

**SOUTHEASTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**FINANCIAL STATEMENTS
JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Southeastern Illinois Community College District No. 533
Harrisburg, Illinois 62946

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Southeastern Illinois Community College District No. 533 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Southeastern Illinois 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Southeastern Illinois College Foundation were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial 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 principles 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 business-type activities and the discretely presented component unit of Southeastern Illinois Community College District No. 533, as of June 30, 2018, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and State Universities Retirement System of Illinois trend data on pages 6-14 and 57-60 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southeastern Illinois Community College District No. 533's basic financial statements. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information, including the schedule of expenditures of federal awards, 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. Such information, except for the portion marked unaudited, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2018, on our consideration of Southeastern Illinois Community College District No. 533'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 the 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 Southeastern Illinois Community College District No. 533's internal control over financial reporting and compliance

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 12, 2018



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

Board of Trustees
Southeastern Illinois Community College District No. 533
Harrisburg, Illinois 62946

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 Southeastern Illinois Community College District No. 533 as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Southeastern Illinois Community College District No. 533's basic financial statements and have issued our report thereon dated October 11, 2018. The financial statements of the Southeastern Illinois College Foundation 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 Southeastern Illinois College Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeastern Illinois Community College District No. 533's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Illinois Community College District No. 533's internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Illinois Community College District No. 533'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. We did identify certain deficiencies in internal control, described in the schedule of findings and questioned costs as item 2018-001 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeastern Illinois Community College District No. 533's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2018-002.

Southeastern Illinois Community College District No. 533's Response to Findings

Southeastern Illinois Community College District No. 533's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southeastern Illinois Community College District No. 533's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 12, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SOUTHEASTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #533
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

This section of Southeastern Illinois College's Financial Statements represents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2018. Since this discussion and analysis is designed to focus on current activities and currently known facts, please read it in conjunction with the basic financial statements (pages 15-17) and the footnotes (pages 18-56). Responsibility for the completeness and fairness of this information rests with the College.

Using this Annual Report

These financial statements incorporate data from all the primary governmental and proprietary funds (see pages 15-17) and for financial reporting purposes we are considered a special purpose government engaged in only business-type activities. We focus on economic resources measurement and use the accrual basis of accounting just like a private sector business. The Statement of Net Position is to be considered the statement of financial position for the College showing all assets and liabilities. The Statement of Revenues, Expenses and Changes in Net Position present all transactions and events that affect net position using the economic resources measurement focus. These activities are supported by property taxes, state revenues, tuition and other revenues. This approach is intended to summarize and simplify the user's evaluation of the cost of various College services to students and the public.

For detailed information pertaining to the Foundation (the College's discretely presented component unit), refer to Note 10 Discretely Presented Component Unit beginning on page 53 and the separately issued Foundation financial statements for the year ended June 30, 2018.

Financial Highlights

As a result of implementing GASB Statement No. 75, Accounting and Financial Reporting for Post-employment Benefits Other Than Pension (OPEB), the college is recognizing a liability in FY2018 of \$5,592,175. Also, as a result of implementing GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the college is recognizing a prior period adjustment in FY2018 of \$2,233,670. Because this liability represents expenses not previously recognized as well as deferred inflow of resources not previously recognized, the beginning Net Position has been restated from \$18,851,488 to \$11,025,643. Refer to Note 1, page 21, Note 7, page 42-49, and Note 8, page 50 for further details. As of June 30, 2018, the College's end of the year total net position increased from \$11,025,643 to \$14,543,093, an increase of \$3,517,450. The increase to net position for the prior year was \$2,179,044. Removing the effect of the GASB prior year adjustments, revenue increased over the prior year by \$2,132,738. This was in large part due to the Hise Museum donation as well as an

increase in state funding and federal grants. Total expenditures increased over the prior year by \$794,332.

Cash and cash equivalents, both restricted and unrestricted, on page 15 of the Statement of Net Position equal \$20,043,615. This was an increase of \$4,202,732 compared to the June 30, 2017 balance of \$15,840,883. The Statement of Cash Flows on page 17 identifies the source and use of cash throughout the year.

The remaining funds (\$459,157) from the Protection, Health, and Safety Bonds issued in 2016 has been exhausted in completion of various projects throughout the year. Those projects included tuck-pointing brick walls on A, B, C, and F buildings, campus security upgrades consisting of door locks and cameras, water tempering valves in buildings A & B, theater curtain and grid repair, and Carmi center HVAC heating and cooling zones.

The new indoor archery center began construction in July 2017. Funds to complete the project totaled \$405,561. SIC is the only college among Division 1 US Collegiate Archery Association teams to provide an indoor range on campus. The facility opened to the public on October 2017.

In May 2018, SIC entered into a \$1,876,000 contract for the construction of the Ella Elizabeth Hise Museum of Regional Art. A donation given by retired Air Force Colonel William C. Hise of \$2,525,000 will be used to construct the museum and provide additional funds for an operational endowment. Completion of the museum is estimated to be in April 2019.

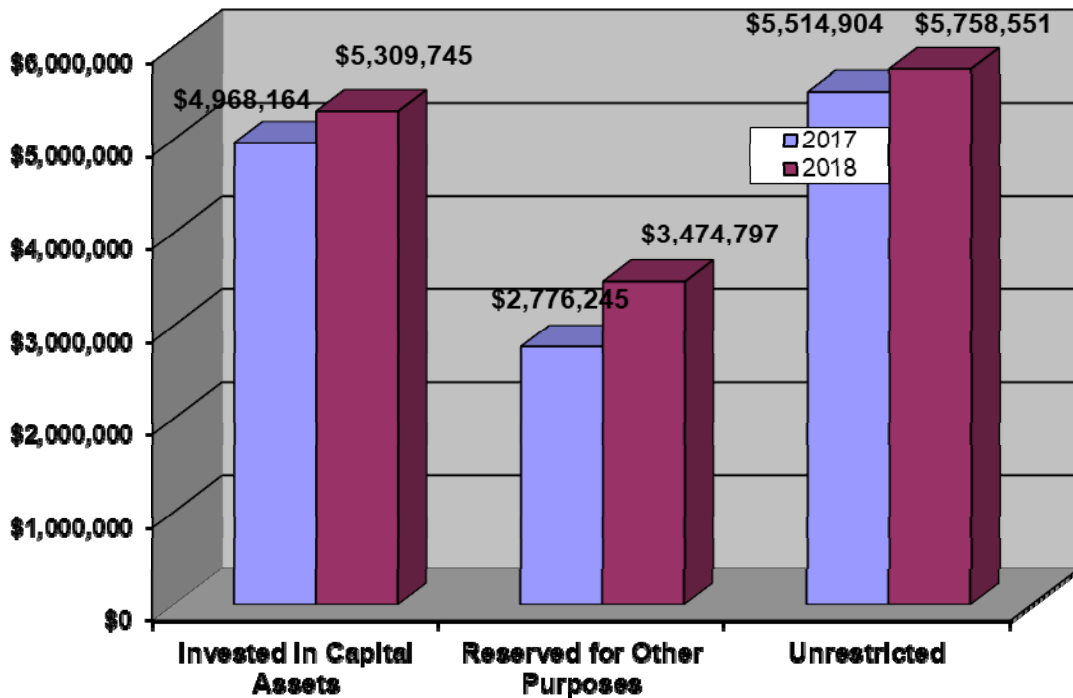
Financial Analysis of the College as a Whole

This schedule is prepared from the College's Statement of Net Position (page 15), which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated.

Analysis of Net Position

Assets	2017	2018
Current		
Current Assets	\$14,406,028	\$25,829,051
Non-current Assets	\$19,162,201	\$13,699,293
Total Assets	\$33,568,229	\$39,528,344
Total Deferred Outflows	\$38,400	\$36,006
Liabilities		
Current Liabilities	\$3,141,035	\$2,816,493
Non-current Liabilities	\$11,372,103	\$16,184,127
Total Liabilities	\$14,513,138	\$19,000,620
Total Deferred Inflows	\$242,003	\$6,020,637
Net Position		
Invested in Capital Assets	\$10,560,339	\$5,309,745
Restricted for Other Purposes	\$2,776,245	\$3,474,797
Unrestricted	\$5,514,904	\$5,758,551
Total Net Position	\$18,851,488	\$14,543,093
Effect of OPEB Liability	(5,592,175)	
Effect of Deferred Property Taxes	(2,233,670)	
Net Position, Restated 7/1/2017	\$11,025,643	

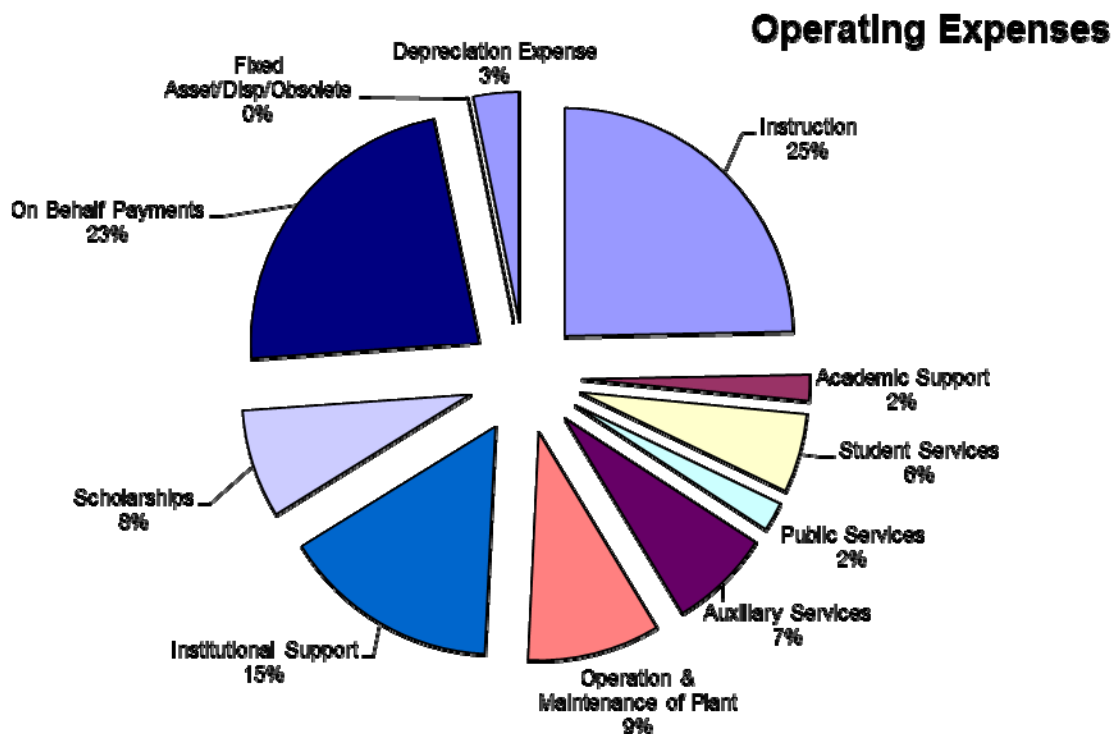
Analysis of Net Position



Operating expenses for the College shown on page 16 for the fiscal year ending June 30, 2018 were \$17,874,986 compared to \$17,080,654 incurred in the previous year.

Operating Expenses:	2017	2018
Instruction	3,635,772	4,412,662
Academic Support	314,471	329,059
Student Services	956,850	1,000,587
Public Services	279,465	366,886
Auxiliary Services	1,367,823	1,283,302
Operation & Maint.of Plant	1,392,679	1,678,395
Institutional Support	2,749,123	2,759,516
Scholarships	1,499,363	1,375,926
Depreciation Expense	553,473	573,540
On Behalf Payments	4,331,635	4,095,113
Total Operating Expenses	17,080,654	17,874,986

The following is a graphic illustration of operating expenses excluding on behalf payments of pension and health insurance - see page 10 and note 6 beginning on page 35:

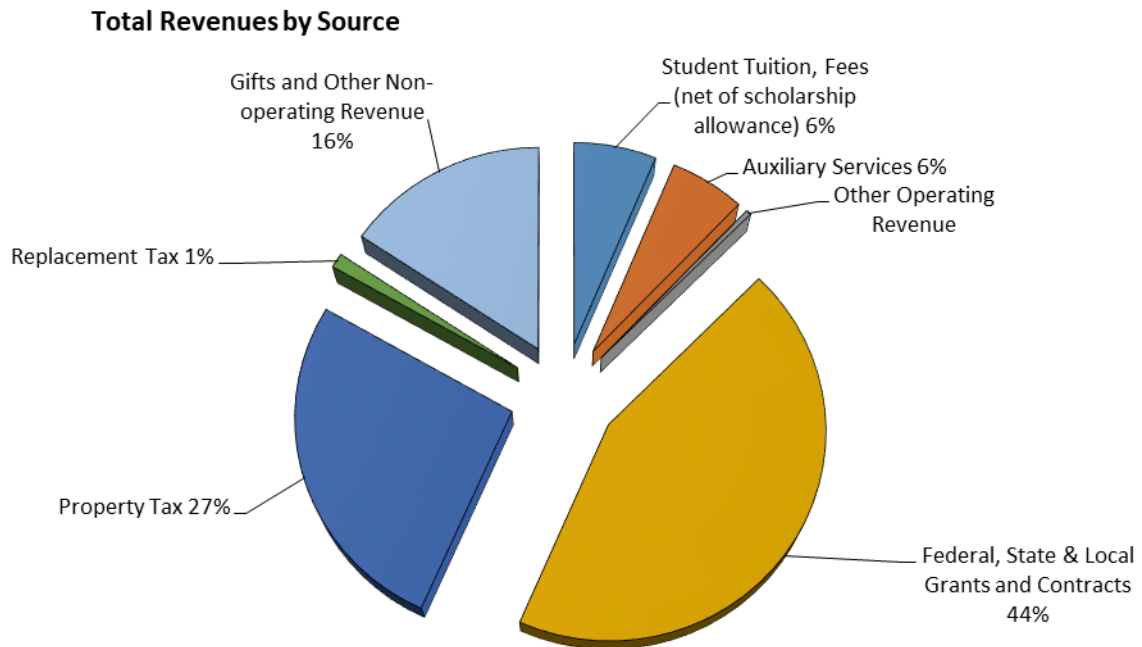


The operating revenues for the year on page 16 were \$2,224,392 compared to \$2,293,072 for FY 2017. Net Non-operating revenues (expenses) were \$19,168,044 compared to \$16,966,626 for FY 2017. On behalf payments of \$4,095,113 is our pensionable and retirement health insurance program contributions recognized as revenue and expense - see note 6 beginning on page 35.

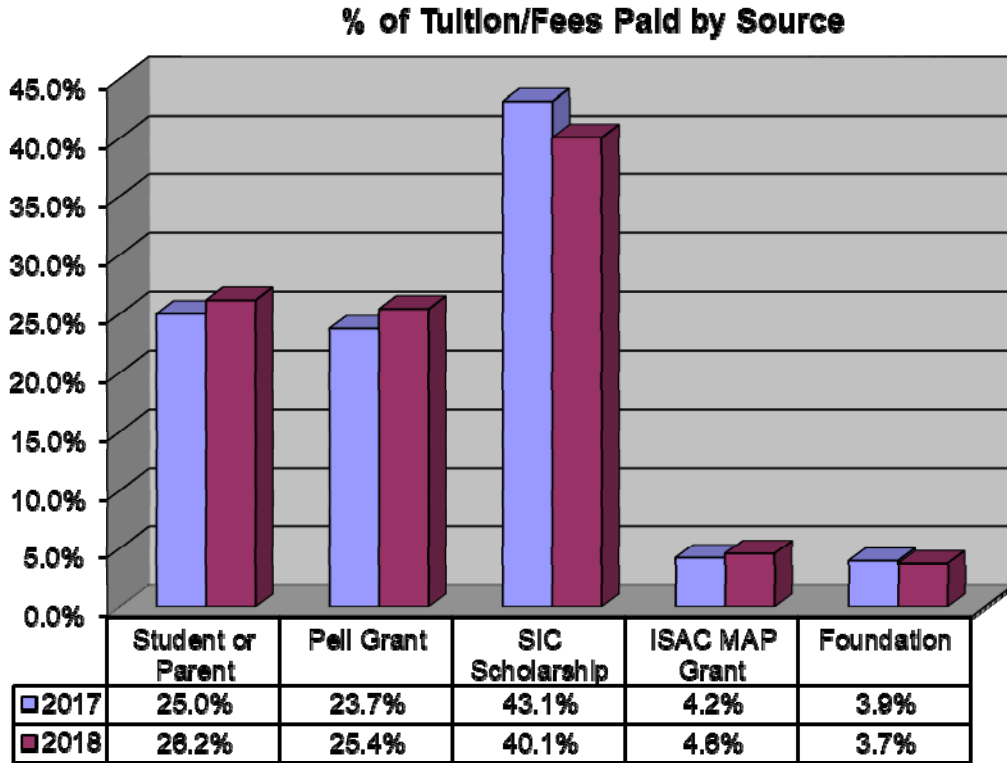
Operating Results

Revenues	2017	2018
Operating Revenues		
Student Tuition, Fees (net of scholarship allowance)	1,053,542	1,125,638
Auxiliary Services	1,201,278	1,027,337
On Behalf Payments	4,331,635	
Other Operating Revenue	38,252	71,417
Total Operating Revenues	6,624,707	2,224,392
Less Operating Expenses	17,080,654	17,874,986
Net Operating Income (Loss)	(10,455,947)	(15,650,594)
Non-operating Revenues		
Federal, State & Local Grants and Contracts	7,589,369	7,822,935
Property Tax	4,449,679	4,518,631
Replacement Tax	239,614	201,250
Interest Income (Expense), Net	(264,377)	(252,555)
Gifts and Other Non-operating Revenue	620,706	2,782,670
On Behalf Payments		4,095,113
Non-operating Revenues, Net	12,634,991	19,168,044
Increase (Decrease) in Net Assets	2,179,044	3,517,450
Net Assets, Beginning of Year	16,672,444	18,851,488
Prior Period Restatement - OPEB Liability		(5,592,175)
Prior Period Adjustment – Deferred Property Taxes		(2,233,670)
Net Assets, End of Year	18,851,488	14,543,093

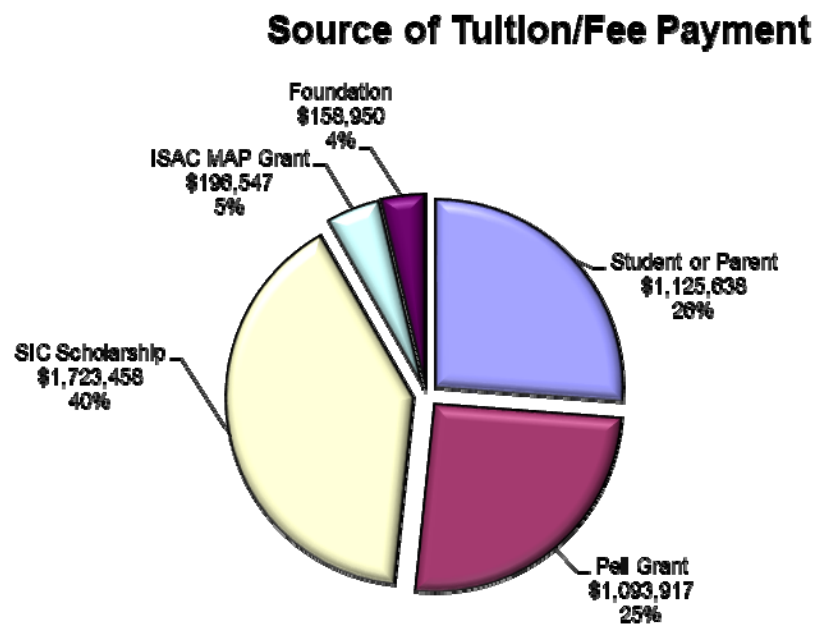
The following is a graphic representation of the source of operating and non-operating revenues excluding on behalf revenue:



The following graph is a comparison of current and prior year of tuition and fee payments by the source of the payment:



Twenty-six percent (26%) of total tuition and fees are paid by students. The remaining seventy-four percent (74%) is paid by student scholarships, Federal or State grants or the Southeastern Illinois College Foundation. The following is a graphic illustration of tuition and fee payment by source for FY2018:



Significant Transactions and Changes in Individual Funds

The operating funds balance, represented by the combination of the Education and the Operations and Maintenance Funds experienced a \$971,754 increase in FY2018. The fund balance increase remains comparable with the FY2017 increase of \$1,006,547 when removing the effects of the \$4,500,000 FY2017 bond proceeds. Revenue from the state government as well as student tuition and fees saw a rise. Expenditures also saw a similar increase. Individually, the education fund balance increased \$938,107 and the operation and maintenance fund increased \$33,647.

The Liability, Protection and Settlement Fund balance increased \$90,736 in FY2018. The fund ends with a new reserve balance of \$793,438 for future liabilities and preventative risk management. Local property taxes are the source of revenues for this fund and are limited due to minimal growth of property value in the district. Due to potential volatility of the number and/or expense of claims possibly made against the district, this balance provides a reasonable surplus for unforeseen liabilities as well as for risk management initiatives to reduce the likelihood of such expenditures.

The Working Cash Fund balance remained the same at \$3,550,030. There presently is no repayment liability within FY2019.

The Capital Projects Fund balance increased by \$1,861,067 as a result of the donation for the construction of the Hise Museum. These additional funds should be expended upon completion of the museum estimated to be in April 2019.

The Auxiliary Fund balance decreased by \$84,049 in FY2018 to \$1,350,044. Income earned by the college bookstore though still positive, saw a drop of \$40,342. The FY2018 plans to improve child study center losses did have positive results by reducing the previous year's loss by \$35,884. Current plans for FY2019 are to increase fees in an effort to minimize any future losses. The SIC business office is continuing to monitor the billing and receivable functions of the center.

The Restricted Purposes fund decreased by \$(427,274) in FY2018. This decrease was a result of the use of funds from the 2010A bond fund for construction and repairs at the SIC Carmi Center, construction of the Archery Building, installation of the new chiller for E & F Buildings, and required matching funds for construction of the Coal Mine Training Center.

Beginning in FY 2012 the Southeastern Illinois College Foundation was considered a component unit of Southeastern Illinois College as defined on page 18 and 19 of the notes to the financial statements. The Foundation's financial information is discretely presented on pages 15 and 16. The Total Net Position of the foundation at the end of FY2018 was \$4,200,188 compared to FY2017 of \$4,321,200, a decrease of \$121,012. See Note 10 starting on page 53 for further details.

BASIC FINANCIAL STATEMENTS

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATEMENT OF NET POSITION
JUNE 30, 2018**

	Southeastern Illinois College	Component Unit Southeastern Illinois College Foundation
ASSETS		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 12,226,507	\$ 371,010
Restricted cash and cash equivalents	7,817,108	-
Receivables -		
Tuition and fees, net of allowance for doubtful accounts of \$375,323	89,114	-
Outside agencies	494,153	-
Fees, Child Study Center, net of allowance for doubtful accounts of \$22,287	31,224	-
Southeastern Illinois College Foundation	1,521	-
Property taxes	4,921,600	-
Other	-	1,455
Inventories	234,203	-
Prepaid expenses	13,621	-
Unconditional promises to give, restricted for scholarships	-	3,001
Total Current Assets	<u>25,829,051</u>	<u>375,466</u>
Non-Current Assets		
Long-term investments	-	3,758,256
Property held for investment	-	69,500
Capital assets, net	13,699,293	-
Total Non-Current Assets	<u>13,699,293</u>	<u>3,827,756</u>
TOTAL ASSETS	<u>39,528,344</u>	<u>4,203,222</u>
DEFERRED OUTFLOWS OF RESOURCES		
Federal, trust, or grant pension contributions	36,006	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>36,006</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts payable	509,259	6,738
Accrued expenses	953,250	-
Due to student groups	102,834	-
Lease purchase payable	51,150	-
Bonds payable - current portion	1,200,000	-
Total Current Liabilities	<u>2,816,493</u>	<u>6,738</u>
Non-Current Liabilities		
Lease purchase payable	2,625	-
Bonds payable	10,589,327	-
Other post employment benefits	5,592,175	-
Total Non-Current Liabilities	<u>16,184,127</u>	<u>-</u>
TOTAL LIABILITIES	<u>19,000,620</u>	<u>6,738</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred other post employment benefits	870,277	-
Deferred Heritage Festival booth rental fees	8,380	-
Deferred property taxes	4,921,600	-
Deferred tuition	220,380	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>6,020,637</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	5,309,745	-
Restricted for:		
Expendable - capital projects	2,427,406	-
Expendable - debt service	(134,755)	-
Expendable - other	1,182,146	-
Permanently restricted	-	2,696,740
Temporarily restricted	-	1,443,580
Unrestricted	5,758,551	59,868
TOTAL NET POSITION	<u>\$ 14,543,093</u>	<u>\$ 4,200,188</u>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Southeastern Illinois College</u>	<u>Component Unit Southeastern Illinois College Foundation</u>
REVENUES		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$3,172,872	\$ 1,125,638	\$ -
Donations	-	539,490
Auxiliary enterprises revenue:		
Bookstore	525,329	-
Food service	176,565	-
Child study center fees	178,682	-
Other	146,761	-
Other	71,417	-
Total operating revenues	<u>2,224,392</u>	<u>539,490</u>
EXPENSES		
Operating Expenses:		
Instruction	4,412,662	-
Academic support	329,059	-
Student services	1,000,587	657,372
Public services	366,886	-
Auxiliary services	1,283,302	-
Operation and maintenance of plant	1,678,395	-
Institutional support	2,759,516	-
Scholarships	1,375,926	-
Depreciation	573,540	-
On behalf payments	4,095,113	-
Total operating expenses	<u>17,874,986</u>	<u>657,372</u>
Operating income (loss)	<u>(15,650,594)</u>	<u>(117,882)</u>
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	4,518,631	-
Replacement tax	201,250	-
State grants and contracts	4,837,530	-
Federal grants and contracts	2,985,405	-
Interest income	212,245	-
Interest expense	(464,800)	-
Gifts and other non-operating revenue	2,782,670	-
On behalf payments	4,095,113	-
Unrealized capital gains (losses)	-	(3,127)
Total non-operating revenues (expenses), net	<u>19,168,044</u>	<u>(3,127)</u>
Increase (decrease) in net position	3,517,450	(121,009)
Net Position - beginning of year, restated (see Note 8)	<u>11,025,643</u>	<u>4,321,197</u>
Net Position - end of year	<u>\$ 14,543,093</u>	<u>\$ 4,200,188</u>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$ 1,127,363
Payments to and benefits for employees	(8,100,129)
Payments to suppliers	(3,909,326)
Auxiliary enterprise charges	1,031,573
Sales and services	71,417
Net cash used by operating activities	<u>(9,779,102)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	4,523,667
Replacement taxes	201,250
Grants and contracts	9,558,409
Gifts and other non-operating revenue	2,781,348
Net cash provided by noncapital financing activities	<u>17,064,674</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on lease purchase	(61,312)
Interest paid on lease purchase	(2,889)
Principal paid on bonds	(5,660,000)
Interest paid on bonds	(638,405)
Proceeds from bonds	4,500,000
Purchase of capital assets	(1,432,479)
Net cash used by capital and related financing activities	<u>(3,295,085)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	212,245
Net cash provided by investing activities	<u>212,245</u>
Net increase in cash and cash equivalents	4,202,732
Cash and cash equivalents - beginning of year	<u>15,840,883</u>
Cash and cash equivalents - end of year	<u>\$ 20,043,615</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (15,650,594)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation expense	573,540
On behalf revenues	4,095,113
Decrease in tuition and fees receivable	3,592
Decrease in Child Study Center fees receivable	2,955
Decrease in inventories	44,274
Increase in prepaid expense	(13,180)
Decrease in federal, trust, or grant pension contributions	2,394
Increase in deferred post employment benefits	870,277
Increase in accounts payable	105,671
Decrease in accrued expenses, excluding accrued interest payable	175,882
Increase in amounts due to student groups	11,560
Increase in deferred Heritage Festival booth rental fees	1,281
Decrease in deferred tuition	(1,867)
Net cash used by operating activities	<u>\$ (9,779,102)</u>
Cash and cash equivalents - unrestricted	\$ 12,226,507
Cash and cash equivalents - restricted	7,817,108
Total cash and cash equivalents	<u>\$ 20,043,615</u>

The accompanying notes are an integral part of these financial statements.

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies

Southeastern Illinois Community College District No. 533 (the College) is organized under the Illinois Public Community College Act with partial funding by the Illinois Community College Board. The College's district encompasses parts of eight counties in Southeastern Illinois. The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

A. Reporting Entity

The accompanying financial statements include all entities for which the Board of Trustees of the College has financial accountability.

In defining the financial reporting entity, the College has considered whether there are any potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 61, "Financial Reporting Entity". The primary criterion for including a potential component unit within the reporting entity is the financial accountability that the elected officials of the primary government have for the component unit, as well as the presence of a financial benefit or burden relationship between the primary government and the component unit.

The criteria used in assessing financial accountability consist of (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government; and (2) the primary government may be financially accountable if the organization is fiscally dependent.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

A. Reporting Entity (Concluded)

Fiscal dependency is determined if a component unit possesses one or more of the following characteristics: (1) it is unable to determine its budget without having the primary government approve or modify the budget; (2) it is unable to levy taxes or set rates or charges without approval by the primary government; or (3) it is unable to issue debt without approval of the primary government.

A financial benefit or burden relationship exists between the primary government and the component unit if any one of the following conditions exist: (1) the primary government is legally entitled to or can otherwise access the organization's resources; (2) the primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (3) the primary government is obligated in some manner for the debt of the organization.

Where no financial accountability exists, a legally separate, tax-exempt organization is reported as a component unit if all three of the following criteria are met: (1) the economic resources received or held by the organization are for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability to otherwise access a majority of the organization's economic resources; and (3) the economic resources received or held by the organization are significant to the primary government.

Using these criteria, the Southeastern Illinois College Foundation ("Foundation") has been determined to be a legally separate, tax-exempt component unit of the College. The Foundation was organized and operates exclusively for educational and charitable purposes designed to promote the welfare of the College. The board of the Foundation consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereof, that the Foundation holds and invests are restricted to the activities of the College by the 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 and is discretely presented in the College's financial statements. Complete financial statements for the Foundation can be obtained from the Foundation office.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. 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-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from 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.

New Accounting Guidance

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, established new accounting requirements for interest cost incurred before the end of a construction period and is effective for reporting periods beginning after December 15, 2019. The implementation of this standard requires that interest cost incurred before the end of a construction period to be recognized as an expense in the period in which the cost is incurred.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Concluded)

New Accounting Guidance (Concluded)

GASB Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*, primary objective is to improve accounting and financial reporting by State and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by State and local governmental employers about financial support for OPEB that is provided by non-employer entities (the State of Illinois). The requirements of the Statement are effective for financial statements for periods beginning after June 15, 2017.

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges. The GASB is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The following is a summary of the more significant policies.

C. Classification of Revenues

Operating revenue includes activities that have the characteristics of exchange transactions such as (1) student tuition and fees and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions, such as (1) local property taxes, (2) state appropriations, (3) certain federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

D. Budgets

Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of the 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.

E. Use of Estimates

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

F. Cash and Cash Equivalents

Cash includes deposits held at banks and small amounts of cash on hand and petty cash funds. Illinois Funds Money Market Fund is considered to be cash equivalent due to their liquidity or short-term nature.

G. Receivable from Outside Agencies

The receivable from outside agencies is made up of amounts due from various governmental agencies. The amounts from the governmental agencies are considered to be 100% collectible.

H. Inventories

Inventories consisting of textbooks, college apparel, food, and miscellaneous school supplies are stated at the lower of average cost or net realizable value.

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

I. Capital Assets

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

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

<u>Type of Property and Equipment</u>	<u>Estimated Useful Life</u>
Land improvements	20 Years
Buildings	50 Years
Equipment	5-15 Years

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College only has one item that qualifies for reporting in this category. It is the federal, trust, or grant pension contributions paid during the current fiscal year. See Note 6 to the financial statements for additional details.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

J. Deferred Outflows/Inflows of Resources (Concluded)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has only one type of item, unavailable revenue, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. The College reports unavailable revenue of three types: unearned tuition and student fees, Heritage Festival booth rental fees, grants, and tax levies collected in the current fiscal year but applicable to periods occurring after year end. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

K. Amortization of Bond Issuance Premium/Discount

The College amortizes bond issuance premiums and discounts by the effective interest method over the period the related bond issue is outstanding. The bond premium/discount is amortized by using the same interest rate as the related bond issue, and the current period amortization is shown as a decrease (for a premium) or increase (for a discount) to current period interest expense.

L. Net Position

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

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1: Summary of Significant Accounting Policies (Continued)

L. Net Position (Concluded)

Restricted net position – expendable – This includes assets/resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, reduced by any liabilities and deferred inflows of resources related to those assets. Sources of restricted revenue include 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 net position – This represents 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.

M. Insurance Coverage

Significant losses are covered by commercial insurance for all major programs: property, liability, and workman's compensation. During the year ended June 30, 2018, there were no significant reductions in coverage. Also, there have been no settlement amounts exceeding insurance coverage in the past three years.

N. Account Groups

The College maintains a General Long-Term Debt Account Group and General Fixed Asset Account Group to track the balances of debt to be paid from the debt service fund and fixed assets acquired by governmental funds, respectively. As these are not funds, they have been excluded from the Combined Balance Sheet - All Fund Types, but their balances are included in the Statement of Net Position.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Continued)

O. Pensions

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

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

P. Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the College, and the amount that is paid by students or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies (Concluded)

Q. Federal Financial Assistance Programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loan Programs. Federal programs are audited in accordance with the Title 2 *U.S Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audit of States, Local Governments and Non-Profit Organizations*, and the *Compliance Supplement*.

R. Fund Balance Policy

The College maintains a fund balance policy to assure sufficient fiscal resources are available in the event of occurrences that could adversely affect the College's cash flow, responsibilities, and services. The general operating fund balance should be at a minimum 30% of the annual operating budget expenditures or the average of the previous three operating budget expenditures. All other funds, restricted or unrestricted, will be maintained in compliance with federal, state, and local laws and/or policies.

S. Date of Management's Review

The College has evaluated subsequent events through October 12, 2018, the date which the financial statements were available to be issued.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: Cash and Cash Equivalents

At June 30, 2018, the carrying amount of the College's deposits at financial institutions was \$20,037,086, which does not include \$6,529 cash on hand and petty cash funds held at the College. The bank balance was \$20,213,019.

<u>Institution</u>	<u>Carrying Amount</u>	<u>Bank Balance</u>
Banterra Bank Group	\$ 7,610,333	\$ 7,786,265
<u>Investment Pool</u>		
Illinois Funds Money Market Fund		
U.S. Bank	12,426,753	12,426,754
	<u>\$ 20,037,086</u>	<u>\$ 20,213,019</u>

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2018, \$7,786,265 of the College's bank balance of \$20,213,019 was exposed to custodial credit risk as follows:

Collateralized by securities held by the pledging financial institution's agent in the College's name	<u>\$7,786,265</u>
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The Illinois Funds Money Market Fund is a money market fund created in 1975 by the Illinois General Assembly. Its primary purpose is to provide custodians of public funds with an alternative investment vehicle which enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

The time deposits are collateralized 105% over FDIC or FSLIC \$250,000 insurance with U.S. Treasury obligations and marked to market on a daily basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 2: Cash and Cash Equivalents (Concluded)

The individual participants maintain separate investment accounts representing a proportionate share of the pool of assets and its respective collateral; therefore no collateral is identified with each individual participant's account. Given the nature of the Illinois Funds Money Market Fund, the carrying value approximates market value.

NOTE 3: Changes in Capital Assets

The following is a schedule of the College's investment in capital assets. The investment in capital assets is determined by reducing historical cost by accumulated depreciation.

	Balance 07-01-17	Additions	Deletions	Balance 06-30-18
Capital assets not being depreciated:				
Land	\$ 266,405	\$ -	\$ -	\$ 266,405
Construction in progress	795,494	199,586	879,019	116,061
	<u>1,061,899</u>	<u>199,586</u>	<u>879,019</u>	<u>382,466</u>
Other capital assets:				
Land improvements	1,200,645	90,340	-	1,290,985
Buildings	16,994,101	1,962,914	-	18,957,015
Equipment	<u>2,364,239</u>	<u>58,657</u>	<u>-</u>	<u>2,422,896</u>
Total other capital assets at historical costs	<u>20,558,985</u>	<u>2,111,911</u>	<u>-</u>	<u>22,670,896</u>
Total capital assets at historical cost	<u>\$ 21,620,884</u>	<u>\$ 2,311,497</u>	<u>\$ 879,019</u>	<u>\$ 23,053,362</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 3: Changes in Capital Assets (Concluded)

Less Accumulated Depreciation:

Land improvements	\$ 1,041,223	\$ 7,322	\$ -	\$ 1,048,545
Buildings	6,278,209	371,186	-	6,649,395
Equipment	1,461,098	195,032	-	1,656,128
	<u>8,780,530</u>	<u>\$ 573,540</u>	<u>\$ -</u>	<u>9,354,069</u>
Capital Assets, Net	<u>\$ 12,840,354</u>			<u>\$ 13,699,293</u>

NOTE 4: Changes in Long-Term Debt

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

Bond payable at July 1, 2017	\$ 12,958,328
Bonds retired	(5,660,000)
Bonds issued	4,500,000
Bond premium amortization	(9,001)
Bond payable at June 30, 2018	<u>\$ 11,789,327</u>
Lease purchases payable at July 1, 2017	\$ 115,087
Leases issued	-
Lease principal paid	(61,312)
Lease purchases payable at June 30, 2018	<u>\$ 53,775</u>

The following is a description of the bond issues and the debt service requirement to maturity:

August 1, 2010 General Obligation Bonds, Series 2010A
Maturity Date – December 1, 2019
Total issue \$2,500,000
Interest rate 5.25% - 5.5%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 400,000	\$ 52,738	\$ 452,738
2020	795,000	20,869	815,869
	<u>\$ 1,195,000</u>	<u>\$ 73,607</u>	<u>\$ 1,268,607</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: Changes in Long-Term Debt (Continued)

August 1, 2010 General Obligation Bonds, Series 2010B

Maturity Date – December 1, 2023

Total issue \$3,405,000

Interest rate 3.75% - 5.5%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 134,070	\$ 134,070
2020	-	134,070	134,070
2021	830,000	118,508	948,508
2022	865,000	86,078	951,078
2023	900,000	51,210	951,210
2024	810,000	16,605	826,605
	<u>\$ 3,405,000</u>	<u>\$ 540,541</u>	<u>\$ 3,945,541</u>

September 1, 2012 General Obligation Refunding Community College Bonds, Series 2012

Maturity Date – October 1, 2018

Total issue \$2,000,000

Interest rate 2.00% - 2.50%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 270,000	\$ 2,700	\$ 272,700
	<u>\$ 270,000</u>	<u>\$ 2,700</u>	<u>\$ 272,700</u>

February 19, 2016 - General Obligation Bonds, Series 2016A

Maturity Date – December 1, 2019

Total Issue \$1,690,000

Interest Rate 2.65%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 530,000	\$ 13,648	\$ 543,648
2020	250,000	3,312	253,312
	<u>\$ 780,000</u>	<u>\$ 16,960</u>	<u>\$ 796,960</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: Changes in Long-Term Debt (Continued)

February 19, 2016 - General Obligation Bonds, Series 2016B

Maturity Date – December 1, 2022

Total Issue \$1,630,000

Interest Rate 2.45%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 39,935	\$ 39,935
2020	205,000	37,424	242,424
2021	465,000	29,216	494,216
2022	475,000	17,701	492,701
2023	485,000	5,941	490,941
	<u>\$ 1,630,000</u>	<u>\$ 130,217</u>	<u>\$ 1,760,217</u>

June 1, 2017 – Alternate Revenue Bonds, Series 2017A

Maturity Date – December 1, 2026

Total Issue \$4,500,000

Interest Rate 3.875% - 4.25%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 243,183	\$ 243,183
2020	-	183,150	183,150
2021	-	183,150	183,150
2022	-	183,150	183,150
2023	-	183,150	183,150
2024-2027	4,500,000	471,281	4,971,281
	<u>\$ 4,500,000</u>	<u>\$ 1,447,064</u>	<u>\$ 5,947,064</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: Changes in Long-Term Debt (Continued)

IBM Backup Server lease purchase agreement with IBM LLC

Dated January 1, 2014

Maturity Date – December 1, 2018

Lease amount - \$71,263

Lease term – 60 months

Interest at 3.21%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 7,650	\$ 72	\$ 7,722
	<u>\$ 7,650</u>	<u>\$ 72</u>	<u>\$ 7,722</u>

Wireless Network Upgrades lease purchase agreement with Peoples National Bank

Dated October 1, 2014

Maturity Date – October 1, 2018

Lease amount - \$63,000

Lease term – 4 years

Interest at 2.98%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 16,461	\$ 497	\$ 16,958
	<u>\$ 16,461</u>	<u>\$ 497</u>	<u>\$ 16,958</u>

Tri State Business Copiers lease purchase agreement with Peoples National Bank

Dated July 31, 2014

Maturity Date – July 31, 2019

Lease amount - \$125,895

Lease term – 60 months

Interest at 2.98%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 26,654	\$ 508	\$ 27,162
2020	2,625	6	2,631
	<u>\$ 29,279</u>	<u>\$ 514</u>	<u>\$ 29,793</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 4: Changes in Long-Term Debt (Concluded)

At June 30, 2018, the College's future cash flow requirements for retirement of bond principal and interest obligations and other long-term debt obligations by fiscal year were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,251,150	\$ 487,352	\$ 1,738,502
2020	1,252,625	378,831	1,631,089
2021	1,295,000	330,874	1,625,874
2022	1,340,000	286,929	1,626,929
2023	1,385,000	240,301	1,625,301
2024 – 2027	5,310,000	487,886	5,797,886
	<u>\$ 11,833,775</u>	<u>\$ 2,212,173</u>	<u>\$ 14,045,581</u>

Included in long-term debt payable, but not included in the above schedule of future cash flow requirements, is \$9,327 of unamortized bond issuance premium.

NOTE 5: Property Taxes

The 2017 property tax extension has been deferred to comply with Government Accounting Standards Board Statement No. 3 since it was levied to finance activities of the 2017/2018 academic year. In accordance with these guidelines, property tax revenue is to be recognized in the period the levy is intended to finance.

The College must file its tax levy ordinance by the last Tuesday in December of each year. The College's property tax is levied each year on all taxable real property located within the District. These taxes attach an enforceable lien on real property as of January 1 and are payable in two installments; due dates vary by county. The College receives significant property tax receipts from July through November.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5: Property Taxes (Concluded)

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

	Maximum Rate	Actual Rate	
		2017 Levy Payable 2018	2016 Levy Payable 2017
Education	.28000	0.27784	0.28000
Operations and Maintenance	.10000	0.09922	0.10000
Tort Immunity	Unlimited	0.15338	0.15066
Audit	.00500	0.00500	0.00500
Social Security	Unlimited	0.01512	0.01655
Bond and Interest	Unlimited	0.31315	0.26138
		<u>0.86371</u>	<u>0.81359</u>

NOTE 6: Defined Benefit Pension Plan

General Information about the Pension Plan

Plan Description

Southeastern Illinois Community College District No. 533 contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2017 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2017 and 2018 respectively, was 12.53% and 12.46% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Concluded)

Contributions (Concluded)

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

Net Pension Liability

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

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for Southeastern Illinois Community College District No. 533 is \$0. The proportionate share of the State’s net pension liability associated with Southeastern Illinois Community College District No. 533 is \$38,298,102 or 0.1503%. This amount should not be recognized in the financial statement. 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. The basis of allocation was used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2017.

Pension Expense

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Continued)

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

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2017. As a result, Southeastern Illinois Community College District No. 533 recognized on-behalf revenue and pension expense of \$3,626,616 for the fiscal year ended June 30, 2018.

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

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

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

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 55,589,850
2019	187,874,276
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	\$ 177,990,021

Employer Deferral of Fiscal Year 2018 Pension Expense

Employer paid \$36,006 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 June 30, 2010 – 2014. The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Continued)

Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Concluded)

Mortality rates were based on the RP2014 Combined Mortality Table with projected generational mortality and a separate morality 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 the arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

Asset Class	Target Allocation	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%

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 6: Defined Benefit Pension Plan (Concluded)

Assumptions and Other Inputs (Concluded)

Discount Rate

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

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, 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	Current Single Discount Rate	1% Increase
6.09%	Assumption	8.09%
7.09%		
\$30,885,146,279	\$25,481,105,995	\$20,997,457,586

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at www.SURS.org.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits

Plan Description

In addition, Southeastern Illinois Community College District No. 533 contributes to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program “CIP”) that was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9(f), which became effective July 1, 1999. The CCHISF is a cost-sharing, multiple-employer defined benefit OPEB Trust Fund, which has a special funding situation as described in 40 ILCS 15/1.4. A non-employer (the State) is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through the trust.

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. This fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing health benefits to retirees, as established under the plan and associated administrative cost.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

Benefits Provided

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

The State pays for a portion of the employer costs for the benefits provided. The total cost of the State's portion of the health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and the dependents.

A summary of post-employment benefit provision, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services, may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, IL 62706.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

Contributions

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from the district. Administrative costs are paid by the CCHISF. At June 30, 2018, the College's policy was not to subsidize health insurance premiums of their retirees.

Employers participating in a cost-sharing OPEB plan, and any non-employer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective OPEBs amounts for the OPEB benefits provided to members through the CCHISF plan. During fiscal year 2018 the College recognized OPEB contributions of \$26,604.

Actuarial Assumptions

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

Actuarial Assumptions (Continued)

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

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. For disabled annuitants mortality rates were based on the RP-Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. 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 July 1, 2010 through June 30, 2014.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

Actuarial Assumptions (Concluded)

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since the CIP fund is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017. The increase in the single discount rate from 2.85% to 3.56% caused the College's total OPEB liability to decrease by approximately \$454,988 from 2016 to 2017.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of the future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of the benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

During the plan year ending June 30, 2017, the collective trust earned \$24,000 in interest and due to the significant benefit payable, the trust net assets at June 30, 2017 of the collective trust is a negative (deficit) balance of \$50,818,000. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumptions was set to zero.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate assumption

The following presents the College's proportionate share of the collective net OPEB liability, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current discount rate:

	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Employer's proportionate share of the collective net OPEB liability	\$ 6,395,554	\$ 5,592,175	\$ 4,899,557

Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates assumption

The following table shows the College's net OPEB liability as of June 30, 2017, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.02% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.50% in 2027 for Medicare coverage.

	1% Decrease ^a	Healthcare Cost Trend Rates	1% Increase ^b
Employer's proportionate share of the collective net OPEB liability	\$ 4,639,276	\$ 5,592,175	\$ 6,971,132

^a One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate rate of 4.02% in 2025 for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.

^b One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.02% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
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NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 7: Post-Employment Benefits (Continued)

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

The collective net OPEB liability was measured as of June 30, 2017. At June 30, 2017, the CCHISF reported a net OPEB liability of \$1,823,636,957.

At June 30, 2018, the College reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to the College. 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 as of that date. The College's proportion of the collective net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of the College, actuarially determined. At June 30, 2017, the College's proportion was \$5,592,175 (.306650%), which was a decrease of .02562% from its proportion measured as of June 30, 2016 of \$6,047,163 (.332270%). The State's support and total are for disclosure purposes only. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follow:

Employer's proportionate share of the net OPEB liability	\$ 5,592,175
State's proportionate share of the net OPEB liability associated with the employer	<u>5,518,523</u>
Total	<u>\$ 11,110,698</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Continued)

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

For the year ending June 30, 2018, the College recognized OPEB expense and revenue of \$441,893 for support provided on-behalf 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
Differences between expected and actual experience	\$ -	\$ 15,827
Changes of assumptions	-	465,824
Net difference between projected and actual earnings on OPEB plan investments	-	59
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	388,564
Total Deferred Amounts Related to OPEB	<u>\$ -</u>	<u>\$ 870,277</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the College's OPEB expense as follows:

Year Ending June 30,	Net Deferred Outflows of Resources
2019	\$ 195,635
2020	195,635
2021	195,635
2022	195,365
2023	87,738
Total	<u>\$ 870,277</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 7: Post-Employment Benefits (Concluded)

Request for information

CCHISF has no component units and is not a component unit of any other entity. However, because CCGISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statement of the State of Illinois as a pension (and other employee benefit) trust fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

NOTE 8: Restatement and Prior Period Adjustment

The College implemented GASB Statement No. 75 (detailed in Note 1) and consequently recognized deferred outflows of resources, deferred inflows of resources, and net OPEB liability in the current year. Because these OPEB related opening balances reflect OPEB expenses not previously recognized, the beginning net position of the business-type activities on the Statement of Revenues, Expenses, and Changes in Net Position has been restated as follows:

Net Position

Net position – July 1, 2017	\$ 18,851,488
Effect of recognizing OPEB liability	(5,592,175)
Effect of recognizing deferred tax revenue	(2,233,670)
Net position, restated – July 1, 2017	<u>\$ 11,025,643</u>

The College implemented GASB Statement No. 33 (detailed in Note 1) and consequently recognized deferred inflows of resources for tax levies for future years. Because these deferred inflows were not previously adjusted, the beginning net position of the governmental Statement of Net Position has been restated as follows:

Net Position, General fund

Net position - July 1, 2017	\$ 9,902,128
Effect of recognizing deferred tax revenue	(1,034,652)
Net position, restated – July 1, 2017	<u>\$ 8,867,476</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 8: Restatement and Prior Period Adjustment (Continued)

Net Position, Audit fund

Net position - July 1, 2017	\$ 4,981
Effect of recognizing deferred tax revenue	(13,740)
Net position, restated – July 1, 2017	<u>\$ (8,759)</u>

Net Position, Liability, protection and settlement fund

Net position - July 1, 2017	\$ 1,163,692
Effect of recognizing deferred tax revenue	(460,990)
Net position, restated – July 1, 2017	<u>\$ 702,702</u>

Net Position, Debt service fund

Net position - July 1, 2017	\$ 736,592
Effect of recognizing deferred tax revenue	(724,288)
Net position, restated – July 1, 2017	<u>\$ 12,304</u>

NOTE 9: Commitments

Federal & 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.

Construction in Progress

The College is currently in the midst of constructing the Hise Museum. The estimated cost of the museum is \$1,876,000. Total costs incurred as of June 30, 2018 were \$196,762.

The College is currently in the midst of upgrading the Water Treatment Plant. The estimated cost of the upgrade is \$22,875. Total costs incurred as of June 30, 2018 were \$2,824.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9: Commitments (Concluded)

Phone Lease

Effective April 3, 2013, the College entered into a lease agreement with CTS Technology Solutions, Inc. for a phone system. The lease is for five years at \$2,288 per month for equipment and maintenance. Effective August 1, 2018, the College extended their lease with CTS Technology Solutions, Inc. The new lease is for five years at \$2,073 per month for equipment and maintenance. Lease expense for the year ended June 30, 2018 was \$27,623.

<u>Fiscal Year</u>	<u>Lease Payment Due</u>
2019	\$ 24,876
2020	24,876
2021	24,876
2022	24,876
2023	2,073
Total	<u>\$ 101,577</u>

Vacation & Sick Pay

As of June 30, 2018, employees had earned but not taken annual vacation and sick pay, which at salary rates in effect at the end of the year, totaled approximately \$375,744. The College has appropriately accrued this liability.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Discretely Presented Component Unit

The Southeastern Illinois College Foundation (component unit of Southeastern Illinois College) is a not-for-profit charitable organization.

The Foundations' financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210, *Not-for-Profit Entities*. Under ASC 958-210, the Foundation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Revenue Recognition

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Investment Expenses

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$28,344 and have been included in student services expenses in the accompanying statement of revenues, expenses, and changes in net position.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Discretely Presented Component Unit (Continued)

Investments in Securities

The Foundation invests in equity mutual funds, equity securities, and fixed income securities. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended June 30, 2018. The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2018. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2018 were determined based on:

	Quoted Prices in Active Markets for Identical Assets (Level 1)
<u>Investments</u>	
Mutual funds	\$ 1,743,743
Stocks, options, & ETFs	1,323,944
Preferred/fixed rate cap sec	245,790
Unit investment trusts	134,300
Fixed income securities	310,479
	<u>\$ 3,758,256</u>

Donor-Designated Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Funds designated by the Board of Trustees to function as endowments are voluntary and may be reversed by the governing board at any time. Accordingly, they are reported as part of the unrestricted class of net assets.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Discretely Presented Component Unit (Continued)

Donor-Designated Endowment Funds (Continued)

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds (SPMIFA) 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 Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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 various funds, (2) the purposes of the donor-restricted endowment funds, (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 Foundation's investment policies.

Endowment net asset composition by type of fund as of June 30, 2018 is as follows:

Endowment Fund Type	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted	\$ -	\$ 1,202,463	\$ 2,696,740	\$ 3,899,203
Board-designated	67,301	-	-	67,301
	<u>\$ 67,301</u>	<u>\$ 1,202,463</u>	<u>\$ 2,696,740</u>	<u>\$ 3,966,504</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 10: Discretely Presented Component Unit (Continued)

Donor-Designated Endowment Funds (Concluded)

Changes in endowment net assets as of June 30, 2018 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, July 1, 2017	\$ (69,131)	\$ 1,199,856	\$ 2,624,034	\$ 3,754,759
Contributions	130,110	2,073	50,914	183,097
Investment income	31,266	92,568	21,792	145,626
Realized gain (loss)	70,760	27,521	-	98,281
Unrealized gain (loss)	(3,127)	10,555	-	7,428
Amounts appropriated for expenditures	(92,577)	(130,110)	-	(222,687)
Endowment net assets, June 30, 2018	<u>\$ 67,301</u>	<u>\$ 1,202,463</u>	<u>\$ 2,696,740</u>	<u>\$ 3,966,504</u>

REQUIRED SUPPLEMENTARY INFORMATION

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
RETIREMENT SYSTEM OF ILLINOIS TREND DATA
FOR THE YEAR ENDED JUNE 30, 2018**

SCHEDULE OF SHARE OF NET PENSION LIABILITY	FY 2014	FY 2015	FY 2016	FY 2017
SOUTHEASTERN ILLINOIS COLLEGE				
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -
Portion of Nonemployer Contributing Entities' Total Proportion of				
(c) Collective Net Pension Liability Associated with Employer	38,071,682	40,000,273	43,559,675	38,298,102
Total (b) + (c)	<u>\$ 38,071,682</u>	<u>\$ 40,000,273</u>	<u>\$ 43,559,675</u>	<u>\$ 38,298,102</u>
Employer DB Covered Payroll	\$ 6,397,386	\$ 6,150,675	\$ 6,078,388	\$ 5,322,458
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of DB Covered Payroll	596.79%	650.34%	716.63%	719.56%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%

SCHEDULE OF CONTRIBUTIONS	FY 2014	FY 2015	FY 2016	FY 2017
SOUTHEASTERN ILLINOIS COLLEGE				
Federal, Trust, Grant and Other Contribution	\$ 63,025	\$ 58,448	\$ 44,512	\$ 38,400
Contribution in Relation to Required Contribution	63,025	58,448	44,512	38,400
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered Payroll	\$ 556,187	\$ 721,625	\$ 507,698	\$ 448,799
Contributions as a Percentage of Covered Payroll	11.33%	8.10%	8.77%	8.56%

SOUTHEASTERN ILLINOIS COLLEGE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
On-Behalf Payments for Community College Health Insurance Program	\$ 29,702	\$ 30,114	\$ 30,114	\$ 26,604	\$ 25,504

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

Fiscal Year 2018 Total DB Contributions: \$ 406,850

Fiscal Year 2018 Total SMP Contributions: \$ 43,570

**SOUTHEASTERN ILLINOIS COLLEGE
HARRISBURG, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018**

Changes of Benefit Terms.

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2016.

Changes of Assumptions.

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

- **Mortality Rates:** Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- **Salary Increase:** Change assumption to service-based rates, ranging from 3.75 percent to 15.00 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 70-79 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.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
OTHER POST-EMPLOYMENT BENEFIT SYSTEM OF ILLINOIS TREND DATA - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

	2017	2016
Employer's Proportion (percentage) of Collective Net OPEB Liability	0.306650%	0.332270%
Employer's Proportion (amount) of Collective Net OPEB Liability	\$ 5,592,175	\$ 6,047,163
Non-Employer Proportion (amount) of Collective Net OPEB Liability	5,518,517	6,300,629
TOTAL	<u>\$ 11,110,692</u>	<u>\$ 12,347,792</u>
Employer's Covered-Employee Payroll	\$ 448,799	\$ 507,698
Employer's Proportionate Share (amount) of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll	1246.03%	1191.09%
Plan's Fiduciary Net Position as a Percent of Total OPEB Liability	-21.86%	-32.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
SCHEDULE OF STATE CONTRIBUTIONS - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

	2017	2016
Statutorily Required Contribution **	\$ 26,604	\$ 30,114
Contributions in Relation to the Employer's Covered-Employee Payroll	5.93%	5.93%
Annual Contribution Deficiency (Excess) **	N/A	N/A

*** Statutorily Required Contributions = Actual Contributions*

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION - *UNAUDITED*
FOR THE YEAR ENDED JUNE 30, 2018**

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Sponsor's Fiscal year End	June 30, 2018

Methods and Assumptions Used to Determine Actuarial Liability and Contributions:

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on pay-as-you-go basis. Retired members contribute a percentage of premium rates based on service at retirement. The sponsor contributes claims and expenses in excess of retired member contributions. The goal of the policy is to finance current year costs plus margin for incurred but not paid plan costs.
Retirees' Share of Benefit-Related Costs	Healthcare premium rates for members depend on the date of retirement and the years of service earned at retirement. Members who retired before January 1, 1998, are eligible for single coverage at no cost to the member. Members who retire after January 1, 1998, are eligible for single coverage provided they pay a portion of the premium equal to 5 percent for each service under 20 years. Eligible dependents receive coverage provided they pay 100 percent of the required dependent premium. Premiums for plan year 2017 and 2018 are based on actual premiums. Premiums after 2018 were projected based on the same healthcare cost trend rates applied to per capita claim cost but excluding the additional trend rate that estimates the impact of the Excise Tax.
Asset Valuation Method	Not Applicable
Investment Rate of Return	Not Applicable
Inflation	2.75%
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2017. For fiscal years on and after 2018, trends start at 8.00% and 9.00% for non-Medicare cost and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.49% 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
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.
Salary Increases	Depends on service ad rages from 15.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increases includes a 3.75% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014, actuarial valuation.
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table, adjusted for TRS experience. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection

SUPPLEMENTAL INFORMATION

COMBINED FINANCIAL STATEMENTS

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINED BALANCE SHEET - ALL FUND TYPES
JUNE 30, 2018**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	AGENCY	
ASSETS							
Cash and cash equivalents - unrestricted	\$ 11,166,674	\$ -	\$ -	\$ -	\$ 1,059,833	\$ -	\$ 12,226,507
Cash and cash equivalents - restricted	-	5,140,066	53,357	2,520,851		102,834	7,817,108
Receivables -							
Tuition and fees, net of allowance for doubtful accounts of \$375,323	89,114	-	-	-	-	-	89,114
Outside agencies	150,217	310,214	-	-	33,722	-	494,153
Fees, Child Study Center, net of allowance for doubtful accounts of \$28,883	-	-	-	-	31,224	-	31,224
Southeastern Illinois College Foundation	1,521	-	-	-	-	-	1,521
Property taxes	2,133,006	992,338	1,796,256	-	-	-	4,921,600
Inventories	-	-	-	-	234,203	-	234,203
Prepaid expenses	-	13,621	-	-	-	-	13,621
Property, plant, and equipment (net)	-	-	-	-	59,810	-	59,810
TOTAL ASSETS	\$ 13,540,532	\$ 6,456,239	\$ 1,849,613	\$ 2,520,851	\$ 1,418,792	\$ 102,834	\$ 25,888,861
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 418,848	\$ 93,568	\$ -	\$ 93,445	\$ 12,946	\$ -	\$ 618,807
Accrued expenses	689,686	3,187	188,112	-	18,495	-	899,480
Due to student groups	-	-	-	-	-	102,834	102,834
Lease purchase payable	-	-	-	-	28,927	-	28,927
Total Liabilities	1,108,534	96,755	188,112	93,445	60,368	102,834	1,650,048
Deferred Inflows of Resources							
Deferred Heritage Festival booth rental fees	-	-	-	-	8,380	-	8,380
Deferred property taxes	2,133,006	992,338	1,796,256	-	-	-	4,921,600
Deferred tuition	459,762	-	-	-	-	-	459,762
Total Deferred Inflows of Resources	2,592,768	992,338	1,796,256	-	8,380	-	5,389,742
Fund Balances							
Retained earnings unreserved	-	-	-	-	1,350,044	-	1,350,044
Fund balances -							
Restricted		5,367,146	(134,755)	2,427,406	-	-	7,659,797
Unrestricted	9,839,230	-	-	-	-	-	9,839,230
Total Fund Balances	9,839,230	5,367,146	(134,755)	2,427,406	1,350,044	-	18,849,071
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,540,532	\$ 6,456,239	\$ 1,849,613	\$ 2,520,851	\$ 1,418,792	\$ 102,834	\$ 25,888,861

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	GOVERNMENTAL FUND TYPES				TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues					
Local governments	\$ 2,302,210	\$ 957,979	\$ 1,459,692	\$ -	\$ 4,719,881
State governments	4,302,790	338,193	-	-	4,640,983
Federal governments	3,212	2,962,218	-	-	2,965,430
Student tuition and fees	4,298,510	-	-	-	4,298,510
Other sources	261,218	99,438	514	2,534,546	2,895,716
Total Direct Revenues	11,167,940	4,357,828	1,460,206	2,534,546	19,520,520
On behalf payments - Community College Health Insurance Program	441,893	-	-	-	441,893
On behalf payments - State Universities Retirement System	3,653,220	-	-	-	3,653,220
Total Revenues	15,263,053	4,357,828	1,460,206	2,534,546	23,615,633
Expenditures					
Instruction	3,174,000	460,262	-	-	3,634,262
Academic support	336,626	-	-	-	336,626
Student services	725,934	273,870	-	-	999,804
Public services	4,067	359,395	-	-	363,462
Auxiliary services	58,365	3,600	-	-	61,965
Operation and maintenance of plant	1,578,589	294,083	-	-	1,872,672
Institutional support	7,010,393	1,033,160	1,607,265	487,669	10,138,487
Capital outlay	-	-	-	194,577	194,577
Scholarships	1,419,168	2,270,765	-	-	3,689,933
Total Direct Expenditures	14,307,142	4,695,135	1,607,265	682,246	21,291,788
On behalf payments - Community College Health Insurance Program	441,893	-	-	-	441,893
On behalf payments - State Universities Retirement System	3,653,220	-	-	-	3,653,220
Total Expenditures	18,402,255	4,695,135	1,607,265	682,246	25,386,901
Revenues over (under) expenditures	(3,139,202)	(337,307)	(147,059)	1,852,300	(1,771,268)
Other Financing Sources (Uses)					
Transfers in	365,440	61,173	-	8,767	435,380
Transfers out	(754,484)	(60,304)	-	-	(814,788)
Bond proceeds	4,500,000	-	-	-	4,500,000
Total Other Financing Sources (Uses)	4,110,956	869	-	8,767	4,120,592
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	971,754	(336,438)	(147,059)	1,861,067	2,349,324
Fund Balance, Restated (See Note 8) - July 1, 2017	8,867,476	5,703,584	12,304	566,339	15,149,703
Fund Balance - June 30, 2018	\$ 9,839,230	\$ 5,367,146	\$ (134,755)	\$ 2,427,406	\$ 17,499,027

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL BUDGETED GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	GENERAL FUND		SPECIAL REVENUE FUNDS		DEBT SERVICE		CAPITAL PROJECTS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
Revenues								
Local governments	\$ 2,299,200	\$ 2,302,210	\$ 951,170	\$ 957,979	\$ 1,445,172	\$ 1,459,692	\$ -	\$ -
State governments	4,315,360	4,302,790	262,475	338,193	-	-	-	-
Federal governments	3,400	3,212	3,822,534	2,962,218	-	-	-	-
Student tuition and fees	4,390,620	4,298,510	-	-	-	-	-	-
Other sources	163,500	261,218	71,697	99,438	1,800	514	1,754,000	2,534,546
Total Direct Revenues	11,172,080	11,167,940	5,107,876	4,357,828	1,446,972	1,460,206	1,754,000	2,534,546
On behalf payments - Comm College Health Insurance Program	-	441,893	-	-	-	-	-	441,893
On behalf payments - State Universities Retirement System	-	3,653,220	-	-	-	-	-	3,653,220
Total Revenues	11,172,080	15,263,053	5,107,876	4,357,828	1,446,972	1,460,206	1,754,000	6,629,659
Expenditures								
Instruction	3,393,423	3,174,000	974,201	460,262	-	-	-	-
Academic support	344,021	336,626	-	-	-	-	-	-
Student services	749,922	725,934	299,774	273,870	-	-	-	-
Public services	8,950	4,067	258,100	359,395	-	-	-	-
Auxiliary services	61,689	58,365	2,700	3,600	-	-	-	-
Operation and maintenance of plant	1,572,910	1,578,589	384,170	294,083	-	-	-	-
Institutional support	8,072,027	7,010,393	1,066,454	1,033,160	1,445,172	1,607,265	557,485	487,669
Capital outlay	-	-	-	-	-	-	-	194,577
Scholarships	1,554,000	1,419,168	2,576,084	2,270,765	-	-	-	-
Total Direct Expenditures	15,756,942	14,307,142	5,561,483	4,695,135	1,445,172	1,607,265	557,485	682,246
On behalf payments - Comm College Health Insurance Program	-	441,893	-	-	-	-	-	441,893
On behalf payments - State Universities Retirement System	-	3,653,220	-	-	-	-	-	3,653,220
Total Expenditures	15,756,942	18,402,255	5,561,483	4,695,135	1,445,172	1,607,265	557,485	4,777,359
Revenues over (under) Expenditures	(4,584,862)	(3,139,202)	(453,607)	(337,307)	1,800	(147,059)	1,196,515	1,852,300
Other Financing Sources (Uses)								
Transfers in	370,650	365,440	61,000	61,173	-	-	9,000	8,767
Transfers out	(787,646)	(754,484)	(88,650)	(60,304)	-	-	-	-
Bond proceeds	-	4,500,000	-	-	-	-	-	-
Total Other Financing Sources (Uses)	(416,996)	4,110,956	(27,650)	869	-	-	9,000	8,767
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (5,001,858)</u>	<u>971,754</u>	<u>\$ (481,257)</u>	<u>(336,438)</u>	<u>\$ 1,800</u>	<u>(147,059)</u>	<u>\$ 1,205,515</u>	<u>1,861,067</u>
Fund Balance, Restated (See Note 8) - July 1, 2017		8,867,476		5,703,584		12,304		566,339
Fund Balance - June 30, 2018		<u>\$ 9,839,230</u>		<u>\$ 5,367,146</u>		<u>\$ (134,755)</u>		<u>\$ 2,427,406</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	PROPRIETARY FUND TYPE	
	ENTERPRISE	
	AUXILIARY FUND	
	BUDGET	ACTUAL
Operating Revenues		
Auxiliary Fund	\$ 1,198,000	\$ 900,551
Other	196,140	146,761
Total Operating Revenues	<u>1,394,140</u>	<u>1,047,312</u>
Operating Expenses		
Auxiliary Fund		
Salaries	499,982	498,259
Contractual services	69,035	52,887
Supplies and materials	852,134	629,876
Office Equipment	14,400	14,398
Conference and meeting expense	78,748	51,692
Fixed charges	67,036	55,867
Other	4,933	4,286
Scholarships	242,500	215,170
Total Operating Expenses	<u>1,828,768</u>	<u>1,522,435</u>
Operating Income (Loss)	<u>(434,628)</u>	<u>(475,123)</u>
Non-operating Revenues (Expenses)	<u>6,000</u>	<u>11,667</u>
Income (Loss) Before Operating Transfers	(428,628)	(463,456)
Operating Transfers In (Out)	<u>435,646</u>	<u>379,407</u>
Net Income (Loss)	<u>\$ 7,018</u>	(84,049)
Retained Earnings - July 1, 2017		<u>1,434,093</u>
Retained Earnings - June 30, 2018		<u>\$ 1,350,044</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2018**

	PROPRIETARY FUND TYPE ENTERPRISE AUXILIARY FUND
CASH FLOWS FROM OPERATING ACTIVITIES:	
Auxiliary enterprise charges	\$ 1,042,440
Grants and contracts	19,975
Payments to suppliers	(746,294)
Payments to employees	(500,485)
Payments for scholarships	(215,170)
Net Cash Used by Operating Activities	<u>(399,534)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund transfers in	383,393
Interfund transfers out	(3,986)
Net Cash Provided by Noncapital Financing Activities	<u>379,407</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on lease purchase	(25,862)
Net Cash Used by Capital and Related Financing Activities	<u>(25,862)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash deposits	11,667
Net Cash Provided by Investing Activities	<u>11,667</u>
Net Increase in Cash and Cash Equivalents	(34,322)
Cash and Cash Equivalents - July 1, 2017	<u>1,094,155</u>
Cash and Cash Equivalents - June 30, 2018	<u><u>\$ 1,059,833</u></u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (475,123)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation expense	29,448
Decrease in accounts receivable	13,822
Decrease in inventory	44,274
Decrease in accounts payable	(11,010)
Decrease in accrued expenses	(2,226)
Increase in Heritage Festival booth rentals	1,281
Net Cash Used by Operating Activities	<u><u>\$ (399,534)</u></u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:	

COMBINING FINANCIAL STATEMENTS

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2018**

	EDUCATION FUND	OPERATIONS AND MAINTENANCE FUND	TOTALS
Assets and Deferred Outflows of Resources			
Assets			
Cash and Cash Equivalents - Unrestricted	\$ 9,042,337	\$ 2,124,337	\$ 11,166,674
Cash and Cash Equivalents - Restricted	-	2,520,851	2,520,851
Receivables -			
Tuition and fees, net of allowance for doubtful accounts of \$375,323	89,114	-	89,114
Outside agencies	130,065	20,152	150,217
Southeastern Illinois College Foundation	1,521	-	1,521
Property taxes	1,569,308	563,698	2,133,006
Total Assets and Deferred Outflows of Resources	<u>\$ 10,832,345</u>	<u>\$ 5,229,038</u>	<u>\$ 16,061,383</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 313,355	\$ 105,493	\$ 418,848
Accrued expenses	683,304	6,382	689,686
Total Liabilities	<u>996,659</u>	<u>675,573</u>	<u>1,672,232</u>
Deferred Inflows of Resources			
Deferred property taxes	1,569,308	563,698	2,133,006
Deferred tuition	459,762	-	459,762
Total Deferred Inflows of Resources	<u>2,029,070</u>	<u>563,698</u>	<u>2,592,768</u>
Fund Balances			
Unrestricted	7,806,616	2,032,614	9,839,230
Restricted	-	2,520,851	2,520,851
Total Fund Balances	<u>7,806,616</u>	<u>4,553,465</u>	<u>12,360,081</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 10,832,345</u>	<u>\$ 5,792,736</u>	<u>\$ 16,625,081</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2018**

	EDUCATION FUND	OPERATIONS AND MAINTENANCE FUND	TOTALS
Revenues			
Local governments	\$ 1,646,175	\$ 656,035	\$ 2,302,210
State governments	3,742,365	560,425	4,302,790
Federal governments	3,212	-	3,212
Student tuition and fees	4,298,510	-	4,298,510
Other sources	204,625	56,593	261,218
Total Revenues	9,894,887	1,273,053	11,167,940
On behalf payments - Community College Health Insurance Program	441,893	-	441,893
On behalf payments - State Universities Retirement System	3,653,220	-	3,653,220
Total On Behalf Payments	4,095,113	-	4,095,113
Total Revenues	13,990,000	1,273,053	15,263,053
Expenditures			
Instruction	3,174,000	-	3,174,000
Academic support	336,626	-	336,626
Student services	725,934	-	725,934
Public services	4,067	-	4,067
Auxiliary services	58,365	-	58,365
Operation and maintenance of plant	-	1,578,589	1,578,589
Institutional support	7,005,481	4,912	7,010,393
Scholarships	1,419,168	-	1,419,168
Total Expenditures	12,723,641	1,583,501	14,307,142
On behalf payments - Community College Health Insurance Program	441,893	-	441,893
On behalf payments - State Universities Retirement System	3,653,220	-	3,653,220
Total On Behalf Expenditures	4,095,113	-	4,095,113
Total Expenditures	16,818,754	1,583,501	18,402,255
Revenues over (under) Expenditures	(2,828,754)	(310,448)	(3,139,202)
Other Financing Sources (Uses)			
Transfers in	21,345	344,095	365,440
Transfers out	(754,484)	-	(754,484)
Bond proceeds	4,500,000	-	4,500,000
Total Other Financing Sources (Uses)	3,766,861	344,095	4,110,956
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	938,107	33,647	971,754
Fund Balance, Restated (See Note 8) - July 1, 2017	6,868,509	1,998,967	8,867,476
Fund Balance - June 30, 2018	\$ 7,806,616	\$ 2,032,614	\$ 9,839,230

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2018**

	AUDIT FUND	LIABILITY, PROTECTION, AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
Assets					
Cash and Cash Equivalents - Restricted	\$ (8,659)	\$ 802,811	\$ 795,884	\$ 3,550,030	\$ 5,140,066
Receivables -					
Outside agencies	-	-	310,214	-	310,214
Property taxes	28,286	964,052	-	-	992,338
Prepaid expenses	-	13,621	-	-	13,621
Total Assets	\$ 19,627	\$ 1,780,484	\$ 1,106,098	\$ 3,550,030	\$ 6,456,239
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ -	\$ 22,980	\$ 70,588	\$ -	\$ 93,568
Accrued expenses	-	14	3,173	-	3,187
Total Liabilities	47,913	22,994	73,761	-	96,755
Deferred Inflows of Resources					
Deferred property taxes	28,286	964,052	-	-	992,338
Total Deferred Inflows of Resources	28,286	964,052	-	-	992,338
Fund Balances					
Restricted	(8,659)	793,438	1,032,337	3,550,030	5,367,146
Total Fund Balances	(8,659)	793,438	1,032,337	3,550,030	5,367,146
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 67,540	\$ 1,780,484	\$ 1,106,098	\$ 3,550,030	\$ 6,456,239

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018**

	AUDIT FUND	LIABILITY, PROTECTION AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
Revenues					
Local governments	\$ 27,770	\$ 930,209	\$ -	\$ -	\$ 957,979
State governments	-	-	338,193	-	338,193
Federal governments	-	-	2,962,218	-	2,962,218
Other sources	-	8,835	51,644	38,959	99,438
Total Revenues	<u>27,770</u>	<u>939,044</u>	<u>3,352,055</u>	<u>38,959</u>	<u>4,357,828</u>
Expenditures					
Instruction	-	-	460,262	-	460,262
Student services	-	-	273,870	-	273,870
Public services	-	-	359,395	-	359,395
Auxiliary services	-	-	3,600	-	3,600
Operation and maintenance of plant	-	294,083	-	-	294,083
Institutional support	41,670	554,225	437,265	-	1,033,160
Scholarships	-	-	2,270,765	-	2,270,765
Total Expenditures	<u>41,670</u>	<u>848,308</u>	<u>3,805,157</u>	<u>-</u>	<u>4,695,135</u>
Revenues over (under) Expenditures	<u>(13,900)</u>	<u>90,736</u>	<u>(453,102)</u>	<u>38,959</u>	<u>(337,307)</u>
Other Financing Sources (Uses)					
Transfers in	14,000	-	47,173	-	61,173
Transfers out	-	-	(21,345)	(38,959)	(60,304)
Total Other Financing Sources (Uses)	<u>14,000</u>	<u>-</u>	<u>25,828</u>	<u>(38,959)</u>	<u>869</u>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	100	90,736	(427,274)	-	(336,438)
Fund Balance, Restated (See Note 8) - July 1, 2017	<u>(8,759)</u>	<u>702,702</u>	<u>1,459,611</u>	<u>3,550,030</u>	<u>5,703,584</u>
Fund Balance - June 30, 2018	<u>\$ (8,659)</u>	<u>\$ 793,438</u>	<u>\$ 1,032,337</u>	<u>\$ 3,550,030</u>	<u>\$ 5,367,146</u>

FINANCIAL DATA

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**SCHEDULE OF VALUATIONS AND TAX EXTENSIONS - UNAUDITED
JUNE 30, 2018**

	2017 LEVY PAYABLE IN 2018		2016 LEVY PAYABLE IN 2017		2015 LEVY PAYABLE IN 2016	
	RATE	EXTENSION	RATE	EXTENSION	RATE	EXTENSION
Fund						
Education	0.27784	\$ 1,577,423	0.28000	\$ 1,538,894	0.27922	\$ 1,531,975
Operations and Maintenance	0.09922	563,317	0.10000	549,605	0.09973	547,181
Tort Immunity	0.15338	870,807	0.15066	828,035	0.14171	777,510
Audit	0.00500	28,387	0.00500	27,480	0.00500	27,433
Social Security	0.01512	85,843	0.01655	90,960	0.01844	101,173
Bond and Interest	0.31315	1,777,894	0.26138	1,436,557	0.26368	1,446,713
	<u>0.86371</u>	<u>\$ 4,903,671</u>	<u>0.81359</u>	<u>\$ 4,471,531</u>	<u>0.80778</u>	<u>\$ 4,431,985</u>
District Valuation		<u>\$ 567,745,086</u>		<u>\$ 549,604,946</u>		<u>\$ 548,662,494</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2018**

Assessed Valuation - 2017 Levy	
Gallatin	\$ 63,035,460
Hamilton	7,734,370
Hardin	31,022,800
Johnson	12,257,497
Pope	49,927,452
Saline	258,944,886
White	143,386,276
Williamson	1,436,345
	<u>\$ 567,745,086</u>
 Debt Limit, 2.875% of Assessed Valuation	 \$ 16,322,671
 Less: Total Indebtedness	 <u>11,843,102</u>
 Legal Debt Margin	 <u>\$ 4,479,569</u>

UNIFORM FINANCIAL STATEMENT

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #1
ALL FUNDS SUMMARY
FOR THE YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund
Fund Balance, Restated (See Note 8) July 1, 2017	\$6,868,509	\$1,998,967	\$566,339	\$12,304	\$1,434,093	\$1,459,611	\$3,550,030
Revenues:							
Local Tax Revenue	1,545,550	555,410		1,459,692			
All Other Local Revenue	100,625	100,625					
ICCB Grants	3,742,365	560,425				51,662	
All Other State Revenue					72,106	286,531	
Federal Revenue	3,212				19,975	2,962,218	
Student Tuition and Fees	4,298,510						
All Other Revenue	4,704,625	56,593	2,534,546	514	966,898	51,644	38,959
Total Direct Revenue	14,394,887	1,273,053	2,534,546	1,460,206	1,058,979	3,352,055	38,959
State On-Behalf Payments	3,641,870	453,243					
Total Revenues	<u>\$18,036,757</u>	<u>\$1,726,296</u>	<u>\$2,534,546</u>	<u>\$1,460,206</u>	<u>\$1,058,979</u>	<u>\$3,352,055</u>	<u>\$38,959</u>
Expenditures							
Instruction	4,082,490				29,560	460,262	
Academic Support	432,978				14,466		
Student Services	933,717					273,870	
Public Service/Continuing Education	5,231		194,590		11,154	327,021	
Organized Research							
Auxiliary Services	75,071				1,249,288	3,600	
Operations and Maintenance		2,030,426					
Institutional Support	9,010,649	6,318	487,656	1,607,265		452,639	
Scholarships, Grants, Waivers	1,825,375				217,967	2,287,765	
Total Expenditures	<u>16,365,511</u>	<u>2,036,744</u>	<u>682,246</u>	<u>1,607,265</u>	<u>1,522,435</u>	<u>3,805,157</u>	<u>0</u>
Net Transfers	<u>(733,139)</u>	<u>344,095</u>	<u>8,767</u>		<u>379,407</u>	<u>25,828</u>	<u>(38,959)</u>
Fund Balance June 30, 2018	<u>\$7,806,616</u>	<u>\$2,032,614</u>	<u>\$2,427,406</u>	<u>(\$134,755)</u>	<u>\$1,350,044</u>	<u>\$1,032,337</u>	<u>\$3,550,030</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #1
ALL FUNDS SUMMARY
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Audit Fund</u>	<u>Liability, Protection Settlement Fund</u>	<u>Building Bonds Proceeds Fund</u>	<u>PBC * Rental Fund</u>	<u>PBC * Operations and Maintenance Fund</u>	<u>Total</u>
Fund Balance, Restated (See Note 8) July 1, 2017	(\$8,759)	\$702,702				\$16,583,796
Revenues:						
Local Tax Revenue	27,770	930,209				4,518,631
All Other Local Revenue						201,250
ICCB Grants						4,354,452
All Other State Revenue						358,637
Federal Revenue						2,985,405
Student Tuition and Fees						4,298,510
All Other Revenue		8,835				8,362,614
Total Revenue	\$27,770	\$939,044	\$0	\$0	\$0	\$25,079,499
State On-Behalf Payments						\$4,095,113
Total Revenues	\$27,770	\$939,044	\$0	\$0	\$0	\$29,174,612
Expenditures						
Instruction						4,572,312
Academic Support						447,444
Student Services						1,207,587
Public Service/Continuing Education						537,996
Organized Research						0
Auxiliary Services						1,327,959
Operations and Maintenance		296,460				2,326,886
Institutional Support	41,670	551,848				12,158,045
Scholarships, Grants, Waivers						4,331,107
Total Expenditures	\$41,670	\$848,308	\$0	\$0	\$0	\$26,909,336
Net Transfers	14,000					(1)
Fund Balance June 30, 2018	(\$8,659)	\$793,438	\$0	\$0	\$0	\$18,849,071
* Public Building Commission						

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #2
SUMMARY OF FIXED ASSETS AND DEBT
FOR THE YEAR ENDED JUNE 30, 2018**

	Fixed Asset/Debt Account Groups <u>July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2018</u>
Fixed Assets				
Sites and Improvements	\$1,460,300	\$75,375		\$1,535,675
Buildings, Additions, and Improvements	17,789,596	1,298,444		19,088,040
Equipment	2,182,777	58,658		2,241,435
Other Fixed Assets	<u>0</u>	<u></u>	<u></u>	<u>0</u>
Accumulated Depreciation	<u>8,681,577</u>	<u>544,091</u>	<u>0</u>	<u>9,225,668</u>
Net Fixed Assets	<u>\$12,751,096</u>	<u>\$888,386</u>	<u>\$0</u>	<u>\$13,639,482</u>
Fixed Debt				
Bonds Payable	\$12,940,000	\$4,500,000	\$5,660,000	\$11,780,000
Other Fixed Liabilities	<u>60,298</u>	<u></u>	<u>6,523</u>	<u>53,775</u>
Total Fixed Liabilities	<u>\$13,000,298</u>	<u>\$4,500,000</u>	<u>\$5,666,523</u>	<u>\$11,833,775</u>
	<u>Outstanding July 1, 2017</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2018</u>
Education Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
Operations and Maintenance Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
Bond and Interest Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
Audit Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
Liability, Protection, and Settlement Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
PBC Rental Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
PBC Operations and Maintenance Fund				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE				
Local Government Revenue:				
Local Taxes	\$1,545,550	\$555,410		\$2,100,960
Chargeback Revenue				0
CPPRT	100,625	100,625		201,250
Other				0
TOTAL LOCAL GOVERNMENT	\$1,646,175	\$656,035	\$0	\$2,302,210
State Government:				
ICCB Base Operating Grant	\$989,310			\$989,310
ICCB Equalization Grant	2,460,425	560,425		3,020,850
ICCB Career & Technical Education	130,995			130,995
ICCB Adult Education				0
Other ICCB Grants not listed above	161,635			161,635
Dept. of Corrections				0
Dept. of Veterans Affairs				0
Illinois Student Assistance Commission				0
Other State On-Behalf Payments	3,641,870	453,243		4,095,113
TOTAL STATE GOVERNMENT	\$7,384,235	\$1,013,668	\$0	\$8,397,903
Federal Government:				
Dept. of Education	\$2,890			\$2,890
Dept. of Labor				0
Dept. of Health & Human Services				0
Other	322			322
TOTAL FEDERAL GOVERNMENT	\$3,212	\$0	\$0	\$3,212
Student Tuition and Fees				
Tuition	\$ 3,324,299			\$ 3,324,299
Fees	974,211			974,211
Other Student Assessments				0
TOTAL TUITION AND FEES	\$4,298,510	\$0	\$0	\$4,298,510
Other Sources				
Sales and Service Fees	\$71,417	\$3,665		\$75,082
Facilities Revenue		24,000		24,000
Investment Revenue	101,824	23,153		124,977
Non-Governmental Grants				0
Other	4,531,384	5,775		4,537,159
TOTAL OTHER REVENUE	\$4,704,625	\$56,593	\$0	\$4,761,218
TOTAL REVENUE	\$18,036,757	\$1,726,296	\$0	\$19,763,053
Less: Non-Operating Items *				
Tuition Chargeback Revenue				\$0
Instructional Service Contracts				0
ADJUSTED REVENUE	\$18,036,757	\$1,726,296	\$0	\$19,763,053

* Enter as negative

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #3
OPERATING FUNDS REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	Education Fund	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES				
BY PROGRAM				
Instruction	\$4,082,490			\$4,082,490
Academic Support	432,978			432,978
Student Services	933,717			933,717
Public Service/Continuing Education	5,231			5,231
Organized Research				0
Auxiliary Services	75,071			75,071
Operations and Maintenance		2,030,426		2,030,426
Institutional Support	9,010,649	6,318		9,016,967
Scholarships, Grants, Waivers	1,825,375			1,825,375
TOTAL EXPENDITURES	\$16,365,511	\$2,036,744	\$0	\$18,402,255
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	733,139	(344,095)		389,044
ADJUSTED EXPENDITURES	\$17,098,650	\$1,692,649	\$0	\$18,791,299
BY OBJECT				
Salaries	\$4,835,104	\$133,677		\$4,968,781
Employee Benefits	618,620			618,620
Contractual Services	474,345	650,585		1,124,930
General Materials and Supplies	632,688	35,314		668,002
Library Materials**				0
Conference and Meeting Expenses	95,386	170		95,556
Fixed Charges	4,576,008	29,757		4,605,765
Utilities		508,166		508,166
Capital Outlay	19,845	194,273		214,118
Other	1,471,645	31,559		1,503,204
SURS Pension On-Behalf Payments	3,248,885	404,335		3,653,220
OPEB On-Behalf Payments	392,985	48,908		441,893
Student Grants & Scholarships**				0
TOTAL EXPENDITURES	\$16,365,511	\$2,036,744	\$0	\$18,402,255
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	733,139	(344,095)		389,044
ADJUSTED EXPENDITURES	\$17,098,650	\$1,692,649	\$0	\$18,791,299

* Enter as negative

** Non-add line.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #4
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2018**

	Restricted Purposes Fund
REVENUE BY SOURCE:	
TOTAL LOCAL GOVERNMENT	\$0
State Government	
ICCB - Program Improvement Grant	\$14,555
ICCB - Adult Education	37,107
ICCB - (Other , Attach Itemization)	
Dept. of Corrections	
Illinois Student Assistance Commission	
Other (Attach Itemization)	286,531
TOTAL STATE GOVERNMENT	\$338,193
Federal Government	
Dept. of Education	\$2,777,061
Dept. of Labor	167,268
Dept. of Health & Human Services	
Other	17,889
TOTAL FEDERAL GOVERNMENT	\$2,962,218
Other Sources	
Tuition and Fees	
Other	51,644
TOTAL OTHER SOURCES	\$51,644
TOTAL RESTRICTED PURPOSES FUND REVENUES	\$3,352,055
EXPENDITURES BY PROGRAM	
Instruction	\$460,262
Academic Support	
Student Services	273,870
Public Service/Continuing Education	327,021
Organized Research	
Auxiliary Services	3,600
Operations and Maintenance	
Institutional Support	452,639
Scholarships, Grants and Waivers	2,287,765
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$3,805,157
EXPENDITURES BY OBJECT	
Salaries	\$521,844
Employee Benefits	101,344
Contractual Services	70,940
Student Financial Aid	
General Materials and Supplies	195,148
Library Materials*	
Travel & Conference//Meeting Expenses	55,135
Fixed Charges	24,000
Utilities	936
Capital Outlay	548,045
Other	2,287,765
Scholarships, Grants, Waivers*	
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$3,805,157
* Non-add line	

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #5
CURRENT FUNDS * EXPENDITURES BY ACTIVITY
FOR THE YEAR ENDED JUNE 30, 2018**

INSTRUCTION

Instructional Programs	\$3,083,368
Other	1,488,944
Total Instruction	<u>\$4,572,312</u>

ACADEMIC SUPPORT

Library Center	\$163,748
Instructional Materials Center	187,344
Educational Media Services	
Academic Computing Support	
Academic Administration and Planning	
Other	96,352
Total Academic Support	<u>\$447,444</u>

STUDENT SERVICES SUPPORT

Admissions and Records	\$39,771
Counseling and Career Services	337,741
Financial Aid Administration	359,382
Other	470,693
Total Student Services Support	<u>\$1,207,587</u>

PUBLIC SERVICE/CONTINUING EDUCATION

Community Education	\$211,801
Customized Training (Instructional)	73,451
Community Services	
Other	58,154
Total Public Service/Continuing Education	<u>\$343,406</u>

ORGANIZED RESEARCH

AUXILIARY SERVICES	<u>\$1,327,959</u>
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OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	\$359,075
Custodial Services	438,042
Grounds	70,360
Campus Security	239,803
Transportation	(3,086)
Utilities	716,765
Administration	47,290
Other	460,043
Total Operations and Maintenance of Plant	<u>\$2,328,292</u>

INSTITUTIONAL SUPPORT

Executive Management	\$266,348
Fiscal Operations	313,157
Community Relations	260,122
Administrative Support Services	68,793
Board of Trustees	22,905
General Institutional	6,497,498
Institutional Research	73,564
Administrative Data Processing	499,376
Other	2,059,955
Total Institutional Support	<u>\$10,061,718</u>

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	<u>\$4,331,107</u>
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TOTAL CURRENT FUNDS EXPENDITURES	<u><u>\$24,619,825</u></u>
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* Current Funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement; and PBC Operations and Maintenance funds.

CERTIFICATION OF CHARGEBACK REIMBURSEMENTS

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**CERTIFICATION OF CHARGEBACK REIMBURSEMENTS
FOR FISCAL YEAR 2019**

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

Education Fund	\$ 12,711,431
Operations and Maintenance Fund	1,389,228
Bond and Interest Fund	1,607,265
Restricted Purposes Fund	3,264,928
Audit Fund	41,670
Liability, Protection, and Settlement Fund	848,308
Total Non-Capital Audited Expenditures	<u>19,862,830</u>

Depreciation on Capital Outlay Expenditures (Equipment, Buildings, and Fixed Equipment Paid) from Sources other than State and Federal Funds	<u>476,023</u>
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Total Costs Included	<u>20,338,853</u>
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Total Certified Semester Credit Hours for FY 2018	<u>27,742.0</u>
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Per Capita Cost	<u>733.14</u>
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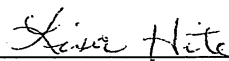
All FY 2018 State and Federal Operating Grants for Noncapital Expenditures	<u>2,700,704</u>
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FY 2018 State and Federal Grants Per Semester Credit Hour	<u>97.35</u>
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District's Average ICCB Grant Rate (Excluding Equalization Grants) for FY 2019	<u>39.07</u>
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District's Student Tuition and Fee Rate Per Semester Credit Hour for FY 2019	<u>126.00</u>
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Chargeback Reimbursement Per Semester Credit Hour	<u><u>\$ 470.72</u></u>
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 10-10-18
Chief Fiscal Officer Date

 10/10/18
Chief Executive Officer Date

**ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL COMPLIANCE SECTION**



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

Board of Trustees
Southeastern Illinois Community College District No. 533
Harrisburg, Illinois 62946

Report on the Financial Statements

We have audited the accompanying balance sheets of the Career and Technical Education Improvement and Adult Education and Family Literacy grants of Southeastern Illinois Community College District No. 533 as of June 30, 2018, and the related statements of revenues, expenditures, and changes in fund balance for the year then ended.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the College's management. Management's responsibilities include the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between Southeastern Illinois Community College District No. 533 and the State of Illinois and Illinois Community College Board (ICCB). We believe that our audit provides a reasonable basis for our opinion, and the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Career and Technical Education – Program Improvement and Adult Education and Family Literacy grants of Southeastern Illinois Community College District No. 533 at June 30, 2018, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Information

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

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 12, 2018

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATE ADULT EDUCATION RESTRICTED FUNDS
BALANCE SHEET
JUNE 30, 2018**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ -	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCE			
General Ledger Overdraft	\$ -	\$ -	\$ -
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**STATE ADULT EDUCATION RESTRICTED FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

	State Basic	Performance	Total
Revenues (6149, 6150)			
State Sources	\$ 5,097	\$ 32,010	\$ 37,107
Total Revenues	5,097	32,010	37,107
Expenditures by Program:			
Instruction	3,997	-	3,997
Total Instructional and Student Services	3,997	-	3,997
Improvement of Instructional Services	447	14,472	14,919
General Administration	653	93	746
Data and Information Services	-	17,445	17,445
Total Program Support	1,100	32,010	33,110
Total Expenditures	5,097	32,010	37,107
Excess of Revenues over (under) Expenditures	\$ -	\$ -	-
Fund Balance - July 1, 2017			-
Fund Balance - June 30, 2018			\$ -

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**ICCB COMPLIANCE STATEMENT FOR ADULT EDUCATION AND FAMILY LITERACY GRANT
EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
FOR THE YEAR ENDED JUNE 30, 2018**

	AUDITED EXPENDITURE AMOUNT	ACTUAL EXPENDITURE PERCENTAGE
<u>State Basic</u> (FY17 Grant Including Carryover)		
Instruction (45% Minimum Required)	\$ 9,953	62 %
General Administration (15% Maximum Allowed)	\$ -	- %

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**CAREER AND TECHNICAL EDUCATION - PROGRAM IMPROVEMENT
BALANCE SHEET
JUNE 30, 2018**

ASSETS

Cash	\$ -
	<hr/>
TOTAL ASSETS	\$ -
	<hr/> <hr/>

LIABILITIES AND FUND BALANCE

Liabilities - Deferred Revenue	\$ -
Fund Balance	-
	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ -
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**CAREER AND TECHNICAL EDUCATION - PROGRAM IMPROVEMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018**

Revenues (6253)	
State Sources	\$ 14,555
Total Revenues	14,555
Expenditures	
Supplies	12,828
Travel	2,789
Total Expenditures	15,617
Excess of Revenues over (under) Expenditures	(1,062)
Fund Balance - July 1, 2017	-
Fund Balance (Deficit) - June 30, 2018	\$ (1,062)

The accompanying notes are an integral part of these financial statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**NOTE TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1: Summary of Significant Accounting Policies

A. General

The accompanying statements include only those transactions resulting from the Illinois Community College Board (ICCB) Career and Technical Education – Program Improvement and Adult Education and Family Literacy grant programs. These transactions have been accounted for in the Restricted Purposes Fund of Southeastern Illinois Community College District No. 533.

B. Basis of Accounting

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

C. Fixed Assets

Fixed asset purchases are recorded as capital outlay and are accounted for in the General Fixed Asset Account Group.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
JUNE 30, 2018**

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Small College Grants

Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. Intended to help small colleges pay for some of the “fixed costs” of operating a smaller institution.

Equalization Grants

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

Restricted Grants/Special Initiatives

Career and Technical Education – Program Improvement Grants

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
JUNE 30, 2018**

Restricted Adult Education Grants/State

State Basic

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

Performance

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

**SCHEDULE OF ENROLLMENT DATA AND
RECONCILIATION OF SEMESTER CREDIT HOURS**



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

Board of Trustees
Southeastern Illinois Community College District No. 533
Harrisburg, Illinois 62946

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Southeastern Illinois Community College District No. 533 for the year ended June 30, 2018.

Management's Responsibility

The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's Management. Management's responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule.

Auditor's Responsibility

Our responsibility is to express an opinion on the schedule based upon our examination. Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Opinion

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is fairly presented in accordance with the provisions of the aforementioned guidelines.

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 12, 2018

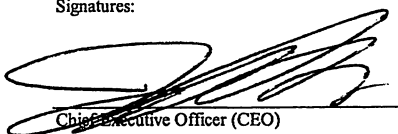
SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

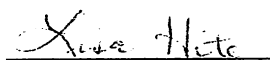
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED
FOR THE YEAR ENDED JUNE 30, 2018

Categories	Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	1,750.5	0.0	7,329.5	0.0	7,339.0	0.0	16,419.0	0.0
Business Occupational	151.0	0.0	872.5	4.0	948.0	3.0	1,971.5	7.0
Technical Occupational	225.0	0.0	1,619.0	6.0	1,789.0	0.0	3,633.0	6.0
Health Occupational	558.0	0.0	1,909.5	0.0	1,690.5	0.0	4,158.0	0.0
Remedial Developmental	178.0	0.0	646.0	0.0	652.0	0.0	1,476.0	0.0
Adult Basic Education/Adult Secondary Education	0.0	0.0	0.0	71.5	0.0	0.0	0.0	71.5
TOTAL	2,862.5	0.0	12,376.5	81.5	12,418.5	3.0	27,657.5	84.5

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	Total
Reimbursable Semester Credit Hours (All Terms)	25,999.5	3,603.0	29,602.5
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (All Terms)	2,043.0	3,339.0	
District Prior Year Equalized Assessed Valuation			\$ 549,604,946

Signatures:

 10/14/18
 Chief Executive Officer (CEO)

 10-10-18
 Chief Financial Officer (CFO)

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS
FOR THE YEAR ENDED JUNE 30, 2018**

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB
Baccalaureate	16,419.0	16,419.0	0.0	0.0
Business Occupational	1,971.5	1,971.5	7.0	7.0
Technical Occupational	3,633.0	3,633.0	6.0	6.0
Health Occupational	4,158.0	4,158.0	0.0	0.0
Remedial Developmental	1,476.0	1,476.0	0.0	0.0
Adult Basic Education/Adult Secondary Education	0.0	0.0	71.5	71.5
TOTAL	27,657.5	27,657.5	84.5	84.5

**RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND
COOPERATIVE/CONTRACTUAL AGREEMENT CREDIT HOURS**

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB (Unrestricted and Restricted)
In-District Residents	25,999.5	25,999.5
Out-of-District on Chargeback or Contractual Agreement	3,603.0	3,603.0
TOTAL	29,602.5	29,602.5

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018**

In-District Student

Description: A student who has lived in Saline, Hardin, Pope, Gallatin or eligible portions of Johnson, White, Hamilton or Williamson counties for at least 30 days prior to the beginning of the semester. All students who attend or attended Norris City-Omaha-Enfield high school are also treated as in-district even though some of these students technically live in the Rend Lake College (RLC) district. This arrangement is allowed because of an official agreement between the Presidents of SIC and RLC.

Residency Code: In-district

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

Tuition Charge: Current in-district tuition charge

Student Employed Full-Time in the District

Description: An Illinois resident who lives outside the district but works full-time 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 full-time 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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018**

Out-of-District Student (Concluded)

Acceptable Documentation: Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

Tuition Charge: Current out-of-district tuition charge

Chargeback Student

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

Residency Code: Out-of-district

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

Tuition Charge: Current in-district tuition charge

Reciprocal Agreement Student

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018**

Out-of-State Student

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

Residency Code: Out-of-state

Acceptable documentation: Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

Tuition Charge: Current out-of-state tuition charge

International Student

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

Residency Code: Out-of-country

Acceptable Documentation: None, other than the typical international student admission paperwork which is completed with the International Advisor.

Tuition Charge: Current out-of-state tuition charge

International Athlete

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

Residency Code: Out-of-country

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

Tuition Charge: Current out-of-country tuition rate. Must provide proof of in-district residency 30 days prior to the start of the semester.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2018**

Job Corps Student

Description: A student who is enrolled at the federal Job Corps facility in Golconda.

Residency Code: Out-of-district

Acceptable Documentation: None is required.

Tuition Charge: Current out-of-district tuition charge

Border County Agreements

Description: Students who live out-of-state in the Indiana and Kentucky zip codes noted on the Border County Agreement list.

Residency Code: Out-of-state

Acceptable Documentation: Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

Tuition Charge: Current out-of-district tuition charge

FEDERAL COMPLIANCE SECTION



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

Board of Trustees
Southeastern Illinois Community College District No. 533
Harrisburg, Illinois 62946

Report on Compliance for Each Major Federal Program

We have audited Southeastern Illinois Community College District No. 533's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Illinois Community College District No. 533's major federal programs for the year ended June 30, 2018. Southeastern Illinois Community College District No. 533's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Southeastern Illinois Community College District No. 533'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 for 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 Southeastern Illinois Community College District No. 533's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southeastern Illinois Community College District No. 533's compliance.

Opinion on Each Major Federal Program

In our opinion, Southeastern Illinois Community College District No. 533, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

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 items 2018-001 and 2018-002. Our opinion on each major federal program is not modified with respect to those matters.

Southeastern Illinois Community College District No. 533's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southeastern Illinois Community College District No. 533'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 Southeastern Illinois Community College District No. 533 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 Southeastern Illinois Community College District No. 533's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeastern Illinois Community College District No. 533'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-002 that we consider to be a material weakness.

Southeastern Illinois Community College District No. 533's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southeastern Illinois Community College District No. 533'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.

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

October 12, 2018

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Cluster			
(M) Federal Work Study	84.033		\$ 53,195
(M) Supplemental Educational Opportunity Grant	84.007		31,274
(M) PELL Grants - Southeastern Illinois College	84.063		2,221,318
Total Student Financial Aid Cluster			<u>2,305,787</u>
 Title IV - Student Support	 84.042		 308,104
Passed Through Illinois Community College Board:			
V.E. Perkins - Postsecondary Basic	84.048	CTE53318	97,949
Total Department of Education Programs			<u>2,711,840</u>
 Department of Veterans Affairs Programs			
Post-9/11 Veterans Educational Assistance	64.027		46,514
Total Department of Veterans Affairs Programs			<u>46,514</u>
 Small Business Administration Programs			
Passed Through Illinois Department of Commerce and Economic Opportunity			
Rural Small Business Development Center	59.037	17-181180	21,375
Rural Small Business Development Center	59.037	18-561180	15,248
Total Small Business Administration Programs			<u>36,623</u>
 Department of Labor Programs			
Passed Through Southern Illinois University Edwardsville			
Building the IL Bioeconomy	17.282	761566-004	117,268
Passed Through Southern 14 Workforce Investment Board, Inc.			
One-Stop Career Center	17.258	7117-63018	50,000
Total Department of Labor Programs			<u>167,268</u>
 Total Expenditures of Federal Awards			 \$ <u>2,962,245</u>

(M) Denotes Major Program

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southeastern Illinois Community College District No. 533 under programs of the federal government for the year ended June 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Illinois Community College District No. 533, it is not intended to and does not present the financial position, changes in net assets, 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 of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

NOTE 3: INDIRECT COST RATE

Southeastern Illinois Community College District No. 533 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - AUDITOR'S RESULTS

JUNE 30, 2018

- | | | |
|-----|--|------------|
| 1. | Type of report issued on the financial statements: | Unmodified |
| 2. | During the audit of the financial statements, were any material weaknesses in internal control over financial reporting disclosed? | No |
| 2a. | Were any significant deficiencies identified that are not considered material weaknesses? | Yes |
| 3. | Did the audit disclose any instances of noncompliance that would be required to be reported under Governmental Auditing Standards? | Yes |
| 4. | Were any material weaknesses in internal control over major programs disclosed? | Yes |
| 4a. | Were any significant deficiencies identified that are not considered material weaknesses? | No |
| 5. | Type of report issued on compliance for major programs: | Unmodified |
| 6. | Did the audit disclose any audit findings required to be reported in accordance with 2 CFR 200.516(a)? | Yes |
| 7. | Major programs are:
Department of Education
Federal Student Aid Cluster | |
| 8. | Dollar threshold to distinguish between Type A and Type B programs: | \$ 750,000 |
| 9. | Does the auditee qualify as a low-risk auditee? | Yes |

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION II - FINANCIAL STATEMENT FINDINGS

JUNE 30, 2018

Finding No. 2018-001 - Inadequate Treasurer's Bond Coverage

Criteria or specific requirement: The amount of the College's treasurer bond coverage is required to be at least 25% of the cash balance of the College throughout the year.

Condition: The amount of the College's treasurer bond was less than 25% of their cash balance during the periods July through December 2017 and January and June of 2018.

Effect: The College was at risk of loss during the periods of under coverage.

Cause: The College had periodic increases in their cash balance due to receipt of bond revenue, a significant donation, and tax levy.

Auditor's Recommendation: We recommend that the College closely monitor its total cash balance and adjust the level of bond coverage accordingly.

Management's Response: Lisa Hite, Dean of Administration and Business Affairs, will monitor the College's projected cash levels going forward and will purchase additional treasurer's bonding if necessary.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

Finding No. 2018-002 - Lack of Internal Controls over Student Financial Aid

Federal Program Name: Federal Work Study, Supplemental Educational Opportunity Grant, and PELL Grants

CFDA No: 84.033, 84.007, and 84.063

Federal Agency: U.S. Department of Education

Criteria or specific requirement: The College is required to have internal control procedures to ensure that the calculation of federal aid to be returned or refunded is calculated accurately and returned or refunded within 45 days.

Condition: During the testing of students withdrawn from the College and the calculation of return of federal funds we found the following:

- Twelve return of funds calculations used an incorrect amount of break days resulting in incorrect amounts being returned to the Department of Education
- Six return of funds calculations used incorrect tuition charges resulting in incorrect amounts being returned to the Department of Education
- Six student refund were not refunded within 45 days

Questioned costs: None

Context: Of 25 withdrawals and return of funds calculations tested, exceptions were noted in 16 calculations and the College under returned \$68 to the Department of Education on those tested.

Effect: The College returned the incorrect amount of federal funds to the Department of Education and was not in compliance with the grant requirements.

Cause: Misinterpretation of the requirements by College personnel.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

JUNE 30, 2018

Auditor's Recommendation: We recommend that the College develop internal controls to ensure that personnel working on the grant are knowledgeable of the grant requirements and ensure the accuracy of the return of funds calculation.

Management's Response: Michelle Metten, Financial Aid Director, agrees with finding and will take steps to implement corrective action.

October 12, 2018

Kemper CPA Group LLP
713 S. Commercial Street
Harrisburg, IL

The findings from the October 12, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

Significant Deficiency:

2018-001 Inadequate treasurer's bonding coverage

Recommendation: The College should monitor their projected cash levels going forward and purchase additional treasurer's bonding if necessary.

Action Taken: Lisa Hite, Dean of Administrative and Business Affairs, plans to implement action plan immediately.

Material Weakness: None noted.

FINDINGS – STUDENT FINANCIAL AID CLUSTER

Significant Deficiency: None noted.

Material Weakness:

2018-002 Lack of Internal Controls over Student Financial Aid

Recommendation: We recommend that the College ensure a knowledgeable staff reviews all R2T4 calculations to verify accuracy.

Action Taken: Chad Flannery, Dean of Student Services and Enrollment, and Michelle Metten, Director of Financial Aid, plan to assess the needs of their Financial Aid Department and hire additional employees if deemed necessary.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION V - SUMMARY OF PRIOR AUDIT FINDINGS

JUNE 30, 2018

None Reported.