Value	Cost
Mutual funds	$ 2,738,870	$ 2,692,598
Common stock	472,816	417,292
Exchange-traded funds	2,201,158	2,110,193
Corporate bonds	2,111,998	2,157,932
U.S. government and agency obligations	556,923	557,494
	$ 8,081,765	$ 7,935,509

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: Inputs are 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: Inputs are 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: Inputs are 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.

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.

Note 13. Component Unit (Continued)

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, 2018, 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	$ 2,738,870	$ -	$ -	$ 2,738,870
Common stock	472,816	-	-	472,816
Exchange-traded funds	2,201,158	-	-	2,201,158
Corporate bonds	-	2,111,998	-	2,111,998
U.S. government and agency obligations	-	556,923	-	556,923
Total	$ 5,412,844	$ 2,668,921	$ -	$ 8,081,765

There were no transfers between Levels 1, 2 or 3 of the fair value hierarchy during the year ended June 30, 2018.

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 statement of activities as net assets released from restrictions. At the end of fiscal year 2018, the Foundation held $2,177,989 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:

Non-endowed scholarships	$ 388,004
Athletics	142,743
Endowments	1,346,347
Other	300,895
	$ 2,177,989

During fiscal year 2018, $508,840 was released from restrictions and used for the following purposes:

Scholarships	$ 412,168
Other college expenses	96,672
	$ 508,840

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

Note 13. Component Unit (Continued)

E. Endowment Funds

The Foundation's endowment consists of 71 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:

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; and
7. The investment policies of the Foundation.

Spending policy: The Foundation has a policy of appropriating for distribution each year 5 percent of its endowment fund's average fair value of the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor restrictions, and the possible effects of inflation. The Foundation expects the current spending policy to allow its endowment funds to grow at a nominal average rate of 4 percent annually. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return. The Board-approved spending was $164,744 for the fiscal year ended June 30, 2018.

Note 13. Component Unit (Continued)

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

Net endowment assets as of June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 1,345,743	$ 5,234,086	$ 6,579,829
Board-designated endowment funds	1,605,188	-	-	1,605,188
	$ 1,605,188	$ 1,345,743	$ 5,234,086	$ 8,185,017

Changes in net endowment assets for the year ended June 30, 2018, are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	$ 1,537,507	$ 945,301	$ 3,674,086	$ 6,156,894
Reclassification of beginning net assets	3,594	137,038	-	140,632
Transfers in	5,880	-	-	5,880
Investment return:				
Dividends and interest	30,536	113,800	-	144,336
Unrealized loss	(99,238)	(361,036)	-	(460,274)
Realized gain	176,235	626,058	-	802,293
Total investment return	107,533	378,822	-	486,355
Contributions	-	-	1,560,000	1,560,000
Appropriation of endowment assets for expenditure	(49,326)	(115,418)	-	(164,744)
Endowment net assets, end of year	$ 1,605,188	$ 1,345,743	$ 5,234,086	$ 8,185,017

Note 13. Component Unit (Continued)

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

As part of the Foundation's efforts, contributions 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 ended June 30, 2018, 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, 2018, $225,387 in contributed services and supplies has been recorded as expenses, as follows: $42,128 for scholarship administration, $122,234 for fundraising, and $61,025 for management and general. The same amounts have been included in contribution revenue for the year ended June 30, 2018.

Required Supplementary Information

John A. Logan College
Community College District No. 530

State Universities Retirement System (SURS) Pension Plan—GASB 68

Schedule of the College's Proportionate Share of the Net Pension Liability

State Universities Retirement System
Last 10 Fiscal Years*

	Fiscal Years Ended**			
	2018	2017	2016	2015
College's proportionate percentage of the net pension liability	0%	0%	0%	0%
College's proportionate amount of the net pension liability	$ -	$ -	$ -	$ -
State's proportionate share of the net pension liability associated with the College	132,756,562	150,631,522	142,796,497	134,459,461
Total	$ 132,756,562	$ 150,631,522	$ 142,796,497	$ 134,459,461
College's covered payroll	$ 18,370,903	$ 20,683,683	$ 25,126,537	$ 24,062,122
College's proportionate share of the net pension liability as a percentage of its covered payroll	722.65%	728.26%	568.31%	558.80%
Plan fiduciary net position as a percentage of the total pension liability	42.04%	39.57%	42.37%	44.39%

Notes to Schedule
*The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.
**The amounts presented for each fiscal year were determined as of the prior fiscal year-end.

Schedule of College Contributions

State Universities Retirement System
Last 10 Fiscal Years*

	Fiscal Years Ended			
	2018	2017	2016	2015
Federal, trust, grant and other contribution (required contribution)	$ 159,156	$ 161,062	$ 167,235	$ 182,837
Contribution in relation to required contribution	159,156	161,062	167,235	182,837
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
College's covered payroll	$ 18,370,903	$ 20,683,683	$ 25,126,537	$ 24,062,122
Contributions as a percentage of covered payroll	0.87%	0.78%	0.67%	0.76%

	Fiscal Years Ended			
Additional Information	2018	2017	2016	2015
On-behalf payments for community college health insurance program	$ 85,396	$ 84,297	$ 100,481	$ 106,881

Note to Schedule
*The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 68.

John A. Logan College
Community College District No. 530

Schedule of Changes in the College's Total OPEB Liability and Related Ratios
College Plan—GASB 75

	Fiscal Year Ended 2018
Total OPEB liability:	
Service cost	$ 17,620
Interest on total OPEB liability	148,927
Changes of benefit terms	
Differences between expected and actual experience	497,910
Changes of assumptions or other inputs	116,522
Benefit payments	(475,247)
Other changes	349,370
Net change in total OPEB liability	655,102
Total OPEB liability—beginning	5,235,174
Total OPEB liability—ending	$ 5,890,276
Covered payroll	$ 13,411,239
Total OPEB liability as a percentage of covered payroll	43.92%

Note to Schedule

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

John A. Logan College
Community College District No. 530

Schedule of the Employer's Proportionate Share of the Collective Net OPEB Liability
College Insurance Program—GASB 75

	Fiscal Years Ended	
	2018	2017
Employer's proportion of the collective net OPEB liability	0.971646 %	1.108664 %
Employer's proportionate share of the collective net OPEB liability	$ 17,719,288	$ 20,177,182
The portion of the State's proportionate share of the collective net OPEB liability associated with the employer	17,485,836	21,023,006
Total	$ 35,205,124	$ 41,200,188
Employee covered payroll	$ 17,078,749	$ 16,859,262
Collective net OPEB liability as a percentage of the employee covered payroll	118.14 %	105.10 %
Plan fiduciary net position as a percentage of the total pension liability	(2.87)%	N/A

Note to Schedule

The information in this schedule will accumulate until a full 10-year trend is presented as required by GASB Statement No. 75.

Note 1. SURS Pension Plan

Changes of benefit terms: There were no benefit changes recognized in the total pension liability as of June 30, 2017.

Changes of assumptions: In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years from 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 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70 through 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 nonemployer entity is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity or entities and either (1) the amount of the contributions for which the nonemployer entity is legally responsible is not dependent upon one or more events unrelated to pensions or (2) the nonemployer is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a nonemployer contributing entity. Participating employers are considered employer contributing entities. 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.

Note 2. College Insurance Plan

Valuation date	June 30, 2016
Measurement date	June 30, 2017
Sponsor's fiscal year-end	June 30, 2018

Methods and assumptions used to determine contribution rates:

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

Other Supplemental Information

John A. Logan College
Community College District No. 530

Schedule of Assessed Valuations, Tax Rates, and Taxes Extended (Unaudited)
Levy Years 2015, 2016 and 2017

	2017 Levy Payable in 2018*	2016 Levy Payable in 2017*	2015 Levy Payable in 2016*
Assessed valuation (by County):			
Franklin County	$ 86,523,070	$ 86,483,459	$ 88,025,530
Jackson County	709,623,960	700,982,631	687,768,397
Perry County	94,038,523	91,232,451	88,977,600
Randolph County	11,208,485	11,547,935	10,919,160
Williamson County	1,028,897,830	1,014,817,466	982,107,912
	$1,930,291,868	$1,905,063,942	$1,857,798,599
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	0.13492	0.13314	0.13262
Audit	0.00260	0.00264	0.00217
Liability, protection and settlement	0.09378	0.09256	0.08977
Health, life and safety	0.04233	0.04001	0.04343
Prior-year adjustment	0.00082	(0.00290)	(0.00218)
	0.62445	0.61545	0.61581
Taxes extended:			
Education	$ 5,790,876	$ 5,715,192	$ 5,573,396
Operations and maintenance	965,146	952,532	928,899
Bond and interest	2,602,277	2,533,064	2,452,786
Audit	50,132	50,250	40,242
Liability, protection and settlement	1,808,623	1,760,566	1,660,047
Health, life and safety	816,310	761,118	803,008
Prior-year adjustment	16,024	(31,183)	(23,423)
	$ 12,049,388	$ 11,741,539	$ 11,434,955

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

John A. Logan College
Community College District No. 530

Schedule of Legal Debt Margin (Unaudited)
Year Ended June 30, 2018

Assessed valuation—2016 levy:	
Franklin County	$ 86,483,459
Jackson County	700,982,631
Perry County	91,232,451
Randolph County	11,547,935
Williamson County	1,014,817,466
	$ 1,905,063,942
Debt limit, 2.875% of assessed valuation (50 ILCS 405/1)	$ 54,770,588
Less total indebtedness	(27,309,712)
Legal debt margin	$ 27,460,876

John A. Logan College
Community College District No. 530

Schedule of Insurance in Force (Unaudited)
Year Ended June 30, 2018

Policy Number	Coverage	Effective Date	Expiration Date	Coverage
14-0145-106-00001313	Title Insurance	Nonexpiring		$188,000 college property (main campus) $9,000 college property (main campus addition) $15,000 college property (main campus addition) $390,000 college property (DuQuoin Extension Center)
3603-38-50 CIN	Blanket Building & Contents	08/15/2017	08/15/2018	$123,436,403 buildings, contents, betterments blanket limit “all risk” $25,000 deductible
4546-87-41 EUC	Inland Marine	08/15/2017	08/15/2018	$350,000 mine subsidence limit per structure hazardous substances, CFC refrigerants including $100,000 fine arts coverage $798,186 construction works limit, $5,000 deductible
8502WSI041042-0	General Liability	08/15/2017	08/15/2018	$1,000,000 limit per occurrence, $-0- deductible $2,000,000 general aggregate limit
8502WSI041042-0	Employee Benefit Liability	08/15/2017	08/15/2018	$1,000,000 each occurrence limit $3,000,000 aggregate limit $1,000 deductible per claim
8502WSI041042-0	Law Enforcement Liability	08/15/2017	08/15/2018	$1,000,000 law enforcement liability, $2,500 deductible $1,000,000 sexual misconduct and molestation liability
8502WSI041042-0	Crime	08/15/2017	08/15/2018	$100,000 limit for forgery, $250,000 limit for theft or burglary $500,000 limit for employee theft or computer/funds transfer fraud, $5,000 deductible
3602WSI041044-0	Educators Legal Liability	08/15/2017	08/15/2018	$1,000,000 limit of liability, $25,000 deductible per claim $100,000 each claim $100,000 aggregate
1002WSI041043-0	Commercial Auto	08/15/2017	08/15/2018	$1,000,000 bodily injury and property damage liability $1,000,000 uninsured/underinsured motorists $5,000 medical payments $1,000 deductible comp./$1,000 deductible coll.
WC 00 00 01 A	Workers' Compensation	08/15/2017	08/15/2018	Statutory coverage
4602WSI041045-0	Educators Excess Liability	08/15/2017	08/15/2018	$15,000,000 each occurrence $15,000,000 annual aggregate
ESE14681-00	Excess Earthquake	08/15/2017	08/15/2018	$30,000,000 per occurrence
01-701-09-18	Cyberliability	08/15/2017	08/15/2018	$1,000,000 liability limit
124-127-D47-L	Blanket Accident Insurance	08/01/2017	07/30/2018	$25,000 accident coverage
SB20CC-050558-043	Catastrophic Sports Policy	08/01/2017	08/01/2018	$5,000,000 catastrophic accident insurance for intercollegiate athletics
285-024-936	Treasurers Bond	06/27/2018	06/27/2019	$7,500,000 bond amount
22012	Post Employee Benefit Trust Bond	11/24/2017	11/24/2018	$1,100,000 bond amount
22110	Working Cash Bond	04/22/2018	04/22/2019	$1,400,000 bond amount

John A. Logan College
Community College District No. 530

Certification of Chargeback Reimbursement for Fiscal Year 2019 (Unaudited)

All noncapital audited operating expenditures for fiscal year 2018 from the following funds:

1	Education Fund	$ 22,032,825	
2	Operations and Maintenance Fund	3,240,854	
3	Public Building Commission Operation and Maintenance Fund	-	
4	Bond and Interest Fund	2,843,088	
5	Public Building Commission Rental Fund	-	
6	Restricted Purposes Fund	3,820,703	
7	Audit Fund	58,200	
8	Liability, Protection, and Settlement Fund	1,748,612	
9	Auxiliary Enterprises Fund (subsidy only)	1,259,888	
10	**Total noncapital expenditures (sum of lines 1-9)**		$ 35,004,170
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than State and federal funds	2,707,085	
12	**Total costs included (line 10 plus line 11)**		$ 37,711,255
13	Total certified semester credit hours for fiscal year 2018	84,217.50	
14	**Per capita cost (line 12 divided by line 13)**		$ 447.78
15	All fiscal year 2018 State and federal operating grants for noncapital expenditures, except ICCB grants	2,504,702	
16	Fiscal year 2018 State and federal grants per semester credit hour (line 15 divided by line 13)		29.74
17	District's average ICCB grant rate (excluding equalization grant) for fiscal year 2019		33.39
18	College's student tuition and fee rate per semester credit hour for fiscal year 2019		120.00
19	**Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17 and 18)**		$ 264.65

Approved: [signature] 11-27-18
Chief Fiscal Officer — Date

Approved: Ron Horne 11-27-18
Chief Executive Officer — Date

Special Reports Section:

Uniform Financial Statements

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

All Funds Summary
Uniform Financial Statement No. 1
Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
Fund balance, July 1, 2017	$ 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
Revenues:										
Local taxes	6,307,415	957,087	787,332	2,562,968	-	-	-	50,099	1,781,316	12,446,217
Chargeback	-	-	-	-	-	-	-	-	-	-
ICCB grants	9,390,825	3,765,752	-	-	-	843,187	-	-	-	13,999,764
All other state	452,489	-	14,557	-	-	246,947	-	-	-	713,993
Federal	-	-	-	-	-	8,224,902	-	-	-	8,224,902
Student tuition and fees	11,489,124	-	-	-	524,409	3,177	-	-	-	12,016,710
All other	524,518	61,921	304,664	12,371	840,671	301,881	281	1,427	11,184	2,058,918
Total direct revenues	28,164,371	4,784,760	1,106,553	2,575,339	1,365,080	9,620,094	281	51,526	1,792,500	49,460,504
On-behalf payments	-	-	-	-	-	12,571,303	-	-	-	12,571,303
Total revenues	28,164,371	4,784,760	1,106,553	2,575,339	1,365,080	22,191,397	281	51,526	1,792,500	62,031,807
Expenditures:										
Instruction	9,205,291	-	-	-	-	827,062	-	-	-	10,032,353
Academic support	1,996,459	-	-	-	672	264,674	-	-	-	2,261,805
Student services	2,583,551	-	-	-	-	470,936	-	-	-	3,054,487
Public service/continuing education	826,987	-	-	-	822,476	1,741,842	-	-	-	3,391,305
Auxiliary services	-	-	-	-	1,259,888	3,400	-	-	-	1,263,288
Operations and maintenance	-	3,153,791	-	-	2,313	980	-	-	714,718	3,871,802
Institutional support	4,354,361	162,082	1,368,627	2,843,088	63,432	691,491	-	58,200	1,033,894	10,575,175
Scholarships, student grants and waivers	3,088,904	-	-	-	334,678	6,239,954	-	-	-	9,663,536
Total direct expenditures	22,055,553	3,315,873	1,368,627	2,843,088	2,483,459	10,240,339	-	58,200	1,748,612	44,113,751
On-behalf payments	-	-	-	-	-	12,571,303	-	-	-	12,571,303
Total expenditures	22,055,553	3,315,873	1,368,627	2,843,088	2,483,459	22,811,642	-	58,200	1,748,612	56,685,054
Net transfers (out) in	(1,228,000)	-	199,712	328,975	685,645	13,668	-	-	-	-
Fund balance, June 30, 2018	$ 8,931,207	$ 1,843,753	$ 1,519,309	$ 1,458,444	$ 217,621	$ 3,928,563	$ 7,535,685	$ 65,197	$ 1,355,925	$ 26,855,704

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

John A. Logan College
Community College District No. 530

Schedule 2

Reconciliation of the Uniform Financial Statement No. 1 to the Statement of Net Position
June 30, 2018

Total fund balances—Uniform Financial Statement Number 1	$ 26,855,704
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.	62,785,994
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.	159,156
OPEB contributions made after the actuarial measurement date are considered expenditures in the uniform financial statements but are deferred outflows of resources in the basic financial statements.	85,396
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.	(1,835,657)
Deferred losses on refunded fixed debt 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.	498,899
Changes in assumptions, experiences and other calculations are reported as deferred outflows/inflows in the basic financial statements; however, they are not recorded in the uniform financial statements.	(2,905,902)
Unavailable summer 2018 revenue earned in fiscal year 2018 not recognized in the uniform financial statements.	456,860
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:	
Bonds payable	(27,110,000)
Lease-purchase payable	(199,712)
Postemployment benefits	(23,609,564)
ICCB reimbursement	(1,029,739)
Accrued interest	(84,739)
Net position—statement of net position	$ 34,066,696

John A. Logan College
Community College District No. 530

Schedule 3

Reconciliation of the Uniform Financial Statement No. 1 to the Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2018

Net change in fund balances—Uniform Financial Statement No. 1		$ 5,346,753
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	$ 1,423,586	
Depreciation expense	(2,707,085)	
		(1,283,499)
Net book value of disposal of capital assets is not reported in the uniform financial statements.		(4,189)
Summer 2018 revenue earned in fiscal year 2018 not recognized in the uniform financial statements.		29,175
Contributions to pension funds are recognized as expenditures when paid to the pension fund on the uniform financial statements. These expenses are recorded on the basic financial statements based on the pension expense, corresponding with the most recent measurement period. This is the difference between these amounts.		(1,906)
Contributions to the OPEB plans are recognized as expenditures when paid to the plans on the uniform financial statements. These expenses are recorded on the basic financial statements based on the OPEB expense, corresponding with the most recent measurement period. This is the difference between these amounts.		85,396
Some expenses reported in the uniform financial statements use current financial resources to reduce long-term liabilities reported on the basic financial statements. These activities consist of:		
Bonds payable, including amortization of bond premiums		1,958,832
Postemployment benefits		(1,662,654)
Accrued interest		86,052
Reduction of ICCB payable		625,230
Increase in net position—statement of revenues, expenses, and changes in net position		$ 5,179,190

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

Summary of Fixed Assets and Debt
Uniform Financial Statement No. 2
Year Ended June 30, 2018

	Fixed Asset/Debt Account Groups July 1, 2017	Additions	Deletions	Fixed Asset/Debt Account Groups June 30, 2018
Fixed assets:				
Sites	$ 346,427	$ -	$ -	$ 346,427
Site improvements	1,315,876	417,050	-	1,732,926
Buildings, additions and improvements	91,167,860	544,090	-	91,711,950
Equipment	10,143,410	269,818	(127,174)	10,286,054
Other fixed assets	16,500	-	-	16,500
Construction in progress	249,025	392,627	(199,999)	441,653
Total fixed assets	103,239,098	1,623,585	(327,173)	104,535,510
Less accumulated depreciation	39,165,416	2,707,085	(122,985)	41,749,516
Net fixed assets	$ 64,073,682	$ (1,083,500)	$ (204,188)	$ 62,785,994
Fixed debt:				
Bonds payable	$ 27,535,000	$ -	$ (1,370,000)	$ 26,165,000
Debt certificates payable	1,235,000	-	(290,000)	945,000
Lease-purchase payable	399,424	-	(199,712)	199,712
Total fixed debt	$ 29,169,424	$ -	$ (1,859,712)	$ 27,309,712

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement No. 3
Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by sources:			
Local government revenues:			
Local taxes	$ 5,742,533	$ 957,087	$ 6,699,620
Corporate personal property replacement tax	564,882	-	564,882
Total local government	6,307,415	957,087	7,264,502
State government:			
ICCB Base Operating Grant	3,262,023	1,468,519	4,730,542
ICCB Equalization Grant	5,158,126	2,297,233	7,455,359
ICCB Career & Technical Education	901,946	-	901,946
Other ICCB grants not listed above	68,730	-	68,730
Other State not listed above	452,489	-	452,489
Total state government	9,843,314	3,765,752	13,609,066
Student tuition and fees:			
Tuition	10,348,350	-	10,348,350
Fees	1,140,774	-	1,140,774
Total student tuition and fees	11,489,124	-	11,489,124
Other sources:			
Sales and service fees	119,574	-	119,574
Facilities	-	1,928	1,928
Interest income	263,928	15,535	279,463
Other	141,016	44,458	185,474
Total other sources	524,518	61,921	586,439
Total revenue	28,164,371	4,784,760	32,949,131
Less nonoperating items:*			
Chargeback	-	-	-
Adjusted revenue	$ 28,164,371	$ 4,784,760	$ 32,949,131

*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.

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

Operating Funds Revenues and Expenditures
Uniform Financial Statement No. 3 (Continued)
Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	$ 9,205,291	$ -	$ 9,205,291
Academic support	1,996,459	-	1,996,459
Student services	2,583,551	-	2,583,551
Public service/continuing education	826,987	-	826,987
Operation and maintenance of plant	-	3,153,791	3,153,791
Institutional support	4,354,361	162,082	4,516,443
Scholarships, student grants, and waivers	3,088,904	-	3,088,904
Total expenditures	22,055,553	3,315,873	25,371,426
Less nonoperating items:*			
Transfers to nonoperating funds	1,228,000	-	1,228,000
Adjusted expenditures	$ 20,827,553	$ 3,315,873	$ 24,143,426
By object:			
Salaries	$ 14,705,109	$ 1,919,314	$ 16,624,423
Employee benefits	1,545,181	253,524	1,798,705
Contractual services	1,229,505	157,952	1,387,457
General materials and supplies	857,457	199,165	1,056,622
Library materials**	13,317	-	13,317
Conference and meeting	172,426	6,392	178,818
Fixed charges	12,415	409	12,824
Utilities	-	703,863	703,863
Capital outlay	22,728	75,019	97,747
Other	3,510,732	235	3,510,967
Scholarships, student grants, and waivers**	67,181	-	67,181
Total expenditures	22,055,553	3,315,873	25,371,426
Less nonoperating items:*			
Transfers to nonoperating funds	1,228,000	-	1,228,000
Adjusted expenditures	$ 20,827,553	$ 3,315,873	$ 24,143,426

**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 No. 4
Year Ended June 30, 2018

	Restricted Purposes Fund
Revenue by source:	
State government:	
ICCB Base Operating Grant	$ 286,694
ICCB Adult Education	556,493
ISBE Vocational Education	190,273
SURS—On Behalf	12,571,303
Other	56,674
Total state government	13,661,437
Federal government:	
Department of Education	6,848,417
Department of Health and Human Services	1,336,485
Other	40,000
Total federal government	8,224,902
Other sources:	
Tuition and fees	3,177
Other	301,881
Total other sources	305,058
Transfers	13,668
Total restricted purposes fund revenues	$ 22,205,065
Expenditures by program:	
Instruction	$ 3,314,709
Academic support	784,260
Student services	2,362,248
Public service/continuing education	8,429,074
Auxiliary services	3,400
Operations and maintenance	980
Institutional support	1,101,542
Scholarships, student grants, and waivers	6,815,429
Total restricted purposes fund expenditures	$ 22,811,642
Expenditures by object:	
Salaries	$ 1,546,414
Employee benefits (including SURS on-behalf)	13,400,128
Contractual services	382,950
General materials and supplies	398,627
Travel and conference/meeting expenses	105,555
Fixed charges	32,845
Utilities	22,046
Capital outlay	179,682
Other	6,743,395
Scholarships, student grants, and waivers**	6,239,954
Total restricted purposes fund expenditures	$ 22,811,642

**Non-add line

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

Current Funds*—Expenditures by Activity
Uniform Financial Statement No. 5
Year Ended June 30, 2018

Instruction:	
Instructional programs	$ 9,887,919
Other	144,434
Total instruction	10,032,353
Academic support:	
Library center	211,578
Instructional materials center	122,008
Academic computing support	289,883
Academic administration and planning	1,485,594
Other	152,742
Total academic support	2,261,805
Student services:	
Admissions and records	547,500
Counseling and career guidance	1,542,053
Financial aid administration	360,280
Other	604,654
Total student services	3,054,487
Public service/continuing education:	
Community education	408,773
Customized training	412,254
Community services (noninstructional)	2,569,142
Other	1,136
Total public service/continuing education	3,391,305
Auxiliary services	1,263,288
Operations and maintenance of plant:	
Maintenance	870,888
Custodial services	1,263,358
Grounds	316,662
Campus security	714,718
Transportation	2,313
Utilities	703,863
Total operations and maintenance of plant	3,871,802
Institutional support:	
Executive management	925,709
Fiscal operations	673,423
Community relations	596,985
Administrative support services	493,897
Board of Trustees	33,246
General institution	1,905,430
Institutional research	244,200
Administrative data processing	1,468,938
Other	21,632
Total institutional support	6,363,460
Scholarships, student grants, and waivers	9,663,536
Total current funds expenditures	$ 39,902,036

*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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education Grant Program (State Basic and State Performance), Early School Leavers Grant Program and Program Improvement Grant Program (collectively, the Grant Programs) of John A. Logan College, Community College District No. 530 (the College), as of and for the year ended June 30, 2018, 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 Basic and State Performance), Early School Leavers Grant Program and Program Improvement Grant Program as of June 30, 2018, 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, 2018, 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 76 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 76 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 76 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 December 14, 2018, 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

Chicago, Illinois
December 14, 2018

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

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

We have audited, 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, the financial statements of the State Adult Education Grant Program (State Performance) and Early School Leavers Grant Program (collectively, the Grant Programs) of John A. Logan College, Community College District No. 530 (the College), as of and for the year ended June 30, 2018, and the related notes to the grant program financial statements, and have issued our report thereon dated December 14, 2018. 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, 2018, 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

Chicago, Illinois
December 14, 2018

John A. Logan College
Community College District No. 530

State Adult Education Grant Program and Early School Leavers Grant Program
Balance Sheet
June 30, 2018

	State Basic	State Performance	Early School Leaver	Program Improvement	Total
Assets					
Current assets:					
Accounts receivable	$ -	$ -	$ -	$ -	$ -
Total assets	$ -	$ -	$ -	$ -	$ -
Liabilities and Fund Balance					
Current liabilities:					
Due to John A. Logan College	$ -	$ -	$ -	$ -	$ -
Total liabilities	-	-	-	-	-
Fund balance	-	-	-	-	-
Total liabilities and fund balance	$ -	$ -	$ -	$ -	$ -

See accompanying notes to grant program financial statements.

John A. Logan College
Community College District No. 530

State Adult Education Grant Program and Early School Leavers Grant Program
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2018

	State Basic	State Performance	Early School Leaver	Program Improvement	Total
Revenues:					
State sources	$ 229,720	$ 162,135	$ 129,463	$ 48,843	$ 570,161
Expenditures:					
Assessment and testing	-	6,818	-	-	6,818
Curriculum and development	-	-	-	48,843	48,843
Instruction	122,107	75,635	106,537	-	304,279
Guidance	36,035	960	-	-	36,995
Literacy services	-	523	-	-	523
Student support	-	-	5,640	-	5,640
Student transportation	2,840	280	-	-	3,120
Social work	17,955	324	-	-	18,279
Subtotal instructional and student services	178,937	84,540	112,177	48,843	424,497
Program support:					
Data and information services	5,296	8,283	-	-	13,579
General administration	24,301	6,942	3,031	-	34,274
Improve instruction	1,747	6,874	-	-	8,621
Operation and maintenance	-	55,496	-	-	55,496
Staff travel and professional development	-	-	14,255	-	14,255
Subtotal program support	31,344	77,595	17,286	-	126,225
Total expenditures	210,281	162,135	129,463	48,843	550,722
Excess of revenues over expenditures	19,439	-	-	-	19,439
Fund balance, July 1, 2017	(19,439)	-	-	-	(19,439)
Fund balance, June 30, 2018	$ -	$ -	$ -	$ -	$ -

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: 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

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 to 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 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 Grant Programs. They are not intended to, and do not, present the financial position or results of operations of 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 Grant Programs is pooled with the College.

Accounts receivable: A receivable is recorded for the funds to be received from ICCB at June 30, 2018, for reimbursement of the allowable expenditures incurred during the fiscal year. There was $-0- in accounts receivable at June 30, 2018.

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. There was $-0- in amounts due to John A. Logan College at June 30, 2018.

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 the fiscal year ended June 30, 2018.

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 management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates and assumptions.

John A. Logan College
Community College District No. 530

ICCB Compliance Statement for the State Adult Education Grant Program
Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2018

	Expenditure Amount	Actual Expenditure Percentage
State Basic:		
Instruction (45% minimum required)	$ 122,107	58.07%
General administration (15% maximum allowed)	24,301	11.56%
State Performance:		
General administration (9% maximum allowed)	6,942	4.28%

See accompanying notes to grant program financial statements.

Illinois Department of Human Services Section

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

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

We have audited the basic financial statements of John A. Logan College, Community College District No. 530, as of and for the year ended June 30, 2018, and our report thereon dated December 14, 2018, which expresses an unmodified opinion on those financial statements, appears on pages 1 and 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, 2018, are presented for purposes of additional analysis and are 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

Chicago, Illinois
December 14, 2018

State of Illinois
Department of Human Services

GRANT ALLOWABLE COST SUMMARY

GRANT REPORT for the period July 1 through June 30, 2018

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

		IDHS GRANT - FUNDED SERVICES					ALL OTHER PROGRAMS	MANAGEMENT & GENERAL	TOTAL
		PROGRAM 1	PROGRAM 2	PROGRAM 3	PROGRAM 4	PROGRAM 5			
	PROGRAM NAME/NUMBER/ ONTRACT NUMBER/OTHER IDENTIFICATION	FCSWI04632							
A	DIRECT PROGRAM EXPENSES	1,038,386					9,361,815	375,170	10,775,371
B	ALLOCATE MANAGEMENT AND GENERAL COSTS (NOTE 1)	284,620					90,550	- 375,170	-0-
C	SUBTOTAL A & B	1,323,006					9,452,365	-0-	10,775,371
D	SUBTRACT UNALLOWABLE COST PER PAGE 2								
E	ADD OTHER APPROVED USES (ATTACH DOCUMENTATION)								
F	TOTAL ALLOWABLE COSTS								
G	SPECIAL PROVISIONS (SEE INSTUCTIONS)								
H	INTEREST EARNED (SEE INSTRUCTIONS)	877							

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

Please visit the following IDHS web page for the instructions mentioned in this form (these instructions are listed in each fiscal years financial reporting web link): http:// www.dhs.state.il.us/page.aspx?item=59675

IL444-2681 (R-08-17) Grant Allowable Cost Summary Printed by Authority of the State of Illinois -0- copies Page 1 of 1

State of Illinois
Department of Human Services

UNALLOWABLE COST REPORT

Agency Name: John A. Logan College FEIN: 37-0905504

	IDHS GRANT-FUNDED SERVICES				
	PROGRAM 1	PROGRAM 2	PROGRAM 3	PROGRAM 4	PROGRAM 5
Program Name/Number/Contract Number	FCSWI04632				
Unallowable Costs (see instructions)					
Compensation of Governing Body					
Entertainment					
Associate Dues					
Meetings and Conventions					
Fundraising					
Bad Debt					
Charity and Grants					
Unallowable Interest					
Inventories					
Depreciation of IDHS - 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.

Printed Name: Brad McCormick Title: VP for Business Services

Signature: [signature] Date: 8/30/18

Please visit the following IDHS web page for the instructions mentioned in this form (these instructions are listed in each fiscal years financial reporting web link): http://www.dhs.state.il.us/page.aspx?item=59675

IL444-2682 (R-08-17) Unallowable Cost Report
Printed by Authority of the State of Illinois -0- Copies

Page 1 of 1

Enrollment Data and Other Bases Upon Which Claims Are Filed

Independent Accountant's Report on the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed, of John A. Logan College, Community College District No. 530, for the year ended June 30, 2018 (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 83 through 85 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 it.

RSM US LLP

Chicago, Illinois
December 14, 2018

John A. Logan College
Community College District No. 530

Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed
Year Ended June 30, 2018

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	5,321.0	-	20,473.0	180.0	20,550.0	171.0	46,344.0	351.0
Business occupational	377.0	-	2,647.0	36.0	2,941.0	-	5,965.0	36.0
Technical occupational	519.5	-	5,165.0	112.0	5,664.5	104.0	11,349.0	216.0
Health occupational	1,205.5	-	6,071.5	3.5	5,074.0	-	12,351.0	3.5
Remedial developmental	206.0	-	1,771.0	-	1,108.0	-	3,085.0	0.0
Adult basic/secondary education	476.0	130.0	220.0	1,772.0	0.0	1,919.0	696.0	3,821.0
Total	8,105.0	130.0	36,347.5	2,103.5	35,337.5	2,194.0	79,790.0	4,427.5

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)	74,567.5	5,470.5	80,038.0

	Dual Credit	Dual Enrollment
Reimbursable Semester Credit Hours (All Terms)	6,616.0	3,535.0

District Prior-Year Equalized Assessed Valuation $ 1,905,063,942

See accompanying independent accountant's report on the Schedule of Enrollment Data and Other Bases Upon Which Claims Are 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 (Continued)
Year Ended June 30, 2018

Reconciliation of Total Semester Credit Hours

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to ICCB	Difference
Categories:						
Baccalaureate	46,344.0	46,344.0	-	351.0	351.0	-
Business occupational	5,965.0	5,965.0	-	36.0	36.0	-
Technical occupational	11,349.0	11,349.0	-	216.0	216.0	-
Health occupational	12,351.0	12,351.0	-	3.5	3.5	-
Remedial developmental	3,085.0	3,085.0	-	-	-	-
Adult basic/secondary education	696.0	696.0	-	3,821.0	3,821.0	-
Total	79,790.0	79,790.0	-	4,427.5	4,427.5	-

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to ICCB	Difference
Reimbursable in-district residents	74,567.5	74,567.5	-
Reimbursable out-of-district on chargeback or contractual agreement	5,470.5	5,470.5	-
Total	80,038.0	80,038.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	6,616.0	6,616.0	-
Dual enrollment	3,535.0	3,535.0	-
Total	10,151.0	10,151.0	-

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

(Continued)

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

(Continued)

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 Uniform Guidance and *Government Auditing Standards*

**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***

Independent Auditor's Report

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

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, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 14, 2018. 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

Chicago, Illinois
December 14, 2018

Report on Compliance for the
Major Federal Programs, Report on Internal Control Over Compliance,
and Report on Schedule of Expenditures of Federal Awards
Required by Uniform Guidance

Independent Auditor's Report

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

Report on Compliance for the Major Federal Programs
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 the College's major federal programs for the year ended June 30, 2018. 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 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 the major federal programs. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Major Federal Programs
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 the major federal programs for the year ended June 30, 2018.

Other Matters
The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as 2018-002. Our opinion on the major federal programs is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance
Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal programs 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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. However we did identify a certain deficiency in internal control over compliance described in the accompanying schedule of findings and questions costs as Finding 2018-001 that we consider to be a significant deficiency.

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

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

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 College as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements. We issued our report thereon dated December 14, 2018, 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

Chicago, Illinois
December 14, 2018

John A. Logan College
Community College District No. 530

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grant/Program or Cluster Title	Federal CFDA Number	Contract or Pass-Through Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Education:				
Direct grants:				
Trio Student Support Services	84.042A	P042A150266-16	$ -	$ 51,569
Trio Student Support Services	84.042A	P042A150266-17	-	229,010
			-	280,579
Federal Student Assistance Cluster:				
Federal Pell Grant Program	84.063	P063P150542	-	254,989
Federal Pell Grant Program	84.063	P063P160542	-	5,632,020
Federal Supplemental Educational Opportunity Grants	84.007	P007A171184	-	100,917
Federal Work-Study Program	84.033	P033A171184	-	75,509
			-	6,063,435
Passed through the Illinois Community College Board:				
Adult Education—Basic Grants to States	84.002	F5300118	-	80,095
Career and Technical Education—Basic Grants to States	84.048	CTE53018	-	247,789
Total U.S. Department of Education			-	6,671,898
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	FCSW104632	-	1,321,601
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (NC)	93.596	FCSW104632	-	719,174
			-	2,040,775
Child Care Development Block Grant (NC)	93.575	FCSVI00640	-	859,400
			-	859,400
Total Child Care and Development Fund Cluster			-	2,900,175
Passed through the Illinois Department of Human Services:				
Temporary Assistance for Needy Families (NC)	93.558	FCSTI00640	-	1,415,380
Social Service Block Grant (NC)	93.667	FCSTI00640	-	15,010
Passed through Southern Illinois University:				
Biomedical Research and Research Training	93.859	4R25GM107760-04	-	14,884
Total U.S. Department of Health and Human Services			-	4,345,449

(Continued)

John A. Logan College
Community College District No. 530

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grant/Program or Cluster Title	Federal CFDA Number	Contract or Pass-Through Identifying Number	Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture:				
Passed through Illinois State Board of Education:				
Child and Adult Care Food Program	10.558	2018-4226-00-21100530051	$ -	$ 9,810
Child and Adult Care Food Program	10.558	2017-4226-00-21100530051	-	4,161
Total U.S. Department of Agriculture			-	13,971
U.S. Department of Defense:				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Procurement Technical Assistance for Business Firms	12.002	18-601119	-	40,000
Total U.S. Department of Defense			-	40,000
U.S. Department of Veteran Affairs:				
Direct grant:				
Post-9/11 Veterans Education Assistance—GI Bill Chapter 33	64.028	N/A	-	176,519
Total U.S. Department of Veterans Affairs			-	176,519
Total federal awards			$ -	$ 11,247,837

(NC) Noncash awards

See notes to schedule of expenditures of federal awards.

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, 2018. 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 position, or cash flows of the College.

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 noncash awards represent childcare subsidies paid by the Illinois Department of Health and Human Services in the amount of $3,008,964. There were no loan programs for the year ended June 30, 2018.

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, 2018, is primarily based on a federally negotiated higher education rate agreement. The College has elected not to use the 10 percent de minimis indirect cost rate.

I. SUMMARY OF AUDITOR'S RESULTS

A. Financial Statements

1. Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

2. Internal control over financial reporting:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified? ___ Yes _X_ None Reported

3. Noncompliance material to financial statements noted? ___ Yes _X_ No

B. Federal Awards

1. Internal control over major programs:

- Material weakness(es) identified? ___ Yes _X_ No
- Significant deficiency(ies) identified? _X_ Yes ___ None Reported

2. 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)? _X_ Yes ___ No

3. Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program

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

Auditee qualified as low-risk auditee? _X_ Yes ___ No

(Continued)

II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REPORT IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

A. Internal Control

No matters were reported.

B. Compliance Findings

No matters were reported.

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

A. Significant Deficiency in Internal Control

Finding 2018-001

U.S. Department of Education
Student Financial Assistance Cluster
Federal Award Year 2017–2018
Federal ID No. P063P150542
P063P160542
P007A171184
P033A171184

Finding: 21 students tested were not reported as withdrawn to the National Student Loan Data System (NSLDS) within the required time frame.

Condition: The College did not report, within the required time frame, changes in student enrollment for 21 students tested.

Criteria: 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.

Questioned costs: None.

Prevalence: 21 out of the 25 students tested (84.0 percent). The students were not selected based on a statistical sample.

Cause: Due to staff transition, the student data file submitted to the NSLDS was not updated for proper status classification. Withdrawn students were improperly submitted as less than half time as a result of the review process of the file not being carried out.

Effect: Student enrollment was not reported properly.

(Continued)

Context: All fiscal year 2017–2018 withdrawals.

Views of college officials: The College agrees with the finding and has developed a corrective action plan.

Recommendation: The College strictly enforces the review process around the data file submitted to the NSLDS to ensure that all status changes are addressed by the Admissions and Records Office so that the information may be reported to the lender in a timely manner.

B. Compliance Findings

Finding 2018-002

U.S. Department of Education
Student Financial Assistance Cluster
Federal Award Year 2017–2018
Federal ID No. P063P150542
P063P160542
P007A171184
P033A171184

Finding: 21 students tested were not reported as withdrawn to the NSLDS within the required time frame.

Condition: The College did not report, within the required time frame, changes in student enrollment for 21 students tested.

Criteria: 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.

Questioned costs: None.

Prevalence: 21 out of the 25 students tested (84.0 percent). The students were not selected based on a statistical sample.

Cause: Due to staff transition, the student data file submitted to the NSLDS was not updated for proper status classification. Withdrawn students were improperly submitted as less than half time as a result of the review process of the file not being carried out.

Effect: Student enrollment was not reported properly.

(Continued)

Context: All fiscal year 2017–2018 withdrawals.

Views of college officials: The College agrees with the finding and has developed a corrective action plan.

Recommendation: The College strictly enforces the review process around the data file submitted to the NSLDS to ensure that all status changes are addressed by the Admissions and Records Office so that the information may be reported to the lender in a timely manner.

Summary Schedule of Prior Audit Findings

John A. Logan College
Community College District No. 530

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2018

No prior findings were reported.

John A. Logan College
700 Logan College Road Carterville, Illinois, 62918 618.985.2828

CORRECTIVE ACTION PLAN

YEAR ENDED JUNE 30, 2018

Identifying Number: 2018-001- and 2018-002

Finding: 21 students tested were not reported as withdrawn to the National Student Loan Data System (NSLDS) within the required time frame.

Corrective Actions Take or Planned: In response to the recent audit finding, the College has taken steps to ensure accurate reporting to the National Student Clearinghouse and NSLDS. Unlike past findings, the ERP system was correctly recording student withdrawals, however, the current issue was caused when the data that was extracted from Jenzabar was incorrectly formatted and transmitted to the Clearinghouse. This error caused students who withdrew from all courses to be reported in the file to the Clearinghouse as "Less than halftime" instead of "Withdrawn" as coded in the ERP system. While the result of the error was the same, students reported as "Less than halftime" instead of "Withdrawn", the underlying cause was unrelated to past findings.

Staff were unaware of a script previously ran by a former employee to update the data file for students registered for zero hours prior to submission. This knowledge was lost in transition. For this reason, the final fall 2017 submission and all subsequent submissions to the Clearinghouse were incorrect for students who withdrew from all courses, until the issue was discovered by the audit.

To prevent future errors with Clearinghouse and NSLDS submissions, the current ERP analyst runs the script to correct the file prior to each submission. Additionally, the Associate Dean of Admissions and Records now receives a copy of the Clearinghouse file submitted by Institutional Research and completes a review of the data to detect discrepancies prior to final submission. Additionally, the College is working with the Clearinghouse to correct the errors that were reported.

On a positive note, the students who were reported incorrectly as "Less than halftime" instead of "Withdrawn", did not create an issue with the National Student Loan Data System (NSLDS). NSLDS considers students as moving into loan repayment status when they are reported as anything less than half-time. For NSLDS and loan repayment purposes, there is no difference between a status of less than halftime and withdrawn.

RSM