

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

**FINANCIAL STATEMENTS
JUNE 30, 2017**

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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, 2017, 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, 2017, 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 52-53 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 11, 2017, 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

Harrisburg, Illinois 62946
October 11, 2017



**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, 2017, 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, 2017. 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. However, material weaknesses may exist that have not been identified.

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Harrisburg, Illinois 62946
October 11, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

**SOUTHEASTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #533
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017**

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, 2017. 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 18-51). 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 43 and the separately issued Foundation financial statements for the year ended June 30, 2017.

Financial Highlights

As of June 30, 2017, the College's end of the year total net position increased from \$16,672,444 to \$18,851,488. The increase to our net position of \$2,179,044 (page 16) is due to legislation passed in July of 2017 providing appropriations for fiscal years 2017 as well as 2018. The 2017 state operating grant appropriation of \$1,634,663 brought the total state operating grant revenue up to \$3,922,456 that included previously paid stopgap and emergency funding as seen on page 60 of the audit. In fiscal year 2016, we only received \$1,999,454 in state funding. Fiscal year 2017 was state funded at about 81% of previous fiscal year 2015 level of \$4,870,437, the last year we had a state budget before 2018. The fiscal year 2018 state appropriation will be \$4,086,960 which is about 84% of the fiscal year 2015 level. In order to prepare for the effect of state revenue cuts we have initiated operational efficiency plans and expense reductions. Total operating expenditures for fiscal year 2016 were \$10,412,682 compared to fiscal year 2017 of \$9,461,997 as shown on page 60 of the audit. We have also increased our tuition and fee

rate from \$104 in fiscal year 2016 to \$113 in this fiscal year while still maintaining one of the lowest community college tuition rates in the state.

During the year, Southeastern issued \$4,500,000 in alternative revenue bonds. The bond funds were deposited into the education fund to build back the operating reserves that were depleted in FY2016 by \$(1,859,510) due to the lack of a state budget and a shortfall in state appropriations. Long range planning in early FY 2017 showed that without a state budget in FY2018 and FY2019 our reserves would be nearly depleted by the end of FY2019. In order to maintain accreditation with the Higher Learning Commission we have to show that we have the resources available to fulfill our mission. Through our planning process we could see that the new bond issue would allow us to maintain the reserves to meet the needs of the college and give us the financial stability to endure the budget crisis in the state of Illinois for the next few years.

As a part of the bond issue, we had to go through a bond ratings review with S&P Global. The results of that review were issued in a report to us in July of 2017. In that report, S&P Global ratings lowered its rating on Southeastern Illinois College from AA- with a negative outlook to A+ with a stable outlook. The A+ rating is a strong investment grade rating that is a comparable rating to the other community colleges in southern Illinois. They emphasized that the downgrade reflects the new realities of reduced and uncertain state funding. State funding has long been reliable and was a positive credit factor in the past. We are now relying more on local funding through taxes, tuition and fees. S&P global stated in their report that the stable outlook reflects the district's strategic management of state funding and maintenance of very strong reserves. The College's strengths as listed in the report are very strong reserves, proactive management in response to the state funding cuts, as well as good financial management policies and practices, and low overall net burden as a percentage of market value coupled with rapid payoff. Partially offsetting these strengths is the fact of decreasing enrollments throughout the state, poor economic indicators in the state, and the uncertainty of state funding.

Financial Analysis of the College as a Whole

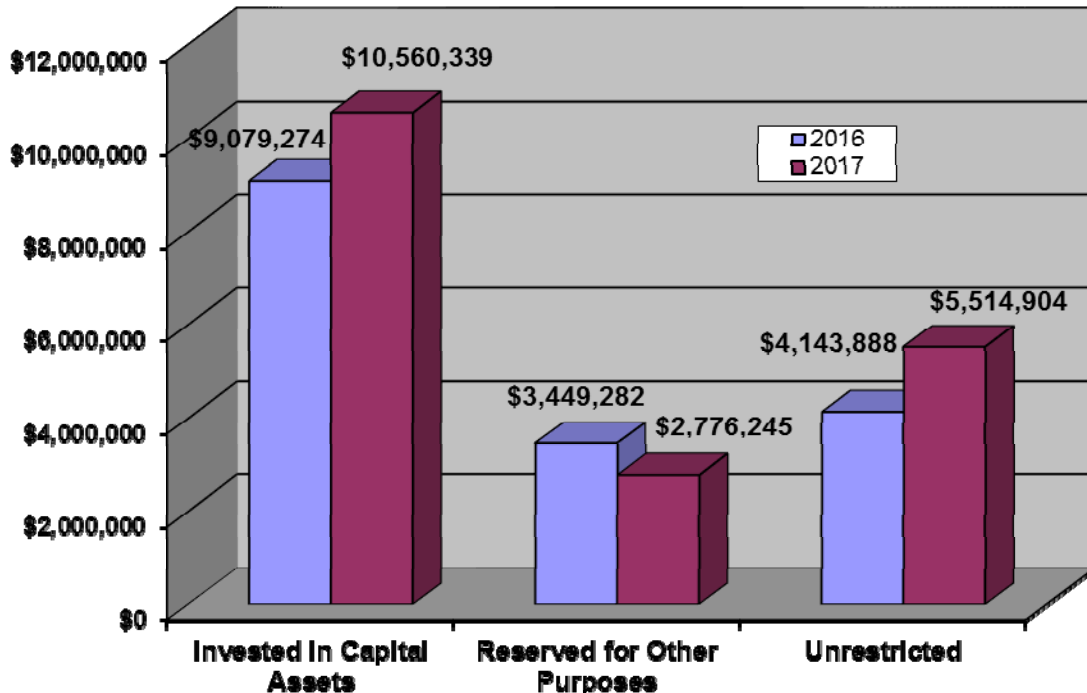
This schedule is prepared from the College's Statement of Net Position (page 15), which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated.

Analysis of Net Position

Assets	2016	2017
Current Assets	9,120,057	14,406,028
Non-Current Assets	19,393,201	19,162,201
Total Assets	28,513,258	33,568,229
Total Deferred Outflows	44,771	38,400
Liabilities		
Current Liabilities	2,682,072	3,141,035
Non-current Liabilities	8,675,491	11,372,103
Total Liabilities	11,357,563	14,513,138
Total Deferred Inflows	528,022	242,003
Net Position		
Invested in Capital Assets Restricted for Other Purposes	9,079,274	10,560,339
Unrestricted	4,143,888	5,514,904
Total Net Position	16,672,444	18,851,488

The following is a graphic illustration of net position:

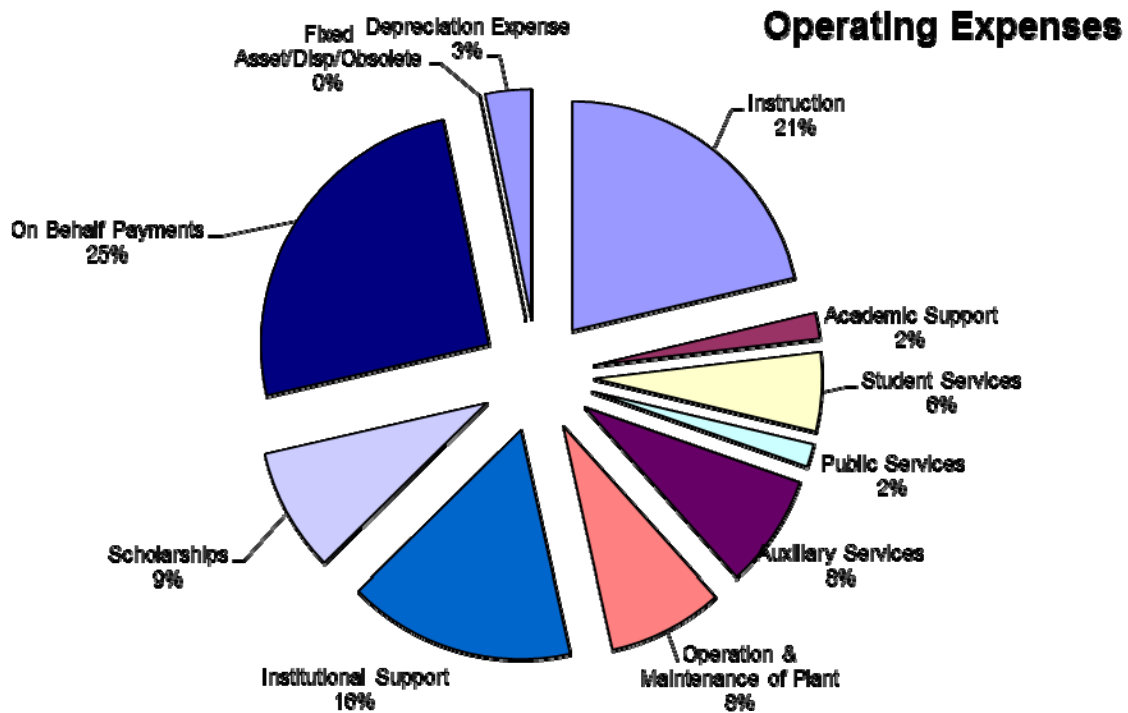
Analysis of Net Position



Operating expenses for the College shown on page 16 for the fiscal year ending June 30, 2017 were \$17,080,654 compared to \$17,846,560 incurred in the previous year.

Operating Expenses:	2016	2017
Instruction	4,252,180	3,635,772
Academic Support	399,663	314,471
Student Services	969,894	956,850
Public Services	308,023	279,465
Auxiliary Services	1,661,669	1,367,823
Operation & Maint.of Plant	1,482,174	1,392,679
Institutional Support	3,039,821	2,749,123
Scholarships	1,780,992	1,499,363
Depreciation Expense	563,602	553,473
On Behalf Payments	3,388,542	4,331,635
Total Operating Expenses	17,846,560	17,080,654

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 34:

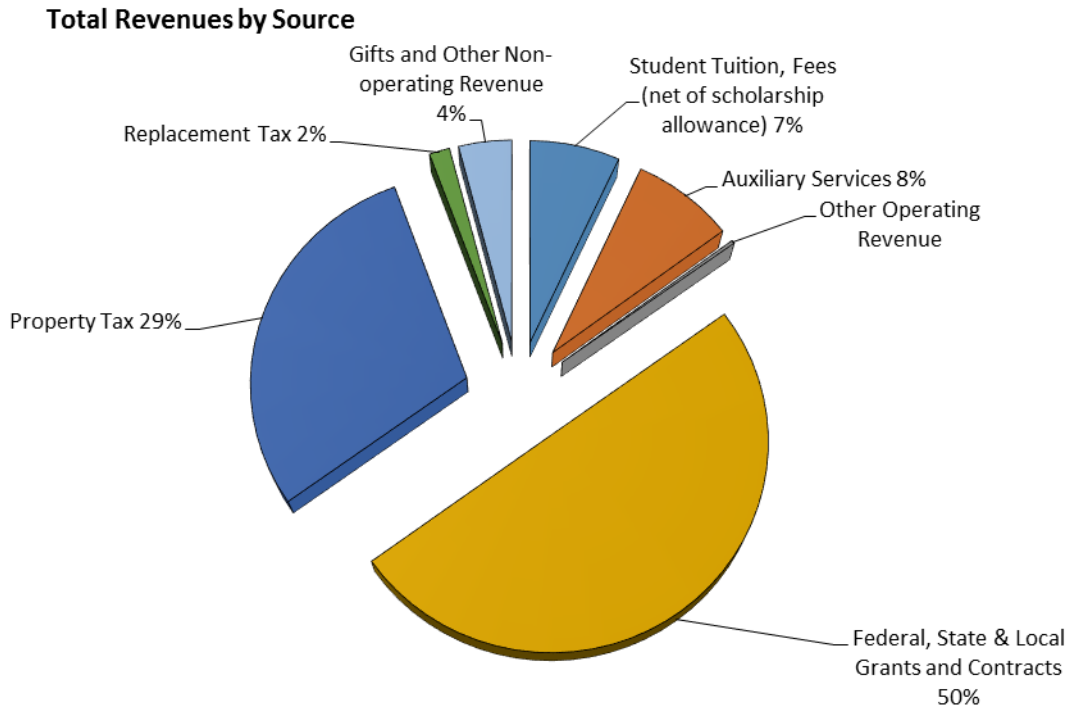


The operating revenues for the year on page 16 were \$6,624,707 compared to \$5,957,035 for FY 2016. Net Non-operating revenues (expenses) were \$12,634,991 compared to \$10,303,813 for FY 2016. On behalf payments of \$4,331,635 is our pensionable and retirement health insurance program contributions recognized as revenue and expense - see note 6 beginning on page 34.

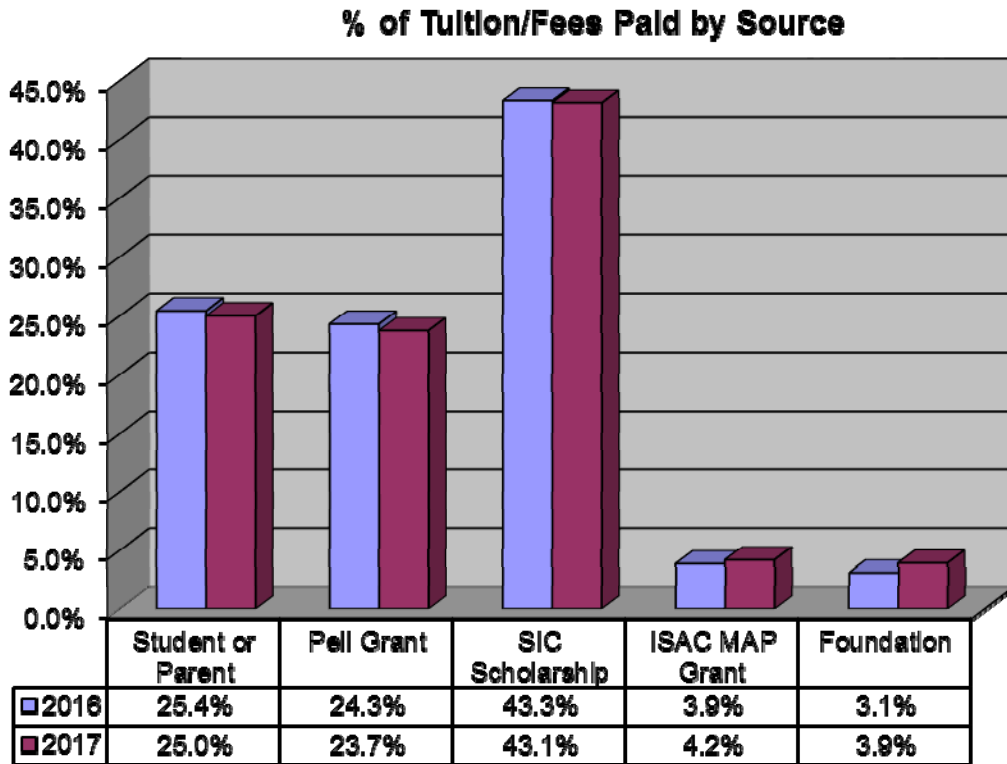
Operating Results

Revenues	2016	2017
Operating Revenues		
Student Tuition, Fees (net of sch. allowance)	1,136,983	1,053,542
Auxiliary Services	1,411,967	1,201,278
On Behalf Payments	3,388,542	4,331,635
Other Operating Revenue	19,543	38,252
Total Operating Revenues	5,957,035	6,624,707
Less Operating Expenses	17,846,560	17,080,654
Net Operating Income (Loss)	(11,889,525)	(10,455,947)
Non-operating Revenues		
Property Tax	4,089,976	4,449,679
Federal, State, & Local Grants and Contracts	5,743,946	7,589,369
Replacement Tax	218,810	239,614
Interest Income (Expense), Net	(263,753)	(264,377)
Gifts and Other Non-operating Revenue	514,834	620,706
Non-operating Revenues, Net	10,303,813	12,634,991
Increase (Decrease) in Net Assets	(1,585,712)	2,179,044
Net Assets, Beginning of Year	18,258,156	16,672,444
Net Assets, End of Year	16,672,444	18,851,488

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

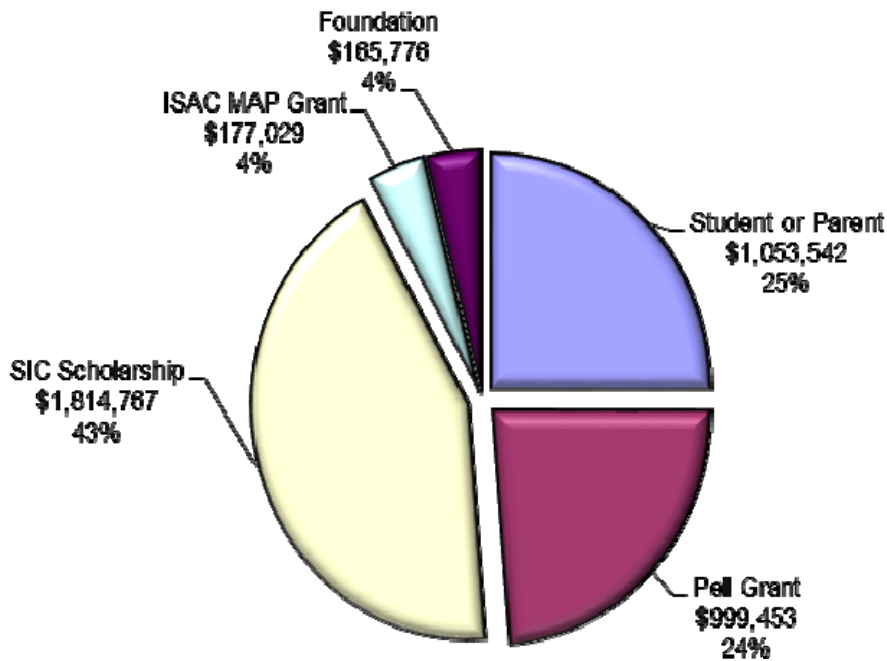


The following graph is a comparison of current and prior year of tuition and fee payments by the source of the payment:



Twenty-five percent (25%) of total tuition and fees are paid by students. The remaining seventy-five percent (75%) 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 FY2017:

Source of Tuition/Fee Payment



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 \$5,506,547 increase in FY 2017. The fund balance increase is due to the issuance of \$4,500,000 in alternative revenue bonds along with a \$950,685 reduction in expenses. FY2016 expenses of \$10,412,682 were reduced to \$9,461,997 in FY2017. Individually, the education fund balance increased \$5,473,460 and the operation and maintenance fund increased \$33,087.

The Liability, Protection and Settlement Fund balance increased \$128,011 in FY 2017. The fund ends with a new reserve balance of \$1,163,692 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 FY 2018.

The Capital Projects Fund balance decreased by \$1,081,264 to \$566,339 as a result of payments for PHS projects consisting of a new roof, water tower repairs, LED lighting for energy savings, elevator upgrade, and sidewalk repairs.

The Auxiliary Fund balance increased by \$6,654 in FY 2017 to \$1,434,093. Income earned by the college bookstore and other auxiliary services was tempered by a loss incurred in the child study center operations of \$130,646. For FY 2018 plans to improve child study center results will include policy changes as well as the transfer of billing and receivable duties to the SIC business office.

The Restricted Purposes fund decreased by \$(146,781) in FY 2017. In part, this decrease was a result of the reduction of state funding for small business development centers in Illinois, thus causing Southeastern Illinois College's small business development centers reserves to decrease by \$(33,328) to \$94,332. In addition, funds from the 2010A bond fund were used for the Archery building, the gym sound system, and 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 17 and 18 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 FY 2017 was \$4,321,200 compared to FY 2016 of \$3,717,078 an increase of \$604,122. See Note 10 starting on page 43 for further details.

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
JUNE 30, 2017**

	Southeastern Illinois College	Component Unit Southeastern Illinois College Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 15,840,883	\$ 717,323
Less restricted cash and cash equivalents	(6,321,847)	-
Receivables -		
Tuition and fees, net of allowance for doubtful accounts of \$403,541	92,706	-
Outside agencies	2,242,284	-
Fees, Child Study Center, net of allowance for doubtful accounts of \$22,287	34,179	-
Southeastern Illinois College Foundation	199	-
Property taxes	2,238,706	-
Other	-	1,530
Inventories	278,477	-
Prepaid expenses	441	-
Unconditional promises to give, restricted for scholarships	-	16,409
Total Current Assets	14,406,028	735,262
Non-Current Assets		
Restricted cash and cash equivalents	6,321,847	-
Long-term investments	-	3,518,015
Property held for investment	-	69,500
Capital assets, net	12,840,354	-
Total Non-Current Assets	19,162,201	3,587,515
TOTAL ASSETS	33,568,229	4,322,777
DEFERRED OUTFLOWS OF RESOURCES		
Federal, trust, or grant pension contributions	38,400	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	38,400	-
LIABILITIES		
Current Liabilities		
Accounts payable	403,588	1,378
Due to primary government	-	199
Accrued expenses	944,861	-
Due to student groups	91,274	-
Lease purchase payable	61,312	-
Bonds payable - current portion	1,640,000	-
Total Current Liabilities	3,141,035	1,577
Non-Current Liabilities		
Lease purchase payable	53,775	-
Bonds payable	11,318,328	-
Total Non-Current Liabilities	11,372,103	-
TOTAL LIABILITIES	14,513,138	1,577
DEFERRED INFLOWS OF RESOURCES		
Deferred grants	12,657	-
Deferred Heritage Festival booth rental fees	7,099	-
Deferred tuition	222,247	-
TOTAL DEFERRED INFLOWS OF RESOURCES	242,003	-
NET POSITION		
Net investment in capital assets	10,560,339	-
Restricted for:		
Expendable - capital projects	566,339	-
Expendable - debt service	736,592	-
Expendable - other	1,473,314	-
Permanently restricted	-	2,624,034
Temporarily restricted	-	1,781,402
Unrestricted	5,514,904	(84,236)
TOTAL NET POSITION	\$ 18,851,488	\$ 4,321,200

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, 2017**

	Southeastern Illinois College	Component Unit Southeastern Illinois College Foundation
REVENUES		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$3,157,025	\$ 1,053,542	\$ -
Donations	-	538,644
Auxiliary enterprises revenue:		
Bookstore	620,138	-
Food service	227,851	-
Child study center fees	187,870	-
Other	165,419	-
Other	38,252	33,980
On behalf payments	4,331,635	-
Total operating revenues	6,624,707	572,624
EXPENSES		
Operating Expenses:		
Instruction	3,635,772	-
Academic support	314,471	-
Student services	956,850	357,500
Public services	279,465	-
Auxiliary services	1,367,823	-
Operation and maintenance of plant	1,392,679	-
Institutional Support	2,749,123	-
Scholarships	1,499,363	-
Depreciation	553,473	-
On behalf payments	4,331,635	-
Total operating expenses	17,080,654	357,500
Operating income (loss)	(10,455,947)	215,124
NON-OPERATING REVENUES (EXPENSES)		
Property taxes	4,449,679	-
Replacement tax	239,614	-
State grants and contracts	4,678,873	-
Federal grants and contracts	2,910,496	-
Interest income	70,558	138,986
Interest expense	(334,935)	-
Gifts and other non-operating revenue	620,706	-
Realized capital gains (losses)	-	50,150
Unrealized capital gains (losses)	-	199,862
Total non-operating revenues (expenses), net	12,634,991	388,998
Increase (decrease) in net position	2,179,044	604,122
Net Position - beginning of year	16,672,444	3,717,078
Net Position - end of year	\$ 18,851,488	\$ 4,321,200

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, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$ 1,105,956
Payments to and benefits for employees	(7,427,782)
Payments to suppliers	(4,548,366)
Auxiliary enterprise charges	1,205,923
Sales and services	38,252
Net cash used by operating activities	<u>(9,626,017)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Property taxes	4,404,625
Replacement taxes	243,662
Grants and contracts	5,497,404
Gifts and other non-operating revenue	416,288
Net cash provided by noncapital financing activities	<u>10,561,979</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on lease purchase	(59,439)
Interest paid on lease purchase	(4,762)
Principal paid on bonds	(1,095,000)
Interest paid on bonds	(367,429)
Proceeds from bonds	4,500,000
Purchase of capital assets	(1,602,685)
Net cash provided by capital and related financing activities	<u>1,370,685</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	70,558
Net cash provided by investing activities	<u>70,558</u>
Net increase in cash and cash equivalents	2,377,205
Cash and cash equivalents - beginning of year	<u>13,463,678</u>
Cash and cash equivalents - end of year	<u>\$ 15,840,883</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating loss	\$ (10,455,947)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation expense	553,473
Decrease in tuition and fees receivable	23,744
Decrease in Child Study Center fees receivable	6,072
Increase in inventories	(7,468)
Decrease in prepaid expense	59
Decrease in federal, trust, or grant pension contributions	6,371
Increase in accounts payable	264,328
Decrease in accrued expenses, excluding accrued interest payable	(35,092)
Decrease in amounts due to student groups	(8,800)
Decrease in deferred Heritage Festival booth rental fees	(1,427)
Increase in deferred tuition	28,670
Net cash used by operating activities	<u>\$ (9,626,017)</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, 2017**

NOTE 1: Summary of Significant Accounting Policies

Southeastern Illinois Community College District No. 533 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, 2017**

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, 2017**

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.

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, 2017**

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 market value.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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, 2017**

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, and grants 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, 2017**

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, 2017, 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, 2017**

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. 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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1: Summary of Significant Accounting Policies (Concluded)

Q. Date of Management's Review

The College has evaluated subsequent events through October 11, 2017, the date which the financial statements were available to be issued.

NOTE 2: Cash and Cash Equivalents

At June 30, 2017, the carrying amount of the College's deposits at financial institutions was \$15,835,724, which does not include \$5,159 cash on hand and petty cash funds held at the College. The bank balance was \$15,959,030.

Institution	Carrying Amount	Bank Balance
Banterra Bank Group	\$ 5,236,208	\$ 5,359,514
Heartland Bank and Trust Co.	4,500,000	4,500,000
 <u>Investment Pool</u>		
Illinois Funds Money Market Fund		
U.S. Bank	6,099,516	6,099,516
	<u>\$ 15,835,724</u>	<u>\$ 15,959,030</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, 2017, \$9,359,514 of the College's bank balance of \$15,959,030 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>\$9,359,514</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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 2: Cash and Cash Equivalents (Concluded)

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.

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 07-01-16	Additions	Deletions	Balance 06-30-17
Capital assets not being depreciated:				
Land	\$ 266,405	\$	\$	\$ 266,405
Construction in progress	96,989	736,508	38,003	795,494
	<u>363,394</u>	<u>736,508</u>	<u>38,003</u>	<u>1,061,899</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 3: Changes in Capital Assets (Concluded)

Other capital assets:

Land improvements	\$ 1,117,120	\$ 83,525	\$	\$ 1,200,645
Buildings	16,275,841	718,260		16,994,101
Equipment	<u>2,261,844</u>	<u>102,395</u>		<u>2,364,239</u>
Total other capital assets at historical costs	<u>19,654,805</u>	<u>904,180</u>		<u>20,558,985</u>

Total capital assets at historical cost	\$ <u>20,018,199</u>	\$ <u>1,640,688</u>	\$ <u>38,003</u>	\$ <u>21,620,884</u>
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Less Accumulated Depreciation:

Land improvements	\$ 1,034,881	\$ 6,342	\$	\$ 1,041,223
Buildings	5,918,347	359,862		6,278,209
Equipment	<u>1,273,829</u>	<u>187,269</u>		<u>1,461,098</u>
	<u>8,227,057</u>	<u>\$ 553,473</u>	<u>\$ -</u>	<u>8,780,530</u>

Capital Assets, Net	\$ <u>11,791,142</u>			\$ <u>12,840,354</u>
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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, 2017:

Bond payable at July 1, 2016	\$ 9,562,113
Bonds retired	(1,095,000)
Bonds issued	4,500,000
Bond premium amortization	<u>(8,785)</u>
Bond payable at June 30, 2017	<u>\$ 12,958,328</u>

Lease purchases payable at July 1, 2016	\$ 174,526
Leases issued	-
Lease principal paid	<u>(59,439)</u>
Lease purchases payable at June 30, 2017	<u>\$ 115,087</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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>
2018	\$ 355,000	\$ 73,500	\$ 428,500
2019	400,000	52,738	452,738
2020	795,000	20,869	815,869
	<u>\$ 1,550,000</u>	<u>\$ 147,107</u>	<u>\$ 1,697,107</u>

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>
2018	\$	\$ 134,070	\$ 134,070
2019		134,070	134,070
2020		134,070	134,070
2021	830,000	118,508	948,508
2022	865,000	86,078	951,078
2023-2024	1,710,000	67,815	1,777,815
	<u>\$ 3,405,000</u>	<u>\$ 674,611</u>	<u>\$ 4,079,611</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>
2018	\$ 285,000	\$ 8,606	\$ 293,606
2019	270,000	2,700	272,700
	<u>\$ 555,000</u>	<u>\$ 11,306</u>	<u>\$ 566,306</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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>
2018	\$ 520,000	\$ 27,560	\$ 547,560
2019	530,000	13,648	543,648
2020	250,000	3,312	253,312
	<u>\$ 1,300,000</u>	<u>\$ 44,520</u>	<u>\$ 1,344,520</u>

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>
2018	\$	\$ 39,935	\$ 39,935
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>\$ 170,152</u>	<u>\$ 1,800,152</u>

June 1, 2017 – Alternate Revenue Bonds, Series 2017
Maturity Date – June 1, 2025
Total Issue \$4,500,000
Interest Rate 5.75%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 480,000	\$ 258,750	\$ 738,750
2019	500,000	231,150	731,150
2020	525,000	202,400	727,400
2021	545,000	172,213	717,213
2022	570,000	140,875	710,875
2023-2025	1,880,000	219,362	2,099,362
	<u>\$ 4,500,000</u>	<u>\$ 1,224,750</u>	<u>\$ 5,724,750</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

The following is a description of the lease purchases and the debt service requirement to maturity:

IBM SAN Server lease purchase agreement with IBM LLC

Dated July 1, 2013

Maturity Date – July 1, 2018

Lease amount - \$26,208

Lease term – 60 months

Interest at 3.60%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 4,533	\$ 103	\$ 4,636
2019	737	1	738
	<u>\$ 5,270</u>	<u>\$ 104</u>	<u>\$ 5,374</u>

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>
2018	\$ 14,939	\$ 506	\$ 15,445
2019	7,650	72	7,722
	<u>\$ 22,589</u>	<u>\$ 578</u>	<u>\$ 23,167</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>
2018	\$ 15,978	\$ 980	\$ 16,958
2019	16,461	497	16,958
	<u>\$ 32,439</u>	<u>\$ 1,477</u>	<u>\$ 33,916</u>

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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

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>
2018	\$ 25,862	\$ 1,300	\$ 27,162
2019	26,654	508	27,162
2020	2,273	6	2,279
	<u>\$ 54,789</u>	<u>\$ 1,814</u>	<u>\$ 56,603</u>

At June 30, 2017, 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>
2018	\$ 1,701,312	\$ 545,310	\$ 2,246,622
2019	1,751,502	475,319	2,226,821
2020	1,777,273	398,081	2,175,354
2021	1,840,000	319,937	2,159,937
2022	1,910,000	244,654	2,154,654
2023 – 2025	4,075,000	293,118	4,368,118
	<u>\$ 13,055,087</u>	<u>\$ 2,276,419</u>	<u>\$ 15,331,506</u>

Included in long-term debt payable, but not included in the above schedule of future cash flow requirements, is \$18,328 of unamortized bond issuance premium.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 5: Property Taxes

The College's property tax is levied each year on all taxable real estate located in the District. The District's boundaries overlap eight counties with each serving as a local taxing authority for the College. Property taxes are recorded on an accrual basis of accounting. Pursuant to Board of Trustee's resolution, property tax levies passed in December 2015 and 2016 were allocated fifty percent for each of the two years after the levy year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. Collection dates vary according to the schedules of the individual counties with disbursements to the College normally made within thirty days of collection.

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

	Maximum Rate	Actual Rate	
		2016 Levy Payable 2017	2015 Levy Payable 2016
Education	.28000	0.28000	0.27922
Operations and Maintenance	.10000	0.10000	0.09973
Tort Immunity	Unlimited	0.15066	0.14171
Audit	.00500	0.00500	0.00500
Social Security	Unlimited	0.01655	0.01844
Bond and Interest	Unlimited	0.26138	0.26368
		0.81359	0.80778

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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.

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, 2016 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: Defined Benefit Pension Plan (Continued)

General Information about the Pension Plan (Concluded)

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2016 and 2017 respectively, was 12.69% and 12.53% 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.

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

At June 30, 2016 SURS reported a net pension liability (NPL) of \$25,965,271,744. The net pension liability was measured as of June 30, 2015.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

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 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 \$43,559,675 or 0.1678%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2016, was determined based on the June 30, 2015 actuarial valuation rolled forward. The basis of allocation was used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2016.

Pension Expense

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

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 2016. As a result, Southeastern Illinois Community College District No. 533 recognized on-behalf revenue and pension expense of \$4,305,031 for the fiscal year ended June 30, 2017.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: Defined Benefit Pension Plan (Continued)

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

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	\$ 14,215,882	\$ 2,298,574
Changes in assumption	655,463,758	
Net differences between projected and actual earnings on pension plan investments	1,431,081,306	635,552,976
Total	\$ 2,100,760,946	\$ 637,851,550

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
2017	\$ 539,536,680
2018	275,426,885
2019	401,520,624
2020	246,425,207
Total	\$ 1,462,909,396

Employer Deferral of Fiscal Year 2017 Pension Expense

Employer paid \$38,400 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability measurement date of June 30, 2016 and are recognized as Deferred Outflows of Resources as of June 30, 2017.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: Defined Benefit Pension Plan (Continued)

Assumptions and Other Inputs

Actuarial Assumptions

The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of 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, 2016, these best estimates are summarized in the following table:

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: Defined Benefit Pension Plan (Continued)

Assumptions and Other Inputs (Continued)

Actuarial Assumptions (Concluded)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	6.95%
Global Equity	8%	6.78%
Fixed Income	19%	1.17%
Treasury-Inflation Protected Securities	4%	1.41%
Emerging Market Debt	3%	4.44%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	4.00%
Opportunity Fund	1%	6.54%
Total	100%	5.09%
Inflation		2.75%
Expected Arithmetic Return		7.84%

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 6: Defined Benefit Pension Plan (Concluded)

Assumptions and Other Inputs (Concluded)

Discount Rate

A single discount rate of 7.01% 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 2.85% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

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

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

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

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

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: 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 a simulated underground coal mine. The estimated cost of the simulation is \$447,617. Total costs incurred as of June 30, 2017 were \$421,018.

The College is currently in the midst of re-roofing Building T. The estimated cost of the project is \$375,000. Total costs incurred as of June 30, 2017 were \$306,478.

The College is currently in the midst of a project for plumbing/HVAC code upgrades. The estimated cost of the project is \$39,400. Total costs incurred as of June 30, 2017 were \$2,600.

The College is currently in the midst of constructing tuck point walls A, B, C, and F. The estimated cost of the project is \$70,200. Total costs incurred as of June 30, 2017 were \$6,713.

The College is currently in the midst of upgrading campus security. The estimated cost of the upgrade is \$198,000. Total costs incurred as of June 30, 2017 were \$22,464.

The College is currently in the midst of repairing the theater curtains. The estimated cost of the repairs is \$108,700. Total costs incurred as of June 30, 2017 were \$7,374.

The College is currently in the midst of constructing the SIC Archery building. The estimated cost of the facility is \$359,909. Total costs incurred as of June 30, 2017 were \$28,848.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 7: 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. Lease expense for the year ended June 30, 2017 was \$27,456.

<u>Fiscal Year</u>	<u>Lease Payment Due</u>
2018	<u>\$ 20,592</u>

Vacation & Sick Pay

As of June 30, 2017, 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 \$432,571. The College has appropriately accrued this liability.

NOTE 8: Illinois Department of Corrections

Effective April 11, 2013, the College agreed to a release and settlement agreement with the Illinois Department of Corrections (Corrections). The settlement relates to two agreements the College had with Corrections to provide certain education and vocational instruction services at Vienna and Shawnee Correctional Centers. Upon termination of the agreements as of June 30, 2010, dispute arose as to the College's obligation to reimburse Corrections for payments received representing credit hours of instruction at Vienna and Shawnee Correctional Centers during fiscal years 2009, 2010, and summer of 2010. Per the terms of the settlement, the College is to make biannual payments of \$93,291 beginning December 31, 2013 and ending December 31, 2017. In the fiscal year 2017, the College included the unpaid balance on this liability, \$373,166, in income. This is because the State of Illinois has reduced their credit hour funding in fiscal year 2016 by approximately \$1,400,000 and in fiscal year 2017 by approximately \$1,200,000, for a total reduction of \$2,600,000.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 9: Subsequent Event

In August 2017, the College issued Taxable General Obligation Community College Bonds, Series 2017A, which refunded Alternate Revenue Bonds, Series 2017, in the amount of \$4,500,000.

NOTE 10: Discretely Presented Component Unit

Summary of Significant Accounting Policies

A. Nature of Organization

The Southeastern Illinois College Foundation is a not-for-profit charitable organization. The Foundation is dedicated to serving the needs of Southeastern Illinois College and its students.

B. Basis of Accounting

The financial statements of Southeastern Illinois College Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

C. Basis of Presentation

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.

D. Cash

Cash consists of checking and savings accounts, and cash balances maintained by investment brokers.

E. Expense Allocation

The costs of providing various programs and other activities have been presented as student services in the statement of revenues, expenses, and changes in net position.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Summary of Significant Accounting Policies (Continued)

F. Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

G. 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.

H. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Summary of Significant Accounting Policies (Continued)

I. Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

J. Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net position in the accompanying statement of revenues, expense, and changes in net position.

K. Investment Expenses

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$26,632 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, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Summary of Significant Accounting Policies (Continued)

L. Donated Assets

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. It is the Foundation's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in temporarily restricted net assets. The Foundation reclassifies temporarily restricted net assets to unrestricted net assets each year for the amount of depreciation expense relating to the donated property and equipment.

Southeastern Illinois College provides office space and the necessary administrative services to the Foundation at no charge. The rental value of the office space is recorded at fair rental value equivalent to similar facility space. Other amounts have been recorded based on the actual cost to the College for the services.

M. Property and Equipment

It is the Foundation's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method. Buildings are depreciated over estimated useful lives of 40 years, land improvements over 15 years, and equipment over 7 years.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Summary of Significant Accounting Policies (Concluded)

N. Income Tax Status

The Foundation has been granted exempt status under Code Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for federal income tax has been made in the accompanying financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation qualifies for the fifty percent (50%) charitable contributions deduction for individual donors. The Foundation's federal Exempt Organization Business Income tax Returns (Form 990) for 2014, 2015, and 2016 are subject to examination by the IRS, generally for three years after they were filed.

O. Endowment Funds

Financial accounting standards provide guidance on reporting on net asset classifications of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Accounting standards also require additional disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board of Trustees has determined that the majority of the Foundation's permanently restricted net assets meet the definition of endowment funds under UPMIFA. Based on the Foundation's interpretation of UPMIFA, the Foundation has reviewed all of its endowment funds and classified them as appropriate under UPMIFA.

Accounts Receivable

The Foundation had outstanding accounts receivable of \$1,530 at June 30, 2017. The amount is comprised of a lease receivable and bass tournament donations receivable.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Unconditional Promises to Give

The Foundation has promises to give for the purpose of paying scholarships. These promises to give are temporarily restricted for scholarships to be awarded to deserving students who meet certain criteria established by the donors.

Property Held for Investment

The Foundation holds property for investment purposes. Property purchased by the Foundation is valued at historical cost as of the date of acquisition. Property donated to the Foundation is valued at fair value as of the date of donation. Property held for investment purposes consists of the following at June 30, 2017:

Undeveloped real estate	\$	69,500
Total property held for investment	\$	69,500

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, 2017. 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, 2017. Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2017 were determined based on:

<u>Investments</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>
Mutual funds	\$ 1,589,944
Stocks, options, & ETFs	1,176,425
Preferred/fixed rate cap sec	364,816
Unit investment trusts	127,500
Fixed income securities	259,330
	\$ 3,518,015

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

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.

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.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Continued)

Donor-Designated Endowment Funds (Concluded)

Endowment net asset composition by type of fund as of June 30, 2017 is as follows:

Endowment Fund Type	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted	\$	\$ 1,199,856	\$ 2,624,034	\$ 3,823,890
Board-designated	(69,131)			(69,131)
	<u>\$ (69,131)</u>	<u>\$ 1,199,856</u>	<u>\$ 2,624,034</u>	<u>\$ 3,754,759</u>

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Net Endowment Assets
Endowment net assets, July 1, 2016	\$ (216,253)	\$ 1,152,165	\$ 2,579,021	\$ 3,514,933
Contributions		675	25,274	25,949
Investment income	28,570	88,253	19,739	136,562
Realized gain (loss)	33,144	17,006		50,150
Unrealized gain (loss)	151,277	48,585		199,862
Amounts appropriated for expenditures	(65,869)	(106,828)		(172,697)
Endowment net assets, June 30, 2017	<u>\$ (69,131)</u>	<u>\$ 1,199,856</u>	<u>\$ 2,624,034</u>	<u>\$ 3,754,759</u>

Property and Equipment

The following is a summary of property and equipment as of June 30, 2017:

Equipment	\$	14,022
Less accumulated depreciation		(14,022)
	<u>\$</u>	<u>-</u>

Depreciation expense, for the year ended June 30, 2017, was \$0.

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

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 10: Discretely Presented Component Unit (Concluded)

Net Assets

The following net assets were available for the following purposes as of June 30, 2017: \$1,781,402 in temporarily restricted net assets was available for scholarships for Southeastern Illinois College students and to support Southeastern Illinois College. \$2,624,034 in permanently restricted net assets was available for scholarships for Southeastern Illinois College students.

Donated Goods and Services

The Foundation receives donated services from its accountant. These services have been estimated to be valued at \$28,182 and are included in donations and student services in the statement of revenues, expenses, and changes in net position. The Foundation's offices are located on the campus of Southeastern Illinois College. No rent is paid by the Foundation for the use of the office space. The fair value of the annual rental is estimated to be \$1,335 and is included in donations and student services in the statement of revenues, expenses, and changes in net position.

Concentration of Credit Risk

The Foundation's deposits exceed FDIC insurance coverage by \$50,240.

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, 2017**

<u>SCHEDULE OF SHARE OF NET PENSION LIABILITY</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>
SOUTHEASTERN ILLINOIS COLLEGE			
(a) Proportion Percentage of the Collective Net Pension Liability	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 Employee	<u>\$ 38,071,682</u>	<u>\$ 40,000,273</u>	<u>\$ 43,559,675</u>
Total (b) + (c)	<u>\$ 38,071,682</u>	<u>\$ 40,000,273</u>	<u>\$ 43,559,675</u>
Employer DB Covered Payroll	\$ 6,397,386	\$ 6,150,675	\$ 6,078,388
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of DB Covered Payroll	596.79%	650.34%	716.63%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%

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

<u>SOUTHEASTERN ILLINOIS COLLEGE</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
On-Behalf Payments for Community College Health Insurance Program	\$ 29,702	\$ 30,114	\$ 30,114	\$ 26,604

* 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 2017 Total DB Contributions: \$ 425,796

Fiscal Year 2017 Total SMP Contributions: \$ 38,114

**SOUTHEASTERN ILLINOIS COLLEGE
HARRISBURG, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

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 Complied 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.

SUPPLEMENTAL INFORMATION

COMBINED FINANCIAL STATEMENTS

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

**COMBINED BALANCE SHEET - ALL FUND TYPES
JUNE 30, 2017**

	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	\$ 8,424,881	\$ 5,504,981	\$ 38,650	\$ 686,942	\$ 1,094,155	\$ 91,274	\$ 15,840,883
Receivables -							
Tuition and fees, net of allowance for doubtful accounts of \$403,541	92,706						92,706
Outside agencies	1,891,071	306,823			44,390		2,242,284
Fees, Child Study Center, net of allowance for doubtful accounts of \$22,287					34,179		34,179
Southeastern Illinois College Foundation					199		199
Property taxes	1,039,168	475,577	723,961				2,238,706
Inventories					278,477		278,477
Prepaid expenses	441						441
Property, plant, and equipment (net)					89,258		89,258
TOTAL ASSETS	\$ 11,448,267	\$ 6,287,381	\$ 762,611	\$ 686,942	\$ 1,540,658	\$ 91,274	\$ 20,817,133
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 260,467	\$ 92,846	\$	\$ 120,603	\$ 23,956	\$	\$ 497,872
Accrued expenses	824,043	3,564	26,019		20,721		874,347
Due to student groups						91,274	91,274
Lease purchase payable					54,789		54,789
Total Liabilities	1,084,510	96,410	26,019	120,603	99,466	91,274	1,518,282
Deferred Inflows of Resources							
Deferred grants		12,657					12,657
Deferred Heritage Festival booth rental fees					7,099		7,099
Deferred tuition	461,629						461,629
Total Deferred Inflows of Resources	461,629	12,657	-	-	7,099	-	481,385
Fund Balances							
Retained earnings unreserved					1,434,093		1,434,093
Fund balances -							
Restricted		6,178,314	736,592	566,339			7,481,245
Unrestricted	9,902,128						9,902,128
Total Fund Balances	9,902,128	6,178,314	736,592	566,339	1,434,093	-	18,817,466
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 11,448,267	\$ 6,287,381	\$ 762,611	\$ 686,942	\$ 1,540,658	\$ 91,274	\$ 20,817,133

**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, 2017**

	GOVERNMENTAL FUND TYPES				TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
Revenues					
Local Governments	\$ 2,320,053	\$ 918,214	\$ 1,451,026	\$	\$ 4,689,293
State Governments	3,922,456	579,388			4,501,844
Federal Governments	3,252	2,890,466			2,893,718
Student tuition and fees	4,203,303				4,203,303
Other sources	495,579	58,636	946	4,227	559,388
Total Direct Revenues	10,944,643	4,446,704	1,451,972	4,227	16,847,546
On behalf payments	4,331,635				4,331,635
Total Revenues	15,276,278	4,446,704	1,451,972	4,227	21,179,181
Expenditures					
Instruction	3,147,777	874,406			4,022,183
Academic support	314,337				314,337
Student services	702,160	255,295			957,455
Public services	5,045	263,064			268,109
Auxiliary services	60,897				60,897
Operation and maintenance of plant	1,232,384	160,299			1,392,683
Institutional support	2,566,900	730,855	1,414,567	1,094,439	5,806,761
Scholarships	1,432,497	2,185,953			3,618,450
Total Direct Expenditures	9,461,997	4,469,872	1,414,567	1,094,439	16,440,875
On behalf payments	4,331,635				4,331,635
Total Expenditures	13,793,632	4,469,872	1,414,567	1,094,439	20,772,510
Revenues over (under) expenditures	1,482,646	(23,168)	37,405	(1,090,212)	406,671
Other Financing Sources (Uses)					
Transfers in	232,108	85,331		8,948	326,387
Transfers out	(708,207)	(81,341)			(789,548)
Bond proceeds	4,500,000				4,500,000
Total Other Financing Sources (Uses)	4,023,901	3,990	-	8,948	4,036,839
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	5,506,547	(19,178)	37,405	(1,081,264)	4,443,510
Fund Balance - July 1, 2016	4,395,581	6,197,492	699,187	1,647,603	12,939,863
Fund Balance - June 30, 2017	\$ 9,902,128	\$ 6,178,314	\$ 736,592	\$ 566,339	\$ 17,383,373

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, 2017

	GENERAL FUND		SPECIAL REVENUE FUNDS		DEBT SERVICE		CAPITAL PROJECTS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
Revenues								
Local Governments	\$ 2,291,700	\$ 2,320,053	\$ 902,900	\$ 918,214	\$ 1,443,040	\$ 1,451,026	\$	\$
State Governments	3,267,826	3,922,456	555,326	579,388				
Federal Governments	3,800	3,252	4,724,383	2,890,466				
Student tuition and fees	4,288,658	4,203,303						
Other sources	87,000	495,579	43,108	58,636	400	946	500	4,227
Total Direct Revenues	9,938,984	10,944,643	6,225,717	4,446,704	1,443,440	1,451,972	500	4,227
On behalf payments		4,331,635						
Total Revenues	9,938,984	15,276,278	6,225,717	4,446,704	1,443,440	1,451,972	500	4,227
Expenditures								
Instruction	3,442,084	3,147,777	1,500,220	874,406				
Academic support	340,203	314,337						
Student services	760,097	702,160	314,920	255,295				
Public services	11,025	5,045	263,503	263,064				
Auxiliary services	60,395	60,897	5,400					
Operation and maintenance of plant	1,391,548	1,232,384	202,969	160,299				
Institutional support	3,415,910	2,566,900	1,288,417	730,855	1,443,040	1,414,567	1,535,000	1,094,439
Scholarships	1,533,639	1,432,497	3,281,501	2,185,953				
Total Direct Expenditures	10,954,901	9,461,997	6,856,930	4,469,872	1,443,040	1,414,567	1,535,000	1,094,439
On behalf payments		4,331,635						
Total Expenditures	10,954,901	13,793,632	6,856,930	4,469,872	1,443,040	1,414,567	1,535,000	1,094,439
Revenues over (under) Expenditures	(1,015,917)	1,482,646	(631,213)	(23,168)	400	37,405	(1,534,500)	(1,090,212)
Other Financing Sources (Uses)								
Transfers in	244,563	232,108	121,174	85,331			11,500	8,948
Transfers out	(736,526)	(708,207)	(124,972)	(81,341)				
Bond proceeds		4,500,000						
Total Other Financing Sources (Uses)	(491,963)	4,023,901	(3,798)	3,990	-	-	11,500	8,948
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>\$ (1,507,880)</u>	5,506,547	<u>\$ (635,011)</u>	(19,178)	<u>\$ 400</u>	37,405	<u>\$ (1,523,000)</u>	(1,081,264)
Fund Balance - July 1, 2016		4,395,581		6,197,492		699,187		1,647,603
Fund Balance - June 30, 2017		<u>\$ 9,902,128</u>		<u>\$ 6,178,314</u>		<u>\$ 736,592</u>		<u>\$ 566,339</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, 2017**

	PROPRIETARY FUND TYPE	
	ENTERPRISE	
	AUXILIARY FUND	
	BUDGET	ACTUAL
Operating Revenues		
Auxiliary Fund	\$ 1,341,000	\$ 1,052,637
Other	192,248	165,419
Total Operating Revenues	1,533,248	1,218,056
Operating Expenses		
Auxiliary Fund		
Salaries	518,034	526,633
Contractual services	69,460	62,582
Supplies and materials	928,041	665,272
Conference and meeting expense	98,518	60,347
Fixed charges	64,650	62,002
Other	2,300	1,562
Scholarships	285,800	300,517
Total Operating Expenses	1,966,803	1,678,915
Operating Income (Loss)	(433,555)	(460,859)
Non-operating Revenues (Expenses)	1,500	4,352
Income (Loss) Before Operating Transfers	(432,055)	(456,507)
Operating Transfers In (Out)	478,256	463,161
Net Income (Loss)	\$ 46,201	6,654
Retained Earnings - July 1, 2016		1,427,439
Retained Earnings - June 30, 2017		\$ 1,434,093

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

**STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PROPRIETARY FUND TYPE ENTERPRISE AUXILIARY FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Auxiliary enterprise charges	\$ 1,287,229
Grants and contracts	16,778
Payments to suppliers	(818,917)
Payments to employees	(528,944)
Payments for scholarships	(300,517)
Net Cash Used by Operating Activities	<u>(344,371)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Interfund transfers in	465,384
Interfund transfers out	(2,223)
Net Cash Provided by Noncapital Financing Activities	<u>463,161</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal paid on lease purchase	(25,093)
Net Cash Used by Capital and Related Financing Activities	<u>(25,093)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on cash deposits	4,352
Net Cash Provided by Investing Activities	<u>4,352</u>
Net Increase in Cash and Cash Equivalents	98,049
Cash and Cash Equivalents - July 1, 2016	<u>996,106</u>
Cash and Cash Equivalents - June 30, 2017	<u>\$ 1,094,155</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:	
Operating Loss	\$ (460,859)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation expense	29,449
Decrease in accounts receivable	87,378
Increase in inventory	(7,468)
Increase in accounts payable	10,867
Decrease in accrued expenses	(2,311)
Decrease in Heritage Festival booth rentals	(1,427)
Net Cash Used by Operating Activities	<u>\$ (344,371)</u>

COMBINING FINANCIAL STATEMENTS

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

**COMBINING BALANCE SHEET - GENERAL FUND
JUNE 30, 2017**

	<u>EDUCATION FUND</u>	<u>OPERATIONS AND MAINTENANCE FUND</u>	<u>TOTALS</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and Cash Equivalents	\$ 6,528,017	\$ 1,896,864	\$ 8,424,881
Receivables -			
Tuition and fees, net of allowance for doubtful accounts of \$403,541	92,706		92,706
Outside agencies	1,701,302	189,769	1,891,071
Property taxes	765,703	273,465	1,039,168
Prepaid expenses	441		441
	<u>9,088,169</u>	<u>2,360,098</u>	<u>11,448,267</u>
Total Assets	\$ 9,088,169	\$ 2,360,098	\$ 11,448,267
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 206,084	\$ 54,383	\$ 260,467
Accrued expenses	792,097	31,946	824,043
Total Liabilities	<u>998,181</u>	<u>86,329</u>	<u>1,084,510</u>
Deferred Inflows of Resources			
Deferred tuition	461,629		461,629
Total Deferred Inflows of Resources	<u>461,629</u>	<u>-</u>	<u>461,629</u>
Fund Balances			
Unrestricted	7,628,359	2,273,769	9,902,128
Total Fund Balances	<u>7,628,359</u>	<u>2,273,769</u>	<u>9,902,128</u>
	<u>\$ 9,088,169</u>	<u>\$ 2,360,098</u>	<u>\$ 11,448,267</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,088,169	\$ 2,360,098	\$ 11,448,267

**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, 2017**

	EDUCATION FUND	OPERATIONS AND MAINTENANCE FUND	TOTALS
Revenues			
Local Governments	\$ 1,660,713	\$ 659,340	\$ 2,320,053
State Governments	3,541,742	380,714	3,922,456
Federal Governments	3,252		3,252
Student tuition and fees	4,203,303		4,203,303
Other sources	471,707	23,872	495,579
Total Revenues	<u>9,880,717</u>	<u>1,063,926</u>	<u>10,944,643</u>
Expenditures			
Instruction	3,147,777		3,147,777
Academic support	314,337		314,337
Student services	702,160		702,160
Public services	5,045		5,045
Auxiliary services	60,897		60,897
Operation and maintenance of plant		1,232,384	1,232,384
Institutional support	2,558,640	8,260	2,566,900
Scholarships	1,432,497		1,432,497
Total Expenditures	<u>8,221,353</u>	<u>1,240,644</u>	<u>9,461,997</u>
Revenues over (under) Expenditures	<u>1,659,364</u>	<u>(176,718)</u>	<u>1,482,646</u>
Other Financing Sources (Uses)			
Transfers in	22,303	209,805	232,108
Transfers out	(708,207)		(708,207)
Bond Proceeds	4,500,000		4,500,000
Total Other Financing Sources (Uses)	<u>3,814,096</u>	<u>209,805</u>	<u>4,023,901</u>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	5,473,460	33,087	5,506,547
Fund Balance - July 1, 2016	<u>2,154,899</u>	<u>2,240,682</u>	<u>4,395,581</u>
Fund Balance - June 30, 2017	<u>\$ 7,628,359</u>	<u>\$ 2,273,769</u>	<u>\$ 9,902,128</u>

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

**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS
JUNE 30, 2017**

	AUDIT FUND	LIABILITY, PROTECTION, AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
Assets					
Cash and Cash Equivalents	\$	\$ 712,780	\$ 1,250,863	\$ 3,550,030	\$ 5,513,673
Receivables -					
Outside agencies			306,823		306,823
Property taxes	13,673	461,904			475,577
Total Assets	\$ 13,673	\$ 1,174,684	\$ 1,557,686	\$ 3,550,030	\$ 6,296,073
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
General ledger overdraft	\$ 8,692	\$	\$	\$	\$ 8,692
Accounts payable		10,819	82,027		92,846
Accrued expenses		173	3,391		3,564
Total Liabilities	8,692	10,992	85,418	-	105,102
Deferred Inflows of Resources					
Deferred grants			12,657		12,657
Total Deferred Inflows of Resources	-	-	12,657	-	12,657
Fund Balances					
Restricted	4,981	1,163,692	1,459,611	3,550,030	6,178,314
Total Fund Balances	4,981	1,163,692	1,459,611	3,550,030	6,178,314
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,673	\$ 1,174,684	\$ 1,557,686	\$ 3,550,030	\$ 6,296,073

**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, 2017**

	AUDIT FUND	LIABILITY, PROTECTION AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
Revenues					
Local Governments	\$ 26,993	\$ 891,221	\$	\$	\$ 918,214
State Governments			579,388		579,388
Federal Governments			2,890,466		2,890,466
Other sources		3,429	39,919	15,288	58,636
Total Revenues	<u>26,993</u>	<u>894,650</u>	<u>3,509,773</u>	<u>15,288</u>	<u>4,446,704</u>
Expenditures					
Instruction			874,406		874,406
Student services			255,295		255,295
Public services			263,064		263,064
Operation and maintenance of plant		160,299			160,299
Institutional support	41,671	606,340	82,844		730,855
Scholarships			2,185,953		2,185,953
Total Expenditures	<u>41,671</u>	<u>766,639</u>	<u>3,661,562</u>	<u>-</u>	<u>4,469,872</u>
Revenues over (under) Expenditures	<u>(14,678)</u>	<u>128,011</u>	<u>(151,789)</u>	<u>15,288</u>	<u>(23,168)</u>
Other Financing Sources (Uses)					
Transfers in	14,270		71,061		85,331
Transfers out			(66,053)	(15,288)	(81,341)
Total Other Financing Sources (Uses)	<u>14,270</u>	<u>-</u>	<u>5,008</u>	<u>(15,288)</u>	<u>3,990</u>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(408)	128,011	(146,781)	-	(19,178)
Fund Balance - July 1, 2016	<u>5,389</u>	<u>1,035,681</u>	<u>1,606,392</u>	<u>3,550,030</u>	<u>6,197,492</u>
Fund Balance - June 30, 2017	<u>\$ 4,981</u>	<u>\$ 1,163,692</u>	<u>\$ 1,459,611</u>	<u>\$ 3,550,030</u>	<u>\$ 6,178,314</u>

FINANCIAL DATA

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

**SCHEDULE OF VALUATIONS AND TAX EXTENSIONS - UNAUDITED
JUNE 30, 2017**

	2016 LEVY PAYABLE IN 2017		2015 LEVY PAYABLE IN 2016		2014 LEVY PAYABLE IN 2015	
	RATE	EXTENSION	RATE	EXTENSION	RATE	EXTENSION
Fund						
Education	0.28000	\$ 1,538,894	0.27922	\$ 1,531,975	0.27411	\$ 1,437,252
Operations and Maintenance	0.10000	549,605	0.09973	547,181	0.09790	513,323
Tort Immunity	0.15066	828,035	0.14171	777,510	0.14386	754,307
Audit	0.00500	27,480	0.00500	27,433	0.00490	25,692
Social Security	0.01655	90,960	0.01844	101,173	0.01899	99,571
Bond and Interest	0.26138	1,436,557	0.26368	1,446,713	0.17998	943,697
	<u>0.81359</u>	<u>\$ 4,471,531</u>	<u>0.80778</u>	<u>\$ 4,431,985</u>	<u>0.71974</u>	<u>\$ 3,773,842</u>
District Valuation		<u>\$ 549,604,946</u>		<u>\$ 548,662,494</u>		<u>\$ 524,334,126</u>

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

**SCHEDULE OF LEGAL DEBT MARGIN - UNAUDITED
FOR THE YEAR ENDED JUNE 30, 2017**

Assessed Valuation - 2016 Levy	
Gallatin	\$ 63,006,473
Hamilton	6,291,668
Hardin	26,567,719
Johnson	11,836,962
Pope	47,153,630
Saline	250,362,058
White	143,000,686
Williamson	<u>1,385,750</u>
	<u>\$ 549,604,946</u>
 Debt Limit, 2.875% of Assessed Valuation	 \$ 15,801,142
 Less: Total Indebtedness	 <u>13,073,415</u>
 Legal Debt Margin	 <u>\$ 2,727,727</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, 2017

	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 July 1, 2016	\$2,154,899	\$2,240,682	\$1,647,603	\$699,187	\$1,427,439	\$1,606,392	\$3,550,030
Revenues:							
Local Tax Revenue	1,540,906	539,533		1,451,026			
All Other Local Revenue	119,807	119,807					
ICCB Grants	3,541,742	380,714				43,166	
All Other State Revenue					59,523	536,222	
Federal Revenue	3,252				16,778	2,890,466	
Student Tuition and Fees	4,203,303						
All Other Revenue	4,971,707	23,872	4,227	946	1,146,107	39,919	15,288
Total Revenue	<u>\$14,380,717</u>	<u>\$1,063,926</u>	<u>\$4,227</u>	<u>\$1,451,972</u>	<u>\$1,222,408</u>	<u>\$3,509,773</u>	<u>\$15,288</u>
Expenditures							
Instruction	3,147,777				27,436	874,406	
Academic Support	314,337				134		
Student Services	702,160					255,295	
Public Service/Continuing Education	5,045				12,377	263,064	
Organized Research							
Auxiliary Services	60,897				1,338,451		
Operations and Maintenance		1,232,384					
Institutional Support	2,558,640	8,260	1,094,439	1,414,567		82,844	
Scholarships, Grants, Waivers	1,432,497				300,517	2,185,953	
Total Expenditures	<u>\$8,221,353</u>	<u>\$1,240,644</u>	<u>\$1,094,439</u>	<u>\$1,414,567</u>	<u>\$1,678,915</u>	<u>\$3,661,562</u>	<u>\$0</u>
Net Transfers	<u>(685,904)</u>	<u>209,805</u>	<u>8,948</u>		<u>463,161</u>	<u>5,008</u>	<u>(15,288)</u>
Fund Balance June 30, 2017	<u>\$7,628,359</u>	<u>\$2,273,769</u>	<u>\$566,339</u>	<u>\$736,592</u>	<u>\$1,434,093</u>	<u>\$1,459,611</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, 2017

	<u>Audit</u> <u>Fund</u>	<u>Liability, Protection Settlement</u> <u>Fund</u>	<u>Building Bonds Proceeds</u> <u>Fund</u>	<u>PBC * Rental</u> <u>Fund</u>	<u>PBC * Operations and Maintenance</u> <u>Fund</u>	<u>Total</u>
Fund Balance July 1, 2016	\$5,389	\$1,035,681				\$14,367,302
Revenues:						
Local Tax Revenue	26,993	891,221				4,449,679
All Other Local Revenue						239,614
ICCB Grants						3,965,622
All Other State Revenue						595,745
Federal Revenue						2,910,496
Student Tuition and Fees						4,203,303
All Other Revenue		3,429				6,205,495
Total Revenue	\$26,993	\$894,650	\$0	\$0	\$0	\$22,569,954
Expenditures						
Instruction						4,049,619
Academic Support						314,471
Student Services						957,455
Public Service/Continuing Education						280,486
Organized Research						0
Auxiliary Services						1,399,348
Operations and Maintenance		162,973				1,395,357
Institutional Support	41,671	603,666				5,804,087
Scholarships, Grants, Waivers						3,918,967
Total Expenditures	\$41,671	\$766,639	\$0	\$0	\$0	\$18,119,790
Net Transfers	14,270					0
Fund Balance June 30, 2017	\$4,981	\$1,163,692	\$0	\$0	\$0	\$18,817,466

* 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, 2017**

	Fixed Asset/Debt Account Groups <u>July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2017</u>
Fixed Assets				
Sites and Improvements	\$1,376,775	\$83,525		\$1,460,300
Buildings, Additions, and Improvements	16,372,830	1,416,766		17,789,596
Equipment	2,080,382	102,395		2,182,777
Other Fixed Assets	<u>0</u>			<u>0</u>
Accumulated Depreciation	<u>8,157,552</u>	<u>524,025</u>	<u>0</u>	<u>8,681,577</u>
Net Fixed Assets	<u>\$11,672,435</u>	<u>\$1,078,661</u>	<u>\$0</u>	<u>\$12,751,096</u>
Fixed Debt				
Bonds Payable	\$9,535,000	\$4,500,000	\$1,095,000	\$12,940,000
Other Fixed Liabilities	<u>94,644</u>		<u>34,346</u>	<u>60,298</u>
Total Fixed Liabilities	<u>\$9,629,644</u>	<u>\$4,500,000</u>	<u>\$1,129,346</u>	<u>\$13,000,298</u>
	<u>Outstanding July 1, 2016</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2017</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, 2017**

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>PBC Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
OPERATING REVENUES BY SOURCE				
Local Government Revenue:				
Local Taxes	\$1,540,906	\$539,533		\$2,080,439
Chargeback Revenue				0
CPPRT	119,807	119,807		239,614
Other				0
TOTAL LOCAL GOVERNMENT	\$1,660,713	\$659,340	\$0	\$2,320,053
State Government:				
ICCB Base Operating Grant	\$1,199,906			\$1,199,906
ICCB Equalization Grant	1,522,856	380,714		1,903,570
ICCB Career & Technical Education	300,809			300,809
ICCB Adult Education				0
Other ICCB Grants not listed above	518,171			518,171
Dept. of Corrections				0
Dept. of Veterans Affairs				0
Illinois Student Assistance Commission				0
Other State not listed above				0
TOTAL STATE GOVERNMENT	\$3,541,742	\$380,714	\$0	\$3,922,456
Federal Government:				
Dept. of Education	\$2,910			\$2,910
Dept. of Labor				0
Dept. of Health & Human Services				0
Other	342			342
TOTAL FEDERAL GOVERNMENT	\$3,252	\$0	\$0	\$3,252
Student Tuition and Fees				
Tuition	\$ 3,375,518			\$ 3,375,518
Fees	827,785			827,785
Other Student Assessments				0
TOTAL TUITION AND FEES	\$4,203,303	\$0	\$0	\$4,203,303
Other Sources				
Sales and Service Fees	\$38,252			\$38,252
Facilities Revenue		1,320		1,320
Investment Revenue	21,807	13,932		35,739
Non-Governmental Grants				0
Other	4,911,648	8,620		4,920,268
TOTAL OTHER REVENUE	\$4,971,707	\$23,872	\$0	\$4,995,579
TOTAL REVENUE	\$14,380,717	\$1,063,926	\$0	\$15,444,643
Less: Non-Operating Items *				
Tuition Chargeback Revenue				\$0
Instructional Service Contracts				0
ADJUSTED REVENUE	\$14,380,717	\$1,063,926	\$0	\$15,444,643

* 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, 2017**

	Education Fund	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES				
BY PROGRAM				
Instruction	\$3,147,777			\$3,147,777
Academic Support	314,337			314,337
Student Services	702,160			702,160
Public Service/Continuing Education	5,045			5,045
Organized Research				0
Auxiliary Services	60,897			60,897
Operations and Maintenance		1,232,384		1,232,384
Institutional Support	2,558,640	8,260		2,566,900
Scholarships, Grants, Waivers	1,432,497			1,432,497
	\$8,221,353	\$1,240,644	\$0	\$9,461,997
TOTAL EXPENDITURES				
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	685,904	(209,805)		476,099
ADJUSTED EXPENDITURES	\$8,907,257	\$1,030,839	\$0	\$9,938,096
BY OBJECT				
Salaries	\$4,694,856	\$408,055		\$5,102,911
Employee Benefits	758,004			758,004
Contractual Services	508,632	296,330		804,962
General Materials and Supplies	550,581	21,656		572,237
Library Materials**				0
Conference and Meeting Expenses	75,841	141		75,982
Fixed Charges	72,858	32,309		105,167
Utilities		482,153		482,153
Capital Outlay	22,010			22,010
Other	1,538,571			1,538,571
Student Grants & Scholarships**				0
	\$8,221,353	\$1,240,644	\$0	\$9,461,997
TOTAL EXPENDITURES				
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	685,904	(209,805)		476,099
ADJUSTED EXPENDITURES	\$8,907,257	\$1,030,839	\$0	\$9,938,096

* 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, 2017**

	<u>Restricted Purposes Fund</u>
REVENUE BY SOURCE:	
TOTAL LOCAL GOVERNMENT	<u>\$0</u>
State Government	
ICCB - Program Improvement Grant	\$15,760
ICCB - Adult Education	27,406
ICCB - (Other , Attach Itemization)	
Dept. of Corrections	
Illinois Student Assistance Commission	
Other (Attach Itemization)	<u>536,222</u>
TOTAL STATE GOVERNMENT	<u>\$579,388</u>
Federal Government	
Dept. of Education	\$2,565,179
Dept. of Labor	193,691
Dept. of Health & Human Services	
Other	<u>131,596</u>
TOTAL FEDERAL GOVERNMENT	<u>\$2,890,466</u>
Other Sources	
Tuition and Fees	
Other	<u>39,919</u>
TOTAL OTHER SOURCES	<u>\$39,919</u>
TOTAL RESTRICTED PURPOSES FUND REVENUES	<u><u>\$3,509,773</u></u>
EXPENDITURES BY PROGRAM	
Instruction	\$874,406
Academic Support	
Student Services	255,295
Public Service/Continuing Education	263,064
Organized Research	
Auxiliary Services	
Operations and Maintenance	
Institutional Support	82,844
Scholarships, Grants and Waivers	<u>2,185,953</u>
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$3,661,562</u></u>
EXPENDITURES BY OBJECT	
Salaries	\$565,570
Employee Benefits	125,425
Contractual Services	68,344
Student Financial Aid	
General Materials and Supplies	165,545
Library Materials*	
Travel & Conference//Meeting Expenses	58,020
Fixed Charges	360
Utilities	6,115
Capital Outlay	486,230
Other	2,185,953
Scholarships, Grants, Waivers*	
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$3,661,562</u></u>

* 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, 2017**

INSTRUCTION

Instructional Programs	\$3,458,658
Other	590,961
Total Instruction	\$4,049,619

ACADEMIC SUPPORT

Library Center	\$136,371
Instructional Materials Center	178,100
Educational Media Services	
Academic Computing Support	
Academic Administration and Planning	
Other	
Total Academic Support	\$314,471

STUDENT SERVICES SUPPORT

Admissions and Records	\$41,294
Counseling and Career Services	326,043
Financial Aid Administration	335,153
Other	254,965
Total Student Services Support	\$957,455

PUBLIC SERVICE/CONTINUING EDUCATION

Community Education	\$223,943
Customized Training (Instructional)	56,543
Community Services	
Other	
Total Public Service/Continuing Education	\$280,486

ORGANIZED RESEARCH

AUXILIARY SERVICES	\$1,399,348
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OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	\$305,339
Custodial Services	372,233
Grounds	71,597
Campus Security	105,563
Transportation	(4,752)
Utilities	491,153
Administration	47,748
Other	6,476
Total Operations and Maintenance of Plant	\$1,395,357

INSTITUTIONAL SUPPORT

Executive Management	\$268,831
Fiscal Operations	247,017
Community Relations	280,835
Administrative Support Services	13,981
Board of Trustees	20,445
General Institutional	1,805,757
Institutional Research	73,528
Administrative Data Processing	477,449
Other	107,238
Total Institutional Support	\$3,295,081

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	\$3,918,967
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TOTAL CURRENT FUNDS EXPENDITURES	\$15,610,784
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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.

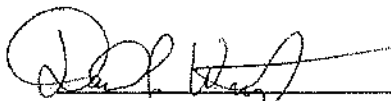
CERTIFICATION OF CHARGEBACK REIMBURSEMENTS


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

**CERTIFICATION OF CHARGEBACK REIMBURSEMENTS
FOR FISCAL YEAR 2018**

All Fiscal Year 2017 Non-Capital Audited Operating Expenditures from the Following Funds:

Education Fund	\$ 8,199,343
Operations and Maintenance Fund	1,240,644
Bond and Interest Fund	1,414,567
Restricted Purposes Fund	3,175,332
Audit Fund	41,671
Liability, Protection, and Settlement Fund	766,639
Total Non-Capital Audited Expenditures	14,838,196
 Depreciation on Capital Outlay Expenditures (Equipment, Buildings, and Fixed Equipment Paid) from Sources other than State and Federal Funds	 457,838
 Total Costs Included	 15,296,034
 Total Certified Semester Credit Hours for FY 2017	 29,846.5
 Per Capita Cost	 512.49
 All FY 2017 State and Federal Operating Grants for Noncapital Expenditures	 2,940,458
 FY 2017 State and Federal Grants Per Semester Credit Hour	 98.52
 District's Average ICCB Grant Rate (Excluding Equalization Grants) for FY 2018	 33.07
 District's Student Tuition and Fee Rate Per Semester Credit Hour for FY 2018	 126.00
 Chargeback Reimbursement Per Semester Credit Hour	 \$ 254.90


10-13-17
 Chief Fiscal Officer Date


10/13/17
 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, 2017, and the related statements of revenues, expenditures, and changes in fund balance – actual 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, 2017, 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

Harrisburg, Illinois 62946
October 11, 2017

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

**STATE ADULT EDUCATION RESTRICTED FUNDS
BALANCE SHEET
JUNE 30, 2017**

	<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, 2017**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
Revenues (6149, 6150)			
State Sources	\$ 11,080	\$ 16,326	\$ 27,406
Total Revenues	<u>11,080</u>	<u>16,326</u>	<u>27,406</u>
Expenditures by Program:			
Instruction	4,856	1,851	6,707
Guidance Services	1,923	-	1,923
Assessment and Testing	1,923	-	1,923
Total Instructional and Student Services	<u>8,702</u>	<u>1,851</u>	<u>10,553</u>
Improvement of Instructional Services	469	2,253	2,722
General Administration	245	-	245
Workforce Coordination	-	8,404	8,404
Data and Information Services	1,664	3,818	5,482
Total Program Support	<u>2,378</u>	<u>14,475</u>	<u>16,853</u>
Total Expenditures	<u>11,080</u>	<u>16,326</u>	<u>27,406</u>
Excess of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	-
Fund Balance - July 1, 2016			<u>-</u>
Fund Balance - June 30, 2017			<u>\$ -</u>

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, 2017**

<u>State Basic</u> (FY16 Grant Including Carryover)	<u>AUDITED EXPENDITURE AMOUNT</u>	<u>ACTUAL EXPENDITURE PERCENTAGE</u>
Instruction (45% Minimum Required)	\$ 20,179	46 %
General Administration (15% Maximum Allowed)	\$ 5,047	12 %

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, 2017**

ASSETS

Cash	\$	-
TOTAL ASSETS	\$	-

LIABILITIES AND FUND BALANCE

Liabilities - Deferred Revenue	\$	-
Fund Balance		-
TOTAL LIABILITIES AND FUND BALANCE	\$	-

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, 2017**

Revenues (6253)	
State Sources	\$ <u>15,760</u>
Total Revenues	<u>15,760</u>
Expenditures	
Supplies	15,760
Total Expenditures	<u>15,760</u>
Excess of Revenues over (under) Expenditures	-
Fund Balance - July 1, 2016	<u>-</u>
Fund Balance - June 30, 2017	<u><u>\$ -</u></u>

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, 2017

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, 2017. 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, 2017**

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, 2017**

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, 2017.

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

Harrisburg, Illinois 62946
October 11, 2017

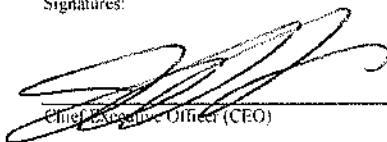
SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533
HARRISBURG, ILLINOIS

SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED
FOR THE YEAR ENDED JUNE 30, 2017


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	1,957.0	0.0	8,267.0	0.0	7,640.0	0.0	17,864.0	0.0
Business Occupational	141.5	0.0	1,012.5	6.0	1,143.0	6.0	2,297.0	12.0
Technical Occupational	298.0	2.0	1,621.5	3.0	1,673.5	13.0	3,593.0	18.0
Health Occupational	558.0	0.0	1,786.5	0.0	1,888.0	0.0	4,232.5	0.0
Remedial/Developmental	193.0	0.0	710.0	0.0	758.0	0.0	1,661.0	0.0
Adult Basic Education/Adult Secondary Education	0.0	0.0	2.0	167.0	0.0	0.0	2.0	167.0
TOTAL	3,147.5	2.0	13,399.5	176.0	13,102.5	19.0	29,649.5	197.0

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	Total
Reimbursable Semester Credit Hours (All Terms)	28,075.0	4,972.0	33,047.0
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (All Terms)	2,951.0	2,635.5	
District Prior Year Equalized Assessed Valuation			\$ 548,662,494

Signatures:



Chief Executive Officer (CEO)



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, 2017**

	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	17,864.0	17,864.0	0.0	0.0
Business Occupational	2,297.0	2,297.0	12.0	12.0
Technical Occupational	3,593.0	3,593.0	18.0	18.0
Health Occupational	4,232.5	4,232.5	0.0	0.0
Remedial Developmental	1,661.0	1,661.0	0.0	0.0
Adult Basic Education/Adult Secondary Education	2.0	2.0	167.0	167.0
TOTAL	<u>29,649.5</u>	<u>29,649.5</u>	<u>197.0</u>	<u>197.0</u>

**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	28,075.0	28,075.0
Out-of-District on Chargeback or Contractual Agreement	4,972.0	4,972.0
TOTAL	<u>33,047.0</u>	<u>33,047.0</u>

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

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2017**

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, 2017**

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, 2017**

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, 2017**

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, 2017. 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, 2017.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Kemper CPA Group LLP

Kemper CPA Group LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Harrisburg, Illinois 62946
October 11, 2017

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
Student Financial Assistance Cluster			
<i>Department of Education Programs</i>			
(M) Federal Work Study	84.033		\$ 53,195
(M) Supplemental Educational Opportunity Grant	84.007		22,500
(M) PELL Grants - Southeastern Illinois College	84.063		<u>2,063,295</u>
Total Student Financial Aid Cluster			<u>2,138,990</u>
Other Programs			
<i>Department of Education Programs</i>			
Title IV - Student Support	84.042		279,992
<i>Passed Through Illinois Community College Board</i>			
Federal Adult Education Basic	84.002	V002A150013	14,412
V.E. Perkins - Postsecondary Basic	84.048	CTE53317	116,831
Improving Teacher Quality	84.367		<u>18,206</u>
<i>Total Department of Education Programs</i>			<u>429,441</u>
<i>Department of Veterans Affairs Programs</i>			
Post-9/11 Veterans Educational Assistance	64.027		<u>44,599</u>
<i>Total Department of Veterans Affairs Programs</i>			<u>44,599</u>
<i>United States Department of Agriculture Programs</i>			
<i>Passed Through Illinois State Board of Education</i>			
Child and Adult Care Food Program	10.558	17-4226-00	<u>16,778</u>
<i>Total Department of Agriculture Programs</i>			<u>16,778</u>
<i>Small Business Administration Programs</i>			
<i>Passed Through Illinois Department of Commerce and Economic Opportunity</i>			
Rural Small Business Development Center	59.037	17-181180	20,000
Rural Small Business Development Center	59.037	16-561180	<u>21,947</u>
<i>Total Small Business Administration Programs</i>			<u>41,947</u>
<i>Department of Labor Programs</i>			
<i>Passed Through Southern Illinois University Edwardsville</i>			
Building the IL Bioeconomy	17.282	761566-004	<u>193,691</u>
<i>Total Department of Labor Programs</i>			<u>193,691</u>
<i>Delta Regional Authority</i>			
Delta Area Economic Development	90.201		<u>45,050</u>
<i>Total Delta Regional Authority Programs</i>			<u>45,050</u>
Total Expenditures of Federal Awards			\$ <u>2,910,496</u>

(M) denotes Major Program

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

**NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017**

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, 2017. 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**

**BACKGROUND INFORMATION ON FEDERAL GRANT ACTIVITY
JUNE 30, 2017**

Restricted Adult Education Grants/Federal

Federal Basic

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

Restricted Vocational Education Grants to State (Perkins)/Federal

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

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I - AUDITOR'S RESULTS

JUNE 30, 2017

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?	No
3.	Did the audit disclose any instances of noncompliance that would be considered material to the financial statements?	No
4.	Were any material weaknesses in internal control over major programs disclosed?	No
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)?	No
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, 2017

None reported.

**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, 2017

None reported.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION IV - CORRECTIVE ACTION PLAN

JUNE 30, 2017

None reported.

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION V - SUMMARY OF PRIOR AUDIT FINDINGS

JUNE 30, 2017

None Reported.