

ILLINOIS CENTRAL COLLEGE DISTRICT 514

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2016 AND 2015



CliftonLarsonAllen

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Illinois Central College District 514
East Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Illinois Central College District 514 (the District), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the District as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages IV-XIV, the schedule of funding progress for the Illinois Central College Retiree Medical and Life Program on page 34, and the defined benefit pension plan information on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual nonmajor fund financial statements, Certification of Chargeback Reimbursement, Uniform Financial Statements, and Equalized Assessed Value and Taxes Extended are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, Uniform Financial Statements, the Certification of Chargeback Reimbursement, Equalized Assessed Value and Taxes Extended, and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Documentation of Residency Verification Steps on page 79 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2016, on our consideration of the District'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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Illinois Central College District 514's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Peoria, Illinois
October 17, 2016

Management's Discussion and Analysis

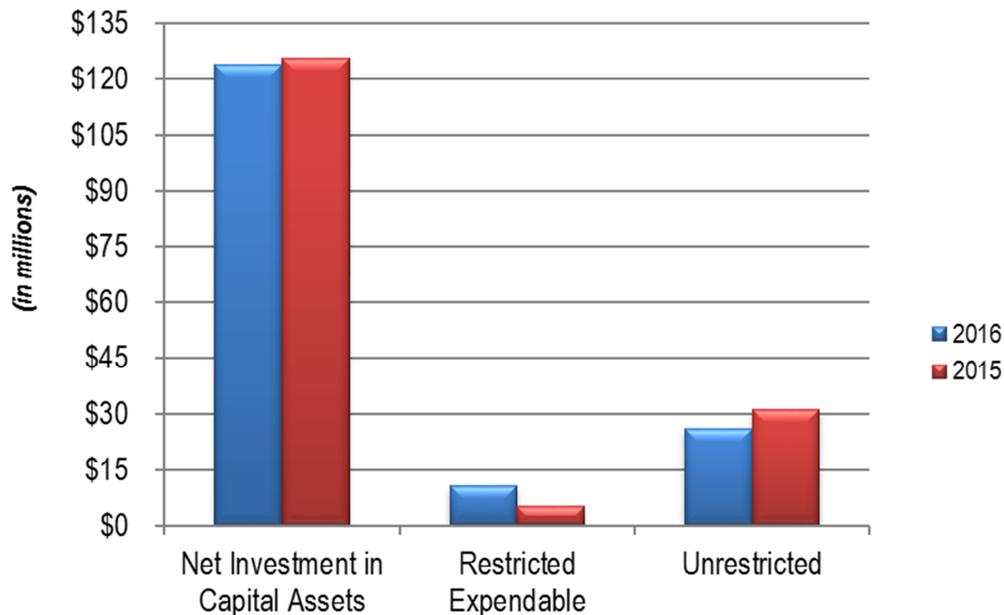
This section of Illinois Central College's Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2016, and June 30, 2015. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the College's basic financial statements (pages 1 through 5) and the footnotes (pages 6 through 35). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

The College financial statements (see pages 1 through 35) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes, student tuition, and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of cost of various College services to students and the public. The College's Educational Foundation is included and presented as a component unit as required by Governmental Accounting Boards Statement 39. Further information on the component unit can be found in the attached notes to the financial statements.

Financial Highlights

Comparison of Net Position – FY 2016 and 2015



Financial Analysis of the Total Reporting Entity

	Net Position As of June 30, (in millions)							
	2016	2015	Increase (Decrease) 2016-2015	Percent Change	2014	Increase (Decrease) 2015-2014	Percent Change	
Current Assets	\$ 89.9	\$ 95.6	\$ (5.7)	-6.0%	\$ 104.2	\$ (8.6)	-8.3%	
Non-Current Assets								
Other	5.8	5.7	0.1	1.8%	7.6	(1.9)	-25.0%	
Capital Assets, Net of Depreciation	153.2	143.4	9.8	6.8%	135.0	8.4	6.2%	
Deferred outflows of resources	0.3	0.4	(0.1)	-25.0%	0.4	-	100.0%	
Total Assets	<u>249.2</u>	<u>245.1</u>	<u>4.1</u>	<u>1.7%</u>	<u>247.2</u>	<u>(2.1)</u>	<u>-0.8%</u>	
Current Liabilities	14.6	12.7	1.9	15.0%	17.1	(4.4)	-25.7%	
Non-Current Liabilities	35.7	35.0	0.7	2.0%	39.3	(4.3)	-10.9%	
Total Liabilities	<u>50.3</u>	<u>47.7</u>	<u>2.6</u>	<u>5.5%</u>	<u>56.4</u>	<u>(8.7)</u>	<u>-15.4%</u>	
Deferred inflows of resources	38.3	35.4	2.9	8.2%	31.5	3.9	12.4%	
Net Position								
Net Investment in Capital Assets	123.9	125.7	(1.8)	-1.4%	115.5	10.2	8.8%	
Restricted Expendable	10.6	5.2	5.4	103.8%	9.1	(3.9)	-42.9%	
Unrestricted	26.1	31.1	(5.0)	-16.1%	34.7	(3.6)	-10.4%	
Total Net Position	<u>\$ 160.6</u>	<u>\$ 162.0</u>	<u>\$ (1.4)</u>	<u>-0.9%</u>	<u>\$ 159.3</u>	<u>\$ 2.7</u>	<u>1.7%</u>	

This schedule is prepared from the College's statement of net position (pages 1 and 2) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Fiscal Year 2016 Compared to 2015

The \$4.1 million increase in total assets is attributed to an increase in net capital assets offset by lower current assets, specifically cash and investments. The College's cash position is lower than the prior year as a result of the planned capital spending associated with ongoing renovations of the North Campus coupled with the impact of the operating loss for the year.

Total liabilities are higher as compared to the prior year as a result of the increase in Current Liabilities, specifically Accounts Payable, due primarily to the timing of payments for construction billings associated with Capital improvements at North Campus as noted above.

Deferred inflows of resources is higher because of the increase in deferred property tax revenue associated with increase in the overall tax levy applicable to fiscal year 2016.

The overall change in the College's net position is attributed to the \$5 million bond issue being offset by the effect of the operating loss and transfers from operations.

Fiscal Year 2015 Compared to 2014

Total assets declined by \$2.1 million reflecting the impact of the spend down of bond proceeds for the completion of certain capital projects, reducing cash and investments with a corresponding increase in Capital Assets.

Total net position at June 30, 2015, increased to \$162.0 million from \$159.3 million in fiscal year 2014, which is attributed primarily to the growth in net investment in capital assets of \$10.2 million due to the planned capital projects.

Operating Results for the Years Ended
June 30,
(in millions)

	2016	2015	Increase (Decrease) 2016-2015	Percent Change	2014	Increase (Decrease) 2015-2014	Percent Change
Operating Revenue							
Tuition and Fees	\$ 23.5	\$ 23.2	\$ 0.3	1.3%	\$ 22.0	\$ 1.2	5.5%
Auxiliary	6.9	7.7	(0.8)	-10.4%	7.6	0.1	1.3%
Funded Grants & Contracts	16.3	22.1	(5.8)	-26.2%	25.1	(3.0)	-12.0%
Other	0.8	0.9	(0.1)	-11.1%	1.3	(0.4)	-30.8%
Total	<u>47.5</u>	<u>53.9</u>	<u>(6.4)</u>	<u>-11.9%</u>	<u>56.0</u>	<u>(2.1)</u>	<u>-3.8%</u>
Less Operating Expenses	103.9	105.0	(1.1)	-1.0%	103.6	1.4	1.4%
Net Operating Loss	<u>(56.4)</u>	<u>(51.1)</u>	<u>(5.3)</u>	<u>-4.8%</u>	<u>(47.6)</u>	<u>(3.5)</u>	<u>-7.1%</u>
Non-Operating Revenue							
State Grants & Contracts	18.9	17.4	1.5	8.6%	14.5	2.9	20.0%
Federal & Local Grants & Contracts	1.4	2.4	(1.0)	-41.7%	3.0	(0.6)	-20.0%
Property Taxes	31.6	31.5	0.1	0.3%	31.0	0.5	1.6%
Corporate Personal Property Tax	2.9	3.2	(0.3)	-9.4%	2.9	0.3	10.3%
Other	0.2	(0.7)	0.9	-134.9%	0.5	(1.2)	-240.0%
Total	<u>55.0</u>	<u>53.8</u>	<u>1.2</u>	<u>2.3%</u>	<u>51.9</u>	<u>1.9</u>	<u>3.7%</u>
Increase in Net Position	(1.4)	2.7	(4.1)	-150.2%	4.3	(1.6)	-37.2%
Net Position, Beginning of Year	162.0	159.3	2.7	1.7%	155.0	4.3	2.8%
Net Position, End of Year	<u>\$ 160.6</u>	<u>\$ 162.0</u>	<u>\$ (1.4)</u>	<u>-0.8%</u>	<u>\$ 159.3</u>	<u>\$ 2.7</u>	<u>1.7%</u>
Total Revenues	<u>\$ 104.0</u>	<u>\$ 109.8</u>	<u>\$ (5.8)</u>	<u>-5.2%</u>	<u>\$ 109.3</u>	<u>\$ 0.5</u>	<u>0.5%</u>
Total Expenses	<u>\$ 105.4</u>	<u>\$ 107.1</u>	<u>\$ (1.7)</u>	<u>-1.6%</u>	<u>\$ 105.0</u>	<u>\$ 2.1</u>	<u>2.0%</u>

Fiscal Year 2016 Compared to 2015

The operating revenue decline is attributed to a \$3.8 million loss in funding from the State coupled with a \$2.0 million reduction in Federal financial assistance due to lower enrollment levels for the year.

Non-Operating Revenue was relatively unchanged but reflected an increase in State Grants & Contracts reflecting a higher annual adjustment for the SURS on-behalf-of pension payments made by the State offset by lower Federal & Local Grants as the College transitioned away from its fiscal agent responsibilities for the Workforce Investment grant.

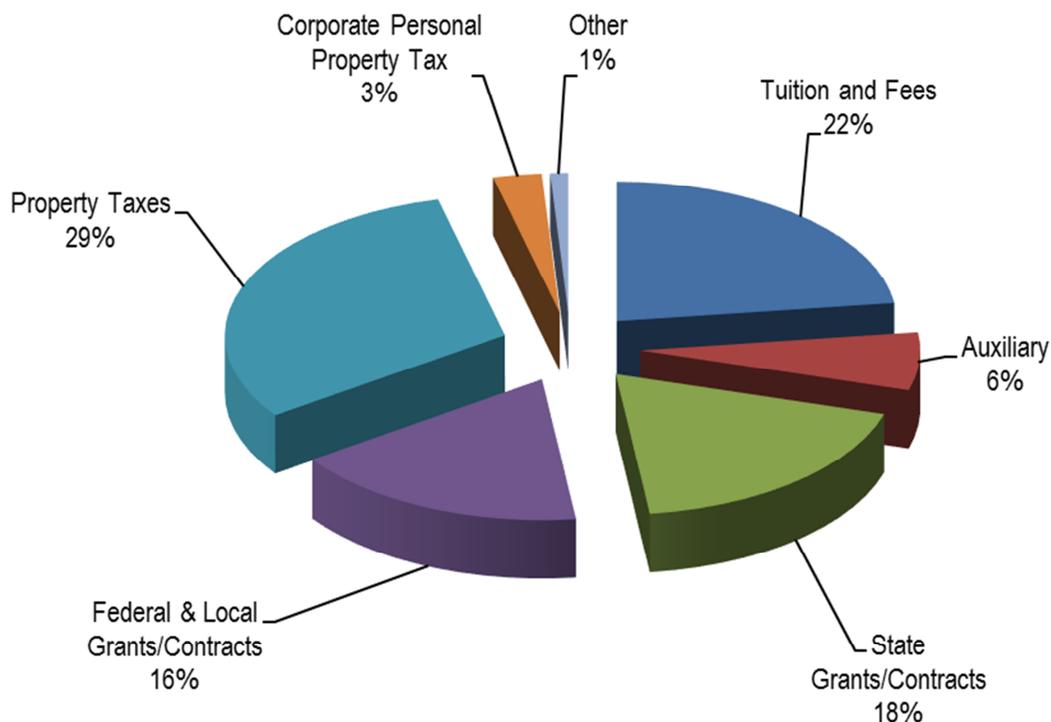
Fiscal Year 2015 Compared to 2014

Operating revenue as of June 30, 2015, decreased by \$2.1 million or 3.8% because of the impact of lower enrollments. The increase in tuition revenue was a result of higher tuition rates offset by lower enrollments. Federal grants and contracts was influenced negatively by low enrollments reducing the level of Federal financial assistance to students. Moreover, funding from the State was also lower as compared to prior year due primarily to reduction in Equalization funding.

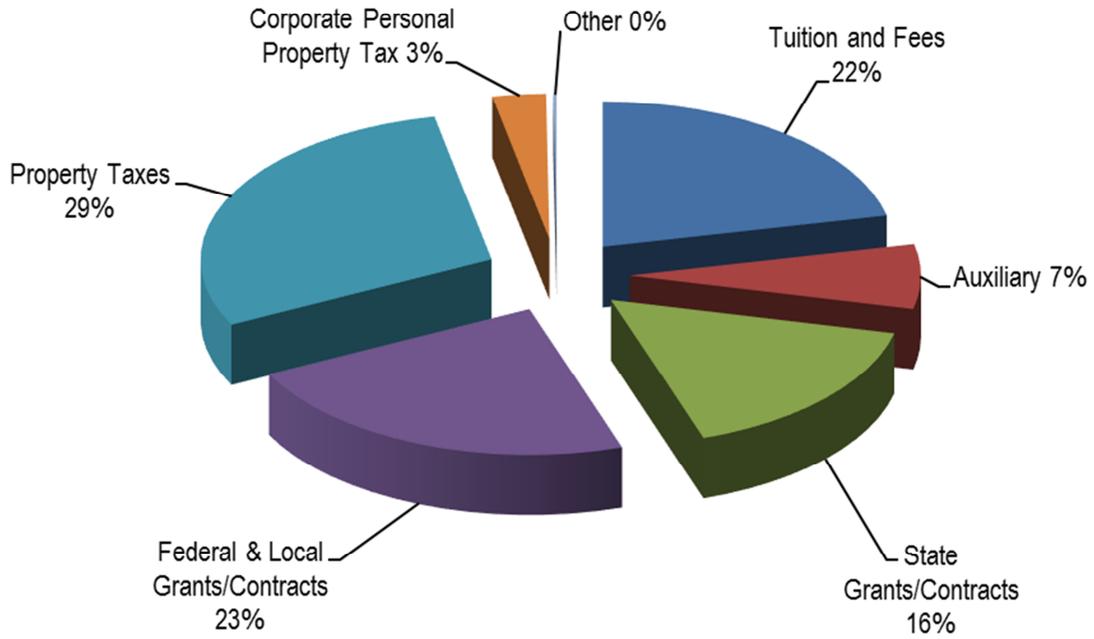
Non-operating revenue increased by \$1.9 million primarily due to the pass-through entry for the State University Retirement System funding effectively increasing both revenue and expenses. Accordingly, the entry does not impact the net assets of the College.

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position or results of operation (revenues, expenses and changes in net position).

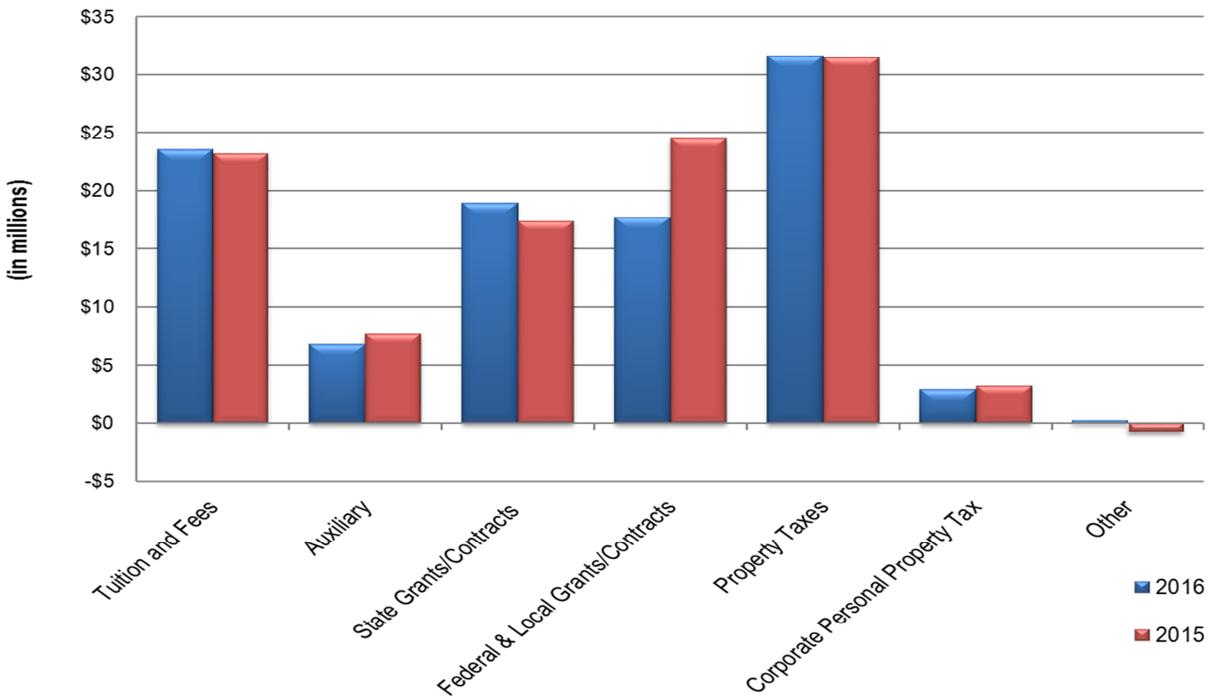
Revenue by Source 2016



Revenue by Source 2015



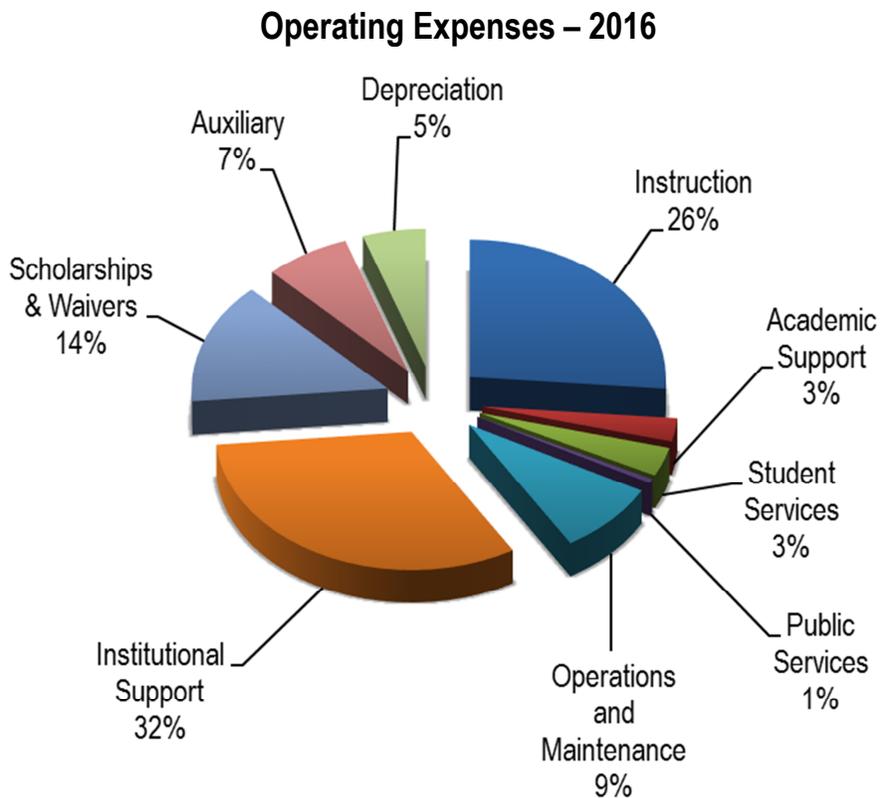
Comparison of Revenues – Fiscal Years 2016 and 2015



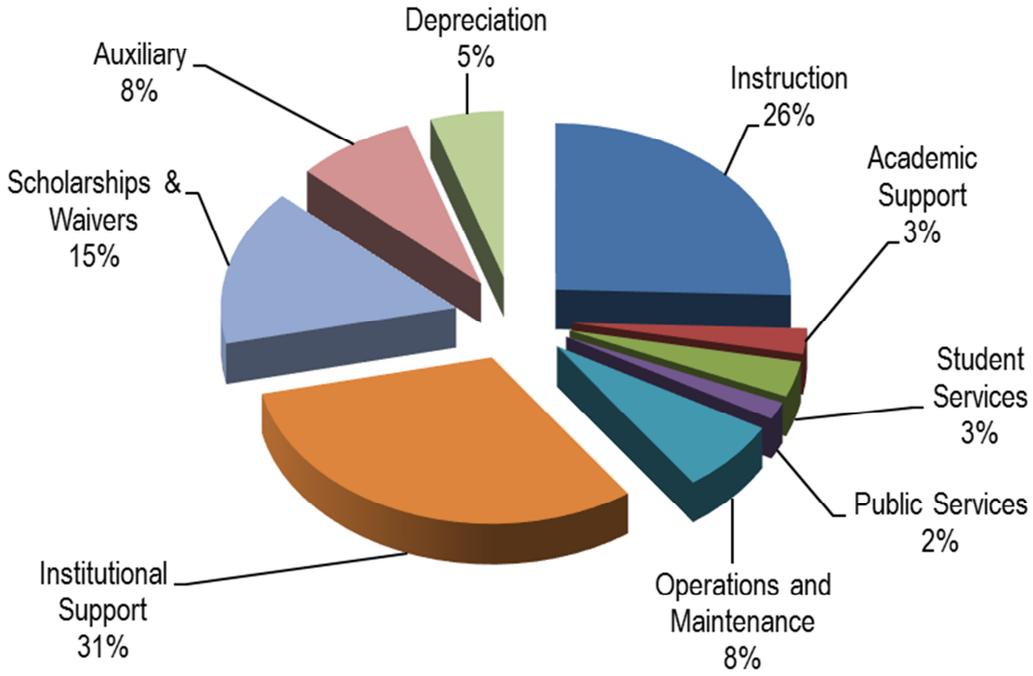
Operating Expenses
For the Years ended June 30,
(in millions)

Operating Expense	2016	2015	2016-2015		2014	2015-2014	
			Increase (Decrease)	Percent Change		Increase (Decrease)	Percent Change
Instruction	\$ 27.4	\$ 26.8	\$ 0.6	2.1%	\$ 26.2	\$ 0.6	2.3%
Academic Support	2.8	2.6	0.2	7.7%	2.6	-	0.0%
Student Services	3.5	3.6	(0.1)	-2.8%	3.5	0.1	2.9%
Public Services	0.5	1.8	(1.3)	-72.2%	1.6	0.2	12.5%
Operations and Maintenance	8.8	7.4	1.4	18.9%	7.2	0.2	2.8%
Institutional Support	33.4	32.9	0.5	1.5%	32.6	0.3	0.9%
Scholarships & Waivers	14.8	16.0	(1.2)	-7.5%	17.8	(1.8)	-10.1%
Auxiliary	7.3	8.6	(1.3)	-15.1%	8.4	0.2	2.4%
Depreciation	5.4	5.3	0.1	1.9%	3.7	1.6	43.2%
Total	\$ 103.9	\$ 105.0	\$ (1.1)	-1.1%	\$ 103.6	\$ 1.4	1.4%

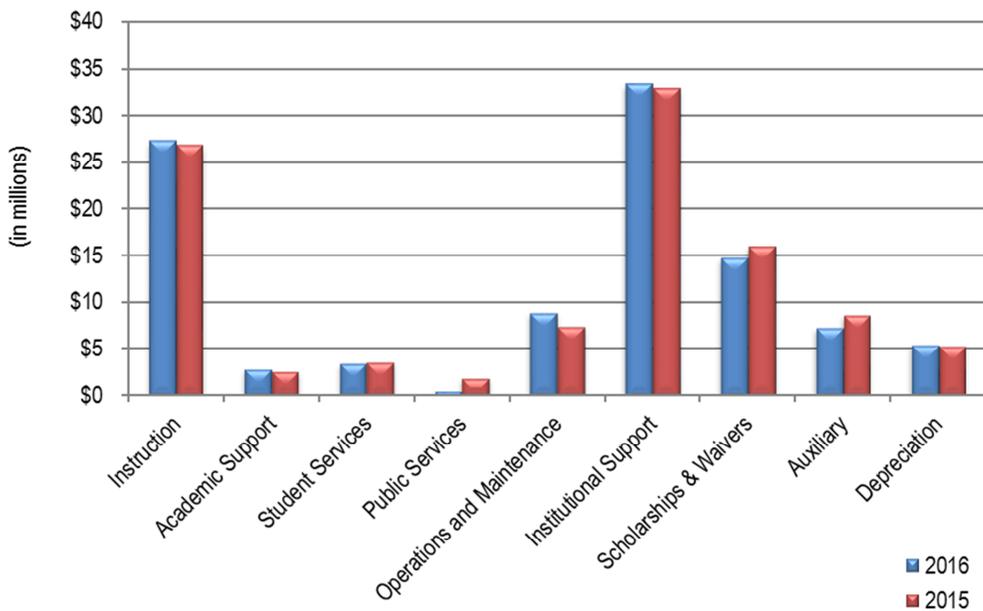
The following is a graphic illustration of operating expenses for Fiscal Year 2016 and 2015.



Operating Expenses – 2015



Comparison of Operating Expenses - Fiscal Years 2016 and 2015



Fiscal Year 2016 Compared to 2015

Operating expenses declined \$1.1 million or a 1% decrease from the prior year due to restricted budget control on discretionary expenses, as a result of lower enrollments and due to the unanticipated shortfall in State funding.

Fiscal Year 2015 Compared to 2014

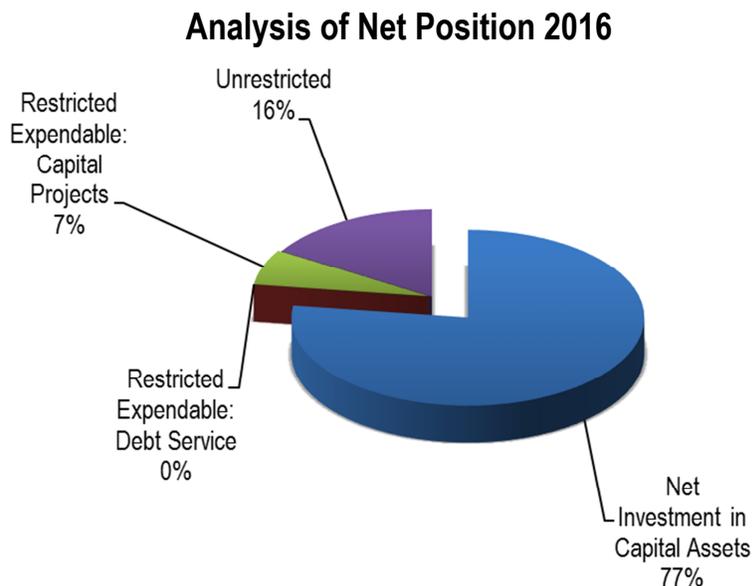
Operating expenses increased \$1.4 million or 1.4% as a result of the increase in the pass-through pension expense from "SURS" and the scheduled wage and benefit increases for staff. The increases were offset by reduction in Scholarship and Waivers and the impact of expenditure control reducing operating costs.

Scholarships and waivers decreased from the prior year primarily as a result of decreased Pell distribution and student loan activity.

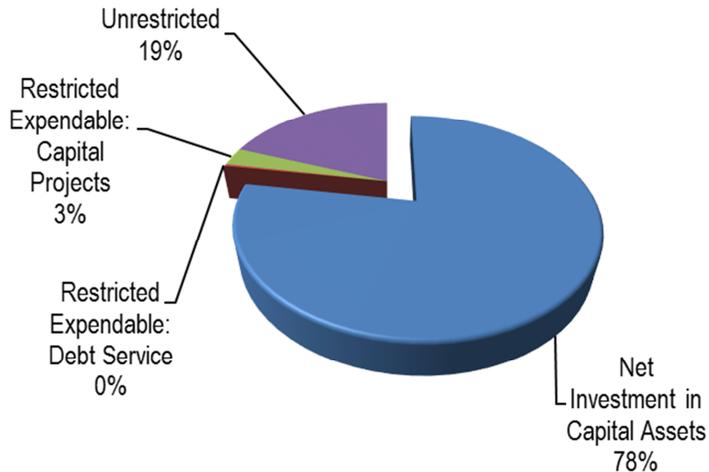
Analysis of Net Position
June 30,
(in millions)

	2016	2015	Increase (Decrease) 2016-2015	Percent Change	2014	Increase (Decrease) 2015-2014	Percent Change
Net Position							
Net Investment in Capital Asset: \$	123.9	\$ 125.7	\$ (1.8)	(1.4%)	\$ 115.5	\$ 10.2	8.8%
Restricted Expendable							
Debt Service	-	0.5	(0.5)	(100.0%)	1.2	(0.7)	(58.3%)
Capital Projects	10.6	4.7	5.9	125.5%	7.9	(3.2)	(40.5%)
Unrestricted	26.1	31.1	(5.0)	(16.1%)	34.7	(3.6)	(10.4%)
Total	\$ 160.6	\$ 162.0	\$ (1.4)	(0.9%)	\$ 159.3	\$ 2.7	1.7%

The following is a graphic illustration of net position for Fiscal Year 2016 and 2015



Analysis of Net Position 2015



Fiscal Year 2016 Compared to 2015

Total net position of \$160.6 million decreased \$1.4 million or .7% from the prior year. The overall change in the College's net position is attributed to the impact of \$5 million bond issue being offset by the effect of the operating loss and transfers from operations caused by an unplanned shortfall in State funding. In addition, net investment in capital assets decreased as capital additions were outpaced by depreciation.

Fiscal Year 2015 Compared to 2014

Total net position of \$162.0 million increased \$2.7 million or 1.7% from the prior year. The activity reflects the College's commitment to facility upgrades and enhancements with the completion of several capital projects. The total unrestricted net position of \$31.1 million illustrates the strength of the College's overall financial position and favorable operating results for the year. The \$3.6 million decline in unrestricted is caused primarily by transfers of Fund Reserves to support the Capital Improvement Program.

Capital Asset and Debt Administration

Capital assets

The District's capital assets as of June 30, 2016 and 2015 amounted to \$153.2 million and \$143.4 million, respectively, (net of accumulated depreciation). The capital assets include land, construction-in-progress, land improvements, buildings and improvements, and equipment. The total increase in capital assets for the year ended June 30, 2016 was 6.9% and for the year ended June 30, 2015, an increase of 6.2%.

Major capital asset events during the year ended June 30, 2016 included the construction costs of the North Campus for campus improvements primarily the remodeling of Elm Hall for the new Student Center. Additionally, a number of Life Safety projects at the East Peoria campus including HVAC system upgrades and the roof replacement on a portion of the Academic Building.

Major capital asset events during the year ended June 30, 2015 included the construction costs of the North Campus for campus improvements including remodeling of Arbor Hall for approximately \$4,670,000 and the construction of the North Campus Facilities Building for approximately \$907,000.

Illinois Central College's Capital Assets
As of June 30,

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Land	\$ 3,352,154	\$ 3,352,154	\$ 3,352,154
Construction In Progress	13,672,083	3,299,820	5,888,616
Land Improvements	22,835,006	22,270,881	22,040,645
Building and Improvements	176,565,732	172,766,466	157,440,593
Equipment	53,196,811	52,759,728	52,040,432
Accumulated Depreciation	(116,406,687)	(111,098,685)	(105,795,661)
Total	<u>\$ 153,215,099</u>	<u>\$ 143,350,364</u>	<u>\$ 134,966,779</u>

Additional information on the District's capital assets can be found in Note 4 of this report.

Debt

As of June 30, 2016, the District, Illinois had general obligation bonds outstanding totaling \$37,935,000 compared to \$37,970,000 of general obligation bonds as of June 30, 2015. For the year ended June 30, 2016, the District paid \$4,530,000 in principal and \$1,710,150 in interest on outstanding debt.

During the year the College issued \$5 million in additional bonds to support capital project on the North campus. For the year ended June 30, 2015, the District paid \$3,970,000 in principal and \$2,075,816 in interest on outstanding debt.

Additional information about the College's long-term debt can be found in Note 6 to basic financial statements.

Cash Flows

**Cash Flows for the Years Ended
June 30,
(in millions)**

	2016	2015	Increase (Decrease) 2016-2015	Percent Change	2014	Increase (Decrease) 2015-2014	Percent Change
Net Cash provided by (used in) operating activities	(30.2)	(31.5)	1.3	-4.1%	(28.4)	(3.1)	10.9%
Net Cash provided by (used in) noncapital financing activities	40.4	42.4	(2.0)	-4.7%	40.1	2.3	5.7%
Net Cash provided by (used in) capital and related financing activities	(16.9)	(19.8)	2.9	-14.6%	4.4	(24.2)	-550.0%
Net Cash provided by (used in) investing activities	6.4	3.7	2.7	73.0%	2.8	0.9	32.1%
Net increase in cash and equivalents	(0.3)	(5.2)	4.9	-94.2%	18.9	(24.1)	-127.5%
Cash and equivalents, beginning of the year	29.8	34.9	(5.2)	-14.8%	16.0	18.9	118.3%
Cash and equivalents, end of year.	29.5	29.7	(0.3)	-1.0%	34.9	(5.2)	-14.8%

Fiscal Year 2016 Compared to 2015

The Statement of cash flows shows a decrease in cash of \$.3 million in fiscal year 2016. The slight decrease in fiscal year 2016 was due to the lack of state funding offset by the issuance of the Series 2016 General Obligation Debt.

Fiscal Year 2015 Compared to 2014

The Statement of cash flows shows a decrease in cash of \$5.2 million in fiscal year 2015 and an increase in cash of \$18.9 million in fiscal year 2014. The increase in fiscal year 2014 was primarily due to the issuance of the \$20 million Series 2014 General Obligation Debt, causing a variance when compared to 2015.

Other

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant effect on the College's financial position or results of operations (revenue, expenses, and other changes in net position).

The financial report is designed to provide the College's Board, State Officials, Legislature, patrons, and other interested parties with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Bruce Budde, Executive Vice President, Administration and Finance. College budgets and audited financial reports are also available on the College website at www.icc.edu.

BASIC FINANCIAL STATEMENTS

ILLINOIS CENTRAL COLLEGE DISTRICT 514
STATEMENTS OF NET POSITION
JUNE 30, 2016 AND 2015

	2016			2015		
	Primary Government	Component Unit	Total Reporting Entity	Primary Government	Component Unit	Total Reporting Entity
	Business-type Activities	Educational Foundation		Business-type Activities	Educational Foundation	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 20,868,810	\$ 353,716	\$ 21,222,526	\$ 9,435,338	\$ 225,349	\$ 9,660,687
Restricted Cash	8,601,630	2,640,096	11,241,726	20,316,344	3,067,387	23,383,731
Investments	29,949,115	19,546,231	49,495,346	36,155,478	19,678,465	55,833,943
Taxes Receivable	26,952,441	-	26,952,441	24,921,582	-	24,921,582
Student Accounts Receivable, Less Allowance for Doubtful Accounts of \$600,000 for 2016 and 2015	1,036,200	-	1,036,200	800,444	-	800,444
Accrued Interest Receivable	71,656	-	71,656	69,899	-	69,899
Contributions Receivable	-	128,067	128,067	-	93,117	93,117
Other Receivables	1,653,838	63,112	1,716,950	3,002,569	51,661	3,054,230
Due from Component Unit	784	-	784	21,588	-	21,588
Inventories	699,572	-	699,572	583,174	-	583,174
Other Assets	60,155	155,535	215,690	237,653	155,998	393,651
Total Current Assets	89,894,201	22,886,757	112,780,958	95,544,069	23,271,977	118,816,046
NONCURRENT ASSETS						
Investments	5,811,262	-	5,811,262	5,754,463	-	5,754,463
Other Receivables	-	164,743	164,743	-	300,817	300,817
Capital Assets Not Being Depreciated	17,024,237	-	17,024,237	6,651,974	-	6,651,974
Capital Assets, Net of Accumulated Depreciation	136,190,862	7,734,667	143,925,529	136,698,390	7,902,778	144,601,168
Total Noncurrent Assets	159,026,361	7,899,410	166,925,771	149,104,827	8,203,595	157,308,422
DEFERRED OUTFLOWS OF RESOURCES						
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	88,314	-	88,314	102,440	-	102,440
Deferred Loss on Refunding	200,472	-	200,472	309,822	-	309,822
Total Deferred Outflows of Resources	288,786	-	288,786	412,262	-	412,262
Total Assets and Deferred Outflows of Resources	\$ 249,209,348	\$ 30,786,167	\$ 279,995,515	\$ 245,061,158	\$ 31,475,572	\$ 276,536,730

See accompanying Notes to Basic Financial Statements.

	2016			2015		
	Primary	Component	Total	Primary	Component	Total
	Government	Unit		Government	Unit	
Business-type	Educational	Reporting	Business-type	Educational	Reporting	
	Activities	Foundation	Entity	Activities	Foundation	Entity
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Retainage Payable	\$ 4,249,446	\$ 120,594	\$ 4,370,040	\$ 2,264,595	\$ 146,019	\$ 2,410,614
Accrued Liabilities	1,908,166	143,347	2,051,513	1,684,978	141,739	1,826,717
Accrued Interest Payable	318,988	66,612	385,600	337,171	67,379	404,550
Unearned Revenue:						
Tuition and Fees	1,828,799	-	1,828,799	1,710,973	-	1,710,973
Other	244,294	54,085	298,379	144,402	20,559	164,961
Due to Primary Government	-	782	782	-	21,588	21,588
Compensated Absences	991,281	-	991,281	979,761	-	979,761
Unexpended Scholarship, Loan and Student Activity Funds	1,064,330	-	1,064,330	1,069,068	-	1,069,068
Bonds Payable - Current Portion	3,965,000	265,000	4,230,000	4,530,000	230,000	4,760,000
Total Current Liabilities	14,570,304	650,420	15,220,724	12,720,948	627,284	13,348,232
NONCURRENT LIABILITIES						
Postemployment Benefits	1,766,607	-	1,766,607	1,543,452	-	1,543,452
Bonds Payable, Net	33,970,000	16,896,898	50,866,898	33,440,000	17,171,533	50,611,533
Total Noncurrent Liabilities	35,736,607	16,896,898	52,633,505	34,983,452	17,171,533	52,154,985
Total Liabilities	50,306,911	17,547,318	67,854,229	47,704,400	17,798,817	65,503,217
DEFERRED INFLOWS OF RESOURCES						
Deferred Bond Premium	3,792,630	-	3,792,630	3,766,119	-	3,766,119
Subsequent Year's Property Taxes	34,475,601	-	34,475,601	31,638,476	-	31,638,476
Total Deferred Inflows of Resources	38,268,231	-	38,268,231	35,404,595	-	35,404,595
NET POSITION						
Net Investment in Capital Assets	123,881,729	(5,675,106)	118,206,623	125,696,708	(5,188,496)	120,508,212
Restricted for:						
Debt Service	-	-	-	503,171	-	503,171
Capital Projects	10,606,701	-	10,606,701	4,644,234	-	4,644,234
Scholarships	-	19,616,404	19,616,404	-	19,988,288	19,988,288
Unrestricted (Deficiency)	26,145,776	(702,449)	25,443,327	31,108,050	(1,123,037)	29,985,013
Total Net Position	\$ 160,634,206	\$ 13,238,849	\$ 173,873,055	\$ 161,952,163	\$ 13,676,755	\$ 175,628,918

ILLINOIS CENTRAL COLLEGE DISTRICT 514
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2016 AND 2015

	2016			2015		
	Primary Government	Component Unit	Total Reporting Entity	Primary Government	Component Unit	Total Reporting Entity
	Business-type Activities	Educational Foundation		Business-type Activities	Educational Foundation	
OPERATING REVENUE						
Student Tuition and Fees (Net of Scholarship Allowances of \$1,029,564 for 2016, and \$947,096 for 2015)	\$ 23,509,878	\$ -	\$ 23,509,878	\$ 23,195,032	\$ -	\$ 23,195,032
Maintenance Revenue	-	-	-	-	-	-
Auxiliary Enterprises Revenues	6,856,927	-	6,856,927	7,676,812	-	7,676,812
State and Federal Grants and Contracts	16,288,310	-	16,288,310	22,107,586	-	22,107,586
Contributions	-	1,056,969	1,056,969	-	1,384,647	1,384,647
Student Housing Revenues	-	1,267,456	1,267,456	-	1,276,115	1,276,115
Other Operating Revenues	811,485	398,841	1,210,326	884,474	394,632	1,279,106
Total Operating Revenue	47,466,600	2,723,266	50,189,866	53,863,904	3,055,394	56,919,298
OPERATING EXPENSES						
Instruction	27,280,215	-	27,280,215	26,780,038	-	26,780,038
Academic Support	2,806,068	424,427	3,230,495	2,629,741	115,066	2,744,807
Student Services	3,523,502	-	3,523,502	3,591,681	-	3,591,681
Public Services	454,002	-	454,002	1,776,259	-	1,776,259
Operations and Maintenance	8,818,183	-	8,818,183	7,373,611	-	7,373,611
Institutional Support	15,251,824	480,019	15,731,843	17,882,857	571,216	18,454,073
SURS Contribution Paid by State	18,180,580	-	18,180,580	15,036,143	-	15,036,143
Scholarships, Student Grants, and Waivers	14,828,039	598,898	15,426,937	16,029,097	901,330	16,930,427
Auxiliary Enterprises	7,266,672	855,599	8,122,271	8,542,191	744,512	9,286,703
Depreciation	5,434,286	473,173	5,907,459	5,339,661	446,605	5,786,266
Total Operating Expenses	103,843,371	2,832,116	106,675,487	104,981,279	2,778,729	107,760,008
OPERATING INCOME (LOSS)	(56,376,771)	(108,850)	(56,485,621)	(51,117,375)	276,665	(50,840,710)
NONOPERATING REVENUES (EXPENSES)						
State Grants and Contracts	725,240	-	725,240	2,392,061	-	2,392,061
Federal Grants and Contracts	1,374,364	-	1,374,364	2,384,276	-	2,384,276
Local Real Estate Taxes	31,652,089	-	31,652,089	31,541,193	-	31,541,193
Corporate Personal Property Replacement Tax	2,882,016	-	2,882,016	3,148,066	-	3,148,066
Investment Earnings	248,898	459,239	708,137	195,035	606,411	801,446
Interest Expense and Related Fees	(1,544,397)	(788,295)	(2,332,692)	(2,062,583)	(805,848)	(2,868,431)
SURS Contribution Provided by State	18,180,580	-	18,180,580	15,036,143	-	15,036,143
Other Nonoperating Revenue	1,540,024	-	1,540,024	1,176,968	70,472	1,247,440
Total Nonoperating Revenues (Expenses)	55,058,814	(329,056)	54,729,758	53,811,159	(128,965)	53,682,194
INCREASE (DECREASE) IN NET POSITION	(1,317,957)	(437,906)	(1,755,863)	2,693,784	147,700	2,841,484
Net Position - Beginning of Year	161,952,163	13,676,755	175,628,918	159,258,379	13,529,055	172,787,434
NET POSITION - END OF YEAR	\$ 160,634,206	\$ 13,238,849	\$ 173,873,055	\$ 161,952,163	\$ 13,676,755	\$ 175,628,918

See accompanying Notes to Basic Financial Statements.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016			2015		
	Primary	Component	Total	Primary	Component	Total
	Government	Unit		Government	Unit	
Business-type	Educational	Reporting	Business-type	Educational	Reporting	
	Activities	Foundation	Entity	Activities	Foundation	Entity
CASH FLOWS FROM OPERATING ACTIVITIES						
Student Tuition and Fees	\$ 23,391,948	\$ -	\$ 23,391,948	\$ 23,085,003	\$ -	\$ 23,085,003
Maintenance Revenue	-	-	-	-	-	-
Auxiliary Enterprise Charges	6,856,927	-	6,856,927	7,770,987	-	7,770,987
Federal and State Grants and Contracts	16,288,310	-	16,288,310	22,107,586	-	22,107,586
Contributions Received	-	1,158,093	1,158,093	-	1,437,245	1,437,245
Student Housing Rents Received	-	1,257,932	1,257,932	-	1,181,814	1,181,814
Payments to Employees	(21,356,886)	(602,498)	(21,959,384)	(24,990,016)	(492,153)	(25,482,169)
Payments to Suppliers	(41,306,970)	(762,235)	(42,069,205)	(44,341,293)	(1,054,087)	(45,395,380)
Aid and Scholarships	(14,828,039)	(598,898)	(15,426,937)	(16,029,097)	(901,330)	(16,930,427)
Other	811,485	-	811,485	884,474	-	884,474
Net Cash Provided (Used) by Operating Activities	(30,143,225)	452,394	(29,690,831)	(31,512,356)	171,489	(31,340,867)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Property Taxes	32,458,355	-	32,458,355	31,672,063	-	31,672,063
State, Federal, and Local Grants and Contracts	7,908,262	-	7,908,262	10,609,387	-	10,609,387
Payment of Annuity Obligations	-	(20,900)	(20,900)	-	(21,926)	(21,926)
Net Increase (Decrease) in Unexpended Scholarship, Loan, and Student Activity Funds	(4,738)	-	(4,738)	73,740	-	73,740
Direct Lending Receipts	4,900,589	-	4,900,589	4,760,804	-	4,760,804
Direct Lending Payments	(4,900,589)	-	(4,900,589)	(4,760,804)	-	(4,760,804)
Net Cash Provided (Used) by Noncapital Financing Activities	40,361,879	(20,900)	40,340,979	42,355,190	(21,926)	42,333,264
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Acquisition and Construction of Capital Assets	(15,299,021)	(305,062)	(15,604,083)	(13,723,246)	(13,436)	(13,736,682)
Proceeds from Issuance of Debt	4,495,000	-	4,495,000	-	-	-
Principal Payments on Bonds	(4,530,000)	(230,000)	(4,760,000)	(3,970,000)	(195,000)	(4,165,000)
Interest and Fees Paid on Bonds	(1,562,580)	(789,062)	(2,351,642)	(2,075,816)	(806,498)	(2,882,314)
Net Cash Used by Capital and Related Financing Activities	(16,896,601)	(1,324,124)	(18,220,725)	(19,769,062)	(1,014,934)	(20,783,996)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received	247,141	569,251	816,392	189,822	866,075	1,055,897
Purchase of Investments	(19,540,909)	(5,251,652)	(24,792,561)	(12,965,863)	(6,376,419)	(19,342,282)
Proceeds from Sale of Annuity Investments	-	20,900	20,900	-	21,926	21,926
Proceeds from Sale and Maturities of Investment	25,690,473	5,255,207	30,945,680	16,518,025	5,903,711	22,421,736
Net Cash Provided By Investing Activities	6,396,705	593,706	6,990,411	3,741,984	415,293	4,157,277

See accompanying Notes to Basic Financial Statements.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED 2016 AND 2015**

	2016			2015		
	Primary Government	Component Unit	Total	Primary Government	Component Unit	Total
	Business-type Activities	Educational Foundation	Reporting Entity	Business-type Activities	Educational Foundation	Reporting Entity
NET DECREASE IN CASH AND CASH EQUIVALENTS	\$ (281,242)	\$ (298,924)	\$ (580,166)	\$ (5,184,244)	\$ (450,078)	\$ (5,634,322)
Cash and Cash Equivalents - Beginning of Year	29,751,682	3,292,736	33,044,418	34,935,926	3,742,814	38,678,740
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 29,470,440</u>	<u>\$ 2,993,812</u>	<u>\$ 32,464,252</u>	<u>\$ 29,751,682</u>	<u>\$ 3,292,736</u>	<u>\$ 33,044,418</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (56,376,771)	\$ (108,850)	\$ (56,485,621)	\$ (51,117,375)	\$ 276,665	\$ (50,840,710)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Depreciation	5,434,286	473,173	5,907,459	5,339,661	446,605	5,786,266
SURS Contribution Paid by State	18,180,580	-	18,180,580	15,036,143	-	15,036,143
Amortization	643,058	(9,635)	633,423	(377,828)	(9,855)	(387,683)
Provision for Doubtful Accounts Receivable	-	141,448	141,448	-	99,368	99,368
Changes in Deferred Outflows of Resources	(186,346)	-	(186,346)	(102,440)	-	(102,440)
Effects of Changes in Assets and Liabilities:						
Accounts Receivable	(257,321)	(112,575)	(369,896)	192,873	(403,283)	(210,410)
Due from Component Unit	20,804	-	20,804	97,521	-	97,521
Inventories	(116,398)	-	(116,398)	203,915	-	203,915
Prepaid Items and Other Assets	177,498	60,672	238,170	(57,767)	3,775	(53,992)
Accounts Payable	1,984,851	(25,367)	1,959,484	(708,305)	(204,959)	(913,264)
Accrued Liabilities	223,188	-	223,188	163,486	-	163,486
Deferred Revenue - Tuition, Fees, and Other	117,826	33,528	151,354	(208,726)	(36,827)	(245,553)
Accrued Vacation Benefits	11,520	-	11,520	26,486	-	26,486
Net Cash Provided (Used) by Operating Activities	<u>\$ (30,143,225)</u>	<u>\$ 452,394</u>	<u>\$ (29,690,831)</u>	<u>\$ (31,512,356)</u>	<u>\$ 171,489</u>	<u>\$ (31,340,867)</u>

See accompanying Notes to Basic Financial Statements.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Illinois Central College District 514 (District) is a public community college serving Peoria and Woodford Counties and parts of Tazewell, Marshall, McLean, Bureau, Mason, Livingston, Stark, and Logan Counties. Revenues are substantially generated as a result of taxes assessed and allocated to the District and grants received from other state and federal governmental agencies. The District's revenues are, therefore, primarily dependent upon the availability of funds at the state and federal level and the economy within its territorial boundaries. Industry within the territorial area is primarily manufacturing, retail, and agricultural.

The accounting policies of the District conform to accounting principles generally accepted in the United States of America as applicable to districts and universities, as well as those prescribed by the Illinois Community College Board (ICCB). The District reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements. The following is a summary of the more significant policies.

Financial Reporting Entity

For financial reporting purposes, in accordance with GASB Statement 61, *The Financial Reporting Entity: Omnibus – and amendment of GASB Statements No. 14 and No. 34*, Illinois Central College District 514 is a primary government in that it is a community college with a separately elected governing body - one that is elected by the citizens in a general, popular election and is fiscally independent of other units of government.

The District has developed criteria to determine whether other entities are component units of the District. Component units are legally separate organizations for which the elected officials of the District are financially accountable. Illinois Central College would be considered financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will (significantly influence the programs, projects, activities, or level of services performed or provided by the organization) on the organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the District (i.e., entitled to or can access the organization's resources, is legally obligated or has otherwise assumed the obligation to finance deficits of, or provide financial support to the organization, or is obligated in some manner for the debt of the organization). If an organization is fiscally dependent on Illinois Central College, the District is considered financially accountable regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Additionally, organizations that raise and hold economic resources for the direct benefit of the District are considered to be component units.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Reporting Entity (Continued)

Based on the foregoing criteria, the following organization is considered to be a component unit and is discretely presented in the basic financial statements:

Illinois Central College Educational Foundation (Foundation)

The Foundation is a legally separate tax-exempt component unit of the District. The Foundation acts primarily as a fundraising organization to support the educational, charitable, and benevolent purposes of the District. Additionally, the Foundation is the sole member of the Educational Foundation Student Residence L.L.C., which was created to finance, construct, and manage a student housing project.

Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds are restricted to the activities of the District by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the District.

Financial statements for the Foundation can be obtained by calling the District at 309-694-5337.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's basic 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, includes 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 use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables - Property Taxes

The District's property taxes are levied each year on all taxable real property located in the District. The levy becomes an enforceable lien against the property as of January 1 of the levy year. Property taxes are recorded on an accrual basis of accounting. The District records the 2015 levy payable in 2016 as property taxes receivable, less any amounts collected prior to June 30, 2016, and a deferred inflow of resources, as this levy is intended to finance the District's 2016-2017 fiscal year.

The personal property replacement tax is recorded on the accrual basis based on amounts held by the state.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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, expenses, gains, losses, and other changes in net position during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered cash equivalents.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets, such as roads and sidewalks. Infrastructure assets are included in land improvements. Capital assets are defined by the District as assets with an initial unit cost of \$5,000 or greater with a 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, with interest accrued during the construction period.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following useful lives:

Land Improvements	20 Years
Buildings and Improvements	50 Years
Equipment	8-16 Years

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value, in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investments Pools*, except money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less, which are reported at amortized cost. Certificates of deposit are stated at cost, which approximates fair value. Fair value for investment securities is based on quoted market prices. Income is recognized on the accrual basis of accounting. The District invests in the Illinois Funds Money Market Fund, Liquid Asset Fund Money Market, Treasury Management Investment Funds, and Government Money Market Fund, which are external investment pools that are not SEC registered. The Illinois Funds Money Market Fund is regulated by the State Treasurer's Office and the Treasury Management Investment Fund, Liquid Asset Fund Money Market, and Government Money Market Fund are managed by financial institutions and, therefore, regulated by the Comptroller of the Currency for Collective Investment Funds. The District also invests in U.S. Government Agencies, municipal bonds, and mutual funds which are managed by financial institutions and, therefore, regulated by the Comptroller of the Currency for Collective Investment Funds. The fair value of the position in the external investment pools is the same as the value of the pool shares.

The District is allowed to invest its funds in accordance with the Illinois Public Community College Act and the Investment of Public Funds Act. The District's policy limits investments to bonds, notes, Treasury bills, and other securities issued and/or guaranteed by the United States Government or its agencies, interest-bearing savings accounts, certificates of deposit or time deposits, or commercial paper of U.S. corporations with assets exceeding \$500 million.

Accounts Receivable

Accounts receivable are uncollateralized student obligations, which generally require payment by the first day of class, and government receivables due from the State of Illinois. Accounts receivable are stated at the invoice amount.

Account balances not paid by semester end are considered delinquent. Payments of accounts receivable are applied to the specific invoices identified on the students' remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectibility of specific student accounts and the aging of the accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are stated at the lower of cost or net realizable value, cost being determined using the retail method for bookstore supplies and the first-in, first-out method for food service, office, educational, maintenance, and custodial supplies. Inventories are accounted for under the consumption method whereby acquisitions are recorded in inventory accounts initially and charged as expenses when used.

Unearned Tuition and Fee Revenue

Tuition collected prior to June 30 for the subsequent fall semester and the portion of tuition collected for the summer session that is not earned as of June 30, is recorded as unearned revenue at June 30 and recognized as revenue in the following year.

Deferred Outflows of Resources

The District reports decreases in net position that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The District has two types of deferred outflows of resources for the deferred loss on refunding of debt and pension expense for employer paid federal, trust or grant contributions were made subsequent to the pension liability measurement date.

Deferred Inflows of Resources

The District's statements of net position report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position that applies to a future period. The District will not recognize the related revenue until a future event occurs. The District has two types of deferred inflows of resources relating to revenue recognition. Tax receivables are recorded in the current year, but the revenue will be recorded in the subsequent year. Deferred bond premiums are recorded in the current year, but the revenue will be recorded as they are amortized.

Accrued Vacation Benefits

Employees earn vacation and sick leave benefits based on years of service with the institution. The District records a liability for unused vacation based on hours available at salary rates in effect at the end of the year. Sick leave benefits do not vest and are not paid upon termination. Therefore, no liability is recorded.

Pensions

Financial reporting information pertaining to the District's participation in the State Universities Retirement System of Illinois (SURS) is prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions (Continued)

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) 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 contributing entities.

Net Position

The District's net positions are classified as follows:

Net Investment in Capital Assets

This represents the District's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted

This includes resources that the District is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Unrestricted

This includes 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 District and may be used at the discretion of the governing board to meet current expenses for any purpose.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 1 DESCRIPTION OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of Revenues and Expenses

Operating revenue includes federal student financial aid and activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, and (3) most federal, state, and local grants and contracts and federal appropriations. Operating expenses include the costs related to operating the District and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 2 CASH AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy requires deposits in excess of the federally insured amount to be collateralized to the extent of 110%.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rate volatility, the District's investment policy limits the average maturity of the investment portfolio not to exceed two years. The maximum dollar amount of investments that exceeds two years is limited to 25% of the total portfolio.

Investments in certificates of deposit are included in deposits discussed above. The maturities of certificates of deposit held at June 30, 2016 and 2015 were all one year or less, with the exception of \$-0- and \$1,494,600 at June 30, 2016 and 2015, respectively.

The money market funds as of June 30, 2016 and 2015 (Illinois School District Liquid Asset Fund of \$10,012,406 and \$2,884,291, respectively; Illinois Funds of \$1,942,018 and \$3,771,797, respectively) are considered to be cash equivalents in the financial statements. The District also had money market funds of \$2,009,915 and \$1,262,204 as of June 30, 2016 and 2015, respectively, that were considered to be cash equivalents in the financial statements.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

At June 30, 2016 and 2015, the carrying amount of the District's deposits, which includes demand deposits and certificates of deposit, was \$42,658,467 and \$54,495,021, respectively, (excludes \$48,295 and \$74,478 in cash on hand and undeposited receipts, respectively) and the bank balance was \$45,206,262 and \$56,013,287, respectively. Of the bank balance, \$27,436,196 and \$32,972,516, respectively, was covered by federal or private depository insurance. An additional amount of \$17,770,066 and \$22,777,178, respectively, was covered by collateral held by the pledging financial institution's trust department or agent in the District's name. At June 30, 2016 and 2015, the remaining uncollateralized amount exposed to credit risk totaled \$-0- and \$263,593, respectively.

Investments - 2016

As of June 30, 2016, the District had the following investments and maturities.

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
U.S. Government Agencies	\$ 6,061,342	\$ 250,080	\$ 4,811,457	\$ 999,805	\$ -

The State Treasurer maintains the Illinois Funds at cost (2A7 like pool) through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the District's investment in the funds is the net asset value (NAV). The pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235. The Illinois Funds is rated AAAM by *Standard & Poor's*.

The Illinois School District Liquid Asset Fund (ISDLAF) is an investment trust formed pursuant to the Illinois Municipal Code and managed by a Board of Trustees elected from the participating members. The ISDLAF is not registered with the SEC as an investment company. Investments in the ISDLAF are valued at share price, which is the price the investment could be sold for.

Custodial Credit Risk. The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The District requires all deposits in excess of federally insured limits to be collateralized 110%.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments - 2016 (Continued)

Credit Risk. Currently, the District has no policy in place surrounding the limitations of credit risk for investments. The applicable rating for the District's investments, according to *Standard & Poor's*, is as follows:

	<u>Fair Value</u>	<u>Rating</u>
ISDLAF - Money Market Fund	\$ 10,012,406	AAAm
Illinois Funds - Money Market Funds	1,942,018	AAAm
Other Money Market Fund	2,009,915	Not Rated
U.S. Government Agencies	6,061,342	AAA
Municipal Bonds	-	AA/A
Mutual Funds - Fixed Income:		
Commerce Bond Fund	1,547,742	Not Rated
Fidelity Floating Rate High Income	478,486	Not Rated
Hartford Floating Rate Fund	472,146	Not Rated

Below is a reconciliation of the District's deposits and investments as reported in the June 30, 2016 financial statements.

	<u>Statement of Net Position</u>
Cash and Cash Equivalents	\$ 20,868,810
Restricted Cash	8,601,630
Investments - Current	29,949,115
Investments - Noncurrent	5,811,262
Total	<u>\$ 65,230,817</u>
Deposits	\$ 42,658,467
Cash on Hand	48,295
Money Market Funds	13,964,339
U.S. Government Agencies	6,061,342
Mutual Funds - Fixed Income	2,498,374
Total	<u>\$ 65,230,817</u>

Investments - 2015

As of June 30, 2015, the District had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>			
		<u>Less than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More than 10</u>
U.S. Government					
Agencies	\$ 6,255,096	\$ 500,633	\$ 4,745,959	\$ 1,008,504	\$ -
Municipal Bonds	381,608	381,608	-	-	-
Total	<u>\$ 6,636,704</u>	<u>\$ 882,241</u>	<u>\$ 4,745,959</u>	<u>\$ 1,008,504</u>	<u>\$ -</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments - 2015 (Continued)

The applicable rating for the District's investments, according to *Standard & Poor's*, is as follows:

	<u>Fair Value</u>	<u>Rating</u>
ISDLAF - Money Market Fund	\$ 2,884,291	AAAm
Illinois Funds - Money Market Funds	3,771,797	AAAm
Other Money Market Fund	1,262,204	Not Rated
U.S. Government Agencies	6,255,096	AAA
Municipal Bonds	381,608	AA/A
Mutual Funds - Fixed Income:		
Commerce Bond Fund	1,546,855	Not Rated
Fidelity Floating Rate High Income	495,374	Not Rated
Hartford Floating Rate Fund	494,900	Not Rated

Below is a reconciliation of the College's deposits and investments as reported in the June 30, 2015 financial statements.

	<u>Statement of Net Position</u>
Cash and Cash Equivalents	\$ 9,435,338
Restricted Cash	20,316,344
Investments - Current	36,155,478
Investments - Noncurrent	5,754,463
Total	<u>\$ 71,661,623</u>
Deposits	\$ 54,495,020
Cash on Hand	74,478
Money Market Funds	7,918,292
U.S. Government Agencies	6,255,096
Municipal Bonds	381,608
Mutual Funds - Fixed Income	2,537,129
Total	<u>\$ 71,661,623</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments - 2015 (Continued)

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30:

	2016			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 2,498,374	\$ -		\$ 2,498,374
U.S. Government Agency Bonds	-	6,061,342	-	6,061,342
Total	\$ 2,498,374	\$ 6,061,342	\$ -	\$ 8,559,716
	2015			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 2,537,129	\$ -	\$ -	\$ 2,537,129
Municipal Bonds	-	381,608	-	381,608
U.S. Government Agency Bonds	-	6,255,096	-	6,255,096
Total	\$ 2,537,129	\$ 6,636,704	\$ -	\$ 9,173,833

NOTE 3 TAXES RECEIVABLE

An analysis of the 2015 and 2014 tax levy at June 30, which has been reflected as a receivable and deferred inflow of resources, and will be substantially collected during the fiscal years ended June 30, 2016 and 2015, is as follows:

	2016	2015
Tax Levy (Deferred Inflow of Resources)	\$ 34,475,601	\$ 31,638,476
Less Distributions Received by the District Through June 30	7,523,160	6,716,894
Taxes Receivable	\$ 26,952,441	\$ 24,921,582

Property taxes attach as an enforceable lien on property as of January 1. The District's property tax is levied each year at the time the budget for the ensuing year is passed and is extended against the assessed valuation of the District on January 1. Taxes are normally due and payable in two installments in June and September.

Uncollected taxes are sold by the County Collector in order that those taxes can be distributed to respective taxing bodies. Final distribution on the current year levy is made by each County Collector's office at a date after the tax sale, usually no later than sometime during the first quarter of the following year.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 4 CAPITAL ASSETS

A summary of the changes in capital assets for the years ended June 30, 2016 and 2015 is as follows:

Capital Assets - Fiscal Year 2016

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets not Being Depreciated:				
Land	\$ 3,352,154	\$ -	\$ -	\$ 3,352,154
Construction in Progress	3,299,820	13,709,472	(3,337,209)	13,672,083
Total Capital Assets not Being Depreciated	6,651,974	13,709,472	(3,337,209)	17,024,237
Capital Assets Being Depreciated:				
Land Improvements	22,270,881	564,125	-	22,835,006
Buildings and Improvements	172,766,466	3,799,266	-	176,565,732
Equipment	52,759,728	563,367	(126,284)	53,196,811
Total Capital Assets Being Depreciated	247,797,075	4,926,758	(126,284)	252,597,549
Less Accumulated Depreciation for:				
Land Improvements	(12,356,973)	(808,952)	-	(13,165,925)
Buildings and Improvements	(50,457,254)	(3,493,931)	-	(53,951,185)
Equipment	(48,284,458)	(1,131,403)	126,284	(49,289,577)
Total Accumulated Depreciation	(111,098,685)	(5,434,286)	126,284	(116,406,687)
Capital Assets Being Depreciated, Net	136,698,390	(507,528)	-	136,190,862
Capital Assets, Net	<u>\$ 143,350,364</u>	<u>\$ 13,201,944</u>	<u>\$ (3,337,209)</u>	<u>\$ 153,215,099</u>

The construction-in-progress pertains to the college developmental plans, which includes north campus expansion and updates. The estimated outstanding commitment to contracts is \$17,420,333. The project is estimated at a total cost of \$31,951,290 and is to have all developmental projects completed by August 2017.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 4 CAPITAL ASSETS (CONTINUED)

Capital Assets - Fiscal Year 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Capital Assets not Being Depreciated:				
Land	\$ 3,352,154	\$ -	\$ -	\$ 3,352,154
Construction in Progress	5,888,616	10,637,461	(13,226,257)	3,299,820
Total Capital Assets not Being Depreciated	9,240,770	10,637,461	(13,226,257)	6,651,974
Capital Assets Being Depreciated:				
Land Improvements	22,040,645	230,236	-	22,270,881
Buildings and Improvements	157,440,593	15,331,962	(6,089)	172,766,466
Equipment	52,040,432	749,844	(30,548)	52,759,728
Total Capital Assets Being Depreciated	231,521,670	16,312,042	(36,637)	247,797,075
Less Accumulated Depreciation for:				
Land Improvements	(11,539,172)	(817,801)	-	(12,356,973)
Buildings and Improvements	(47,152,261)	(3,311,082)	6,089	(50,457,254)
Equipment	(47,104,228)	(1,210,778)	30,548	(48,284,458)
Total Accumulated Depreciation	(105,795,661)	(5,339,661)	36,637	(111,098,685)
Capital Assets Being Depreciated, Net	125,726,009	10,972,381	-	136,698,390
Capital Assets, Net	<u>\$ 134,966,779</u>	<u>\$ 21,609,842</u>	<u>\$ (13,226,257)</u>	<u>\$ 143,350,364</u>

NOTE 5 OTHER RECEIVABLES

Other receivables at June 30, 2016 and 2015 consist of the following:

	2016	2015
Restricted Grant Funds	\$ 779,205	\$ 713,455
Students - Bookstore	233	17,075
Replacement Taxes	518,904	516,772
Government Claims	-	1,098,661
Other - Miscellaneous	303,229	516,491
Auxiliary - Professional Development	52,267	140,115
Total	<u>\$ 1,653,838</u>	<u>\$ 3,002,569</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of the changes in long-term liabilities during the year ended June 30, 2016:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Balance Due Within One Year
General Obligation					
Community College					
Bonds:					
2006 Issue	\$ 1,005,000	\$ -	\$ (1,005,000)	\$ -	\$ -
2009 Issue	13,990,000	-	(3,525,000)	10,465,000	3,965,000
2014A Issue	21,605,000	-	-	21,605,000	-
2014B Issue	1,370,000	-	-	1,370,000	-
2016 Issue	-	4,495,000	-	4,495,000	-
Debt Certificates	-	5,000,000	(5,000,000)	-	-
Compensated					
Absences	979,761	991,281	(979,761)	991,281	991,281
Total	<u>\$ 38,949,761</u>	<u>\$ 10,486,281</u>	<u>\$ (10,509,761)</u>	<u>\$ 38,926,281</u>	<u>\$ 4,956,281</u>

The following is a summary of changes in long-term liabilities during the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Balance Due Within One Year
General Obligation					
Community College					
Bonds:					
2006 Issue	\$ 1,935,000	\$ -	\$ (930,000)	\$ 1,005,000	\$ 1,005,000
2009 Issue	17,030,000	-	(3,040,000)	13,990,000	3,525,000
2014A Issue	21,605,000	-	-	21,605,000	-
2014B Issue	1,370,000	-	-	1,370,000	-
Compensated					
Absences	953,275	979,761	(953,275)	979,761	979,761
Total	<u>\$ 42,893,275</u>	<u>\$ 979,761</u>	<u>\$ (4,923,275)</u>	<u>\$ 38,949,761</u>	<u>\$ 5,509,761</u>

Bonds payable are comprised of the following issues:

\$5,900,000 General Obligation Community College Bonds, Series 2006, dated February 1, 2006, fully registered and without coupons, issued in \$5,000 denominations. Interest is charged at 3.5%, payable each December 1 and June 1, commencing December 1, 2006. Annual principal payments are due commencing on December 1, 2007 and maturing on December 1, 2015. The proceeds of the bonds were used to pay outstanding and unpaid claims against the District.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

\$33,000,000 General Obligation Community College Bonds, Series 2009, dated February 18, 2009, fully registered and without coupons, issued in \$5,000 denominations. Interest at 3.0% payable each June 1 and December 1, commencing December 1, 2009 and maturing on December 1, 2018. The proceeds of the bonds were used to pay for capital acquisition and construction expenses.

\$21,605,000 General Obligation Community College Bonds, Series 2014A, dated March 13, 2014, fully registered and without coupons, issued in \$5,000 denominations. Interest at 5.0% payable each June 1 and December 1, commencing December 1, 2014 and maturing on December 1, 2022. The proceeds of the bonds were used to pay for capital acquisition and construction expenses and to advance refund \$6,120,000 of the series 2009 General Obligation Community College Bonds.

\$1,370,000 Taxable General Obligation Community College Bonds, Series 2014B, dated March 13, 2014, fully registered and without coupons, issued in \$5,000 denominations. Interest at 3.6% payable each June 1 and December 1, commencing December 1, 2014 and maturing on December 1, 2022. The proceeds of the bonds were used to pay for capital acquisition and construction expenses.

\$5,000,000 Debt Certificates dated February 25, 2016, maturing on March 1, 2016 were issued to build and equip new buildings, build and equip additions to and alter, renovate and equip the District's existing facilities. They were called on February 25, 2016.

\$4,495,000 General Obligation Community College Bonds, Series 2016, dated February 25, 2016, fully registered and without coupons, issued in \$5,000 denominations. Interest at 4.0% payable each June 1 and December 1, commencing December 1, 2016 and maturing on December 1, 2023. The proceeds of the bonds were used to defease the Debt Certificates.

Annual debt service requirements to maturity for bonds payable at June 30, 2016 are as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 3,965,000	\$ 1,669,820	\$ 5,634,820
2018	4,200,000	1,585,070	5,785,070
2019	4,465,000	1,277,195	5,742,195
2020	4,740,000	1,052,820	5,792,820
2021	9,540,000	658,195	10,198,195
2022-2024	11,025,000	579,425	11,604,425
Total	<u>\$ 37,935,000</u>	<u>\$ 6,822,525</u>	<u>\$ 44,757,525</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

Legal Debt Margin

The legal debt margin of the District at June 30, 2016 and 2015 is as follows:

Assessed Valuation 2016	<u><u>\$ 7,032,879,681</u></u>
Statutory Debt Limit (2.875% of Equalized Assessed Valuation)	\$ 202,195,291
Less Bonded Debt	<u>37,935,000</u>
Legal Debt Margin	<u><u>\$ 164,260,291</u></u>
Assessed Valuation 2015	<u><u>\$ 6,844,886,196</u></u>
Statutory Debt Limit (2.875% of Equalized Assessed Valuation)	\$ 196,790,478
Less Bonded Debt	<u>37,970,000</u>
Legal Debt Margin	<u><u>\$ 158,820,478</u></u>

\$8,601,630 of the Series 2014A and 2014B bond proceeds is unspent as of June 30, 2016. This amount is shown as restricted cash on the statement of net position.

NOTE 7 PENSION PLAN

General Information about the Pension Plan

Plan Description. The District contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal years 2015 and 2016, respectively, was 11.71% and 12.69% 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 8.00% 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

SURS reported a net pension liability (NPL) of \$23,756,361,086 at June 30, 2015 and \$21,790,983,139 at June 30, 2014. The net pension liability was measured as of June 30, 2014.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the District in fiscal year 2015 is \$-0- and for fiscal year 2014 it was \$-0-. The proportionate share of the State’s net pension liability associated with the District at June 30, 2015 and June 30, 2014 was \$216,538,254 or 0.9115% and \$198,536,474 or 0.9111%, respectively. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2015 and June 30, 2014, respectively, and the total pension used to calculate the net pension liability was determined based on the June 30, 2015 and June 30, 2014 actuarial valuation rolled forward, respectively. The basis of allocation used in the proportionate share of net pension liability for each year is the actual reported pensionable earnings made to SURS during fiscal year 2015 and 2014, respectively.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

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

Pension Expense

At June 30, 2015 and June 30, 2014, SURS reported a collective net pension expense of \$1,994,587,170 and \$1,650,338,263, respectively.

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 earnings made to SURS during fiscal year 2015 and 2014, respectively. As a result, the District recognized on-behalf revenue and pension expense of \$18,180,580 and \$15,036,143 for the fiscal years ended June 30, 2016 and June 30, 2015, respectively.

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:

Fiscal Year Ended June 30, 2015	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between Expected and Actual Experience	\$ 27,312,043	\$ -
Changes in Assumption	609,393,909	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>593,840,642</u>	<u>953,329,464</u>
Total	<u>\$ 1,230,546,594</u>	<u>\$ 953,329,464</u>
Fiscal Year Ended June 30, 2014	<u>Deferred Outflows of Resources</u>	<u>Deferred Outflows of Resources</u>
Difference between Expected and Actual Experience	\$ -	\$ -
Changes in Assumption	88,940,815	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	<u>-</u>	<u>1,271,105,952</u>
Total	<u>\$ 88,940,815</u>	<u>\$ 1,271,105,952</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

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

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

<u>Year Ending June 30,</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$ 154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
2020	-
Thereafter	-
Total	<u>\$ 277,217,130</u>

Employer Deferral of Pension Expense

The employer paid \$88,314 and \$102,440 in federal, trust or grant contributions for the fiscal years ended June 30, 2016 and June 30, 2015, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2015 and June 30, 2014, and are recognized as Deferred Outflows of Resources as of June 30, 2016 and June 30, 2015.

Assumptions and Other Inputs

Actuarial Assumptions. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 - 2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary Increases	3.75 to 12.00%, including inflation
Investment Rate of Return	7.25% beginning with actuarial valuation as of June 30, 2014

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

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the Plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Arithmetic Return		8.02%

Discount Rate. A single discount rate of 7.120% and 7.090% at June 30, 2015 and June 30, 2014, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and 7.250% at June 30, 2015 and June 30, 2014, respectively, and a municipal bond rate of 3.80% and 4.290% at June 30, 2015 and June 30, 2014 (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

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 7.12% and 7.09% at June 30, 2015 and June 30, 2014, respectively, 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:

June 30, 2015		
1% Decrease 6.12%	Current Single Discount Rate Rate Assumption 7.12%	1% Increase 8.12%
<u>\$ 28,929,333,917</u>	<u>\$ 23,756,361,086</u>	<u>\$ 19,470,982,362</u>
June 30, 2014		
1% Decrease 6.09%	Current Single Discount Rate Rate Assumption 7.09%	1% Increase 8.09%
<u>\$ 26,583,701,134</u>	<u>\$ 21,790,983,139</u>	<u>\$ 17,796,570,836</u>

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.

Changes of Benefit Terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

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

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75% to 15.00% based on years of service, with underlying wage inflation of 3.75%.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 7 PENSION PLAN (CONTINUED)

Assumptions and Other Inputs (Continued)

- 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 currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Plan Description

Illinois Central College District 514 administers a single-employer defined benefit healthcare plan. The Illinois Central College Retiree Medical and Life Program provides medical, prescription drug, dental, vision, and life insurance benefits to eligible retirees and their spouses. The program is only provided to a group of grandfathered retirees, their dependents, and surviving spouses. Active employees and other retirees may participate in a program offered by the State of Illinois for Community College employees.

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits.

For fiscal years 2016 and 2015, the District contributed \$599,188 and \$597,290 respectively. Retiree and active members receiving benefits have required contributions of \$350-\$694/month to age 65 and \$350-\$694/month after age 65 for health insurance coverage.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed, and changes in the District's net OPEB obligation to the plan.

	2016	2015
Annual Required Contribution (ARC)	\$ 908,696	\$ 908,696
Interest on Net OPEB Obligation	46,303	39,152
Adjustment to Annual Required Contribution	(132,656)	(112,168)
Annual OPEB Cost	822,343	835,680
Contributions Made	(599,188)	(597,290)
Increase in Net OPEB Obligation	223,155	238,390
Net OPEB Obligation - Beginning of Year	1,543,452	1,305,062
Net OPEB Obligation - End of Year	\$ 1,766,607	\$ 1,543,452

The net OPEB obligation is recorded in the statement of net assets as a noncurrent liability.

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/16	\$ 822,343	72.86%	\$ 1,766,607
6/30/15	835,680	71.47	1,543,452
6/30/14	1,093,766	67.33	1,305,062

Funded Status and Funding Progress

As of June 30, 2016 and 2015, the actuarial accrued liability for benefits was \$9,657,209 and \$9,966,393, respectively, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$-0- and \$-0-, respectively, as the plan is not available to active employees and the ratio of the UAAL to the covered payroll was 0.00 and 0.00%, respectively.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 8 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about the future employment, mortality, and the health care cost trend. Amounts determined regarding the funded status of the plan and annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents three year trend information.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Based on the historical and expected returns of the District's short-term investment portfolio, a discount rate of 3.00% was used and a healthcare inflation rate of 6.00% and 6.40% at June 30, 2016 and 2015, respectively, with an ultimate inflation rate of 4.50% at June 30, 2016 and 2015. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2016 was 14 years.

NOTE 9 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; natural disasters, and medical claims of its employees and their dependents. Claims expenses and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported based upon actuarial estimates and prior experience. The District sponsors a self-insured program for health benefits provided to eligible employees and retirees. At June 30, 2016 and 2015, the estimate of health claims payable and health claims incurred but not reported, based on estimates provided by the claims administrator, amounted to approximately \$734,000 and \$675,000, respectively, which is included in accrued liabilities in the statements of net position. The District has stop-loss insurance coverage when annual claims for an individual exceed \$190,000. Individual participants have an unlimited lifetime coverage.

The District purchases commercial insurance for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 9 RISK MANAGEMENT (CONTINUED)

Changes in the claims liability for health benefits in fiscal years 2015 – 2016 were:

Balance - June 30, 2014	\$ 618,394
Current Year Claims and Changes in Estimates	8,136,892
Claims Paid	(8,079,939)
Balance - June 30, 2015	675,347
Current Year Claims and Changes in Estimates	6,448,853
Claims Paid	(6,390,452)
Balance - June 30, 2016	\$ 733,748

NOTE 10 COMPONENT UNIT - EDUCATIONAL FOUNDATION

Following is condensed financial information of the Illinois Central College Educational Foundation, a discretely presented component unit of the District.

The Foundation is a private not-for-profit organization that reports its financial results under applicable Governmental Accounting Standards Board (GASB) Statements.

The financial statements separately identify the net position of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Net Investment in Capital Assets - Includes capital assets, net of accumulated depreciation.

Restricted Net Position - Includes net position that is restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time.

Unrestricted Net Position - Includes net position that is not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation’s Board to accomplish the purposes for which the Foundation was founded.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Revenue Recognition

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions received with donor-imposed restrictions and related gains and investment income that are met in the same year as received are reported as unrestricted revenues.

Student housing revenue is recognized in the period earned in accordance with the term of the lease.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 10 COMPONENT UNIT - EDUCATIONAL FOUNDATION (CONTINUED)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of net position and unrealized gains and losses are reflected in the statements of revenues, expenses, and changes in net position. The realized gain or loss on the sale of a security is based upon the adjusted cost of the specific security.

Investments as of June 30, 2016 and 2015 are as follows:

	Fair Market Values	
	2016	2015
Funds of Funds:		
Bond Funds	\$2,972,021	\$ 802,206
Equity Funds	4,384,557	1,558,643
Mutual Funds	8,316,473	11,720,465
Common Stocks	3,739,250	5,493,476
Money Market Funds	83,050	80,627
Total Trust Accounts	19,495,351	19,655,417
Limited Partnership	25,783	23,048
Other	50,880	-
Total Investments	<u>\$ 19,572,014</u>	<u>\$ 19,678,465</u>

Capital Assets

A summary of capital assets as of June 30, 2016 and 2015 is as follows:

	2016		
	Cost	Accumulated Depreciation	Cost, Net of Accumulated Depreciation
Buildings	\$ 12,357,705	\$ 5,043,830	\$ 7,313,875
Land Improvements	310,861	141,524	169,337
Equipment	741,207	489,752	251,455
Total	<u>\$ 13,409,773</u>	<u>\$ 5,675,106</u>	<u>\$ 7,734,667</u>
	2015		
	Cost	Accumulated Depreciation	Cost, Net of Accumulated Depreciation
Buildings	\$ 12,314,205	\$ 4,617,827	\$ 7,696,378
Land Improvements	310,861	127,154	183,707
Equipment	479,644	456,951	22,693
Total	<u>\$ 13,104,710</u>	<u>\$ 5,201,932</u>	<u>\$ 7,902,778</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 10 COMPONENT UNIT - EDUCATIONAL FOUNDATION (CONTINUED)

Long-Term Debt

In March of 2007, the City of East Peoria, Illinois (City), issued \$18,000,000 of revenue refunding bonds to provide financial assistance to the Educational Foundation Student Residence LLC (LLC) in order to refund the Illinois Development Finance Authority variable rate demand revenue bonds (described above), fund a debt service reserve fund for the Series 2007 bonds, and to pay the costs of issuing the bonds. The bonds are payable solely from the amounts required to be deposited by the LLC with a trustee under an agreement with the City, and amounts held in certain funds and accounts established under the agreement. The bonds are secured by all LLC revenues, the on-campus housing facility, and a guaranty by the Foundation of up to \$4,000,000. During the year ended June 30, 2016, the Foundation contributed \$501,000 to the LLC under this guaranty. The bond agreement also requires a financial guaranty insurance policy to insure the payment of principal and interest on the bonds.

The bond requires interest payments due each June 1 and December 1. The agreement also provides for varying annual principal payments beginning in June 2010 and ending in June 2036. The bonds were issued with varying interest rates ranging from 3.75 to 5.13%. The loan agreement includes covenants related to reporting, maintenance of a minimum debt service coverage ratio, and other matters. As of June 30, 2016, the LLC was in compliance with the cash reserve requirements. This covenant was remedied during July 2015.

At June 30, 2016 and 2015, long-term debt consisted of the following:

	2016	2015
Bonds Payable, Interest Payments due Semiannually and Annual Principal Payments Beginning in June 2010, Maturing in June 2036	\$ 17,030,000	\$ 17,260,000
Issuance Premium	131,898	141,533
Total Long-Term Debt	\$ 17,161,898	\$ 17,401,533

Future maturities of long-term debt at June 30, 2016 are as follows:

Year Ending June 30,	Amount
2017	\$ 265,000
2018	305,000
2019	345,000
2020	385,000
2021	430,000
Thereafter	15,300,000
Total	\$ 17,030,000

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO BASIC FINANCIAL STATEMENTS
YEARS ENDED 2016 AND 2015**

NOTE 10 COMPONENT UNIT - EDUCATIONAL FOUNDATION (CONTINUED)

Restricted Net Position

Restricted net position at June 30, 2016 and 2015 are available for the following purposes or period:

	2016	2015
Scholarships	\$ 15,694,567	\$ 16,052,552
Student Assistance	46,973	38,434
Equipment	3,303,894	3,367,597
Faculty and Staff Development	128,472	125,546
Miscellaneous	442,598	404,159
Total	<u>\$ 19,616,504</u>	<u>\$ 19,988,288</u>

NOTE 11 CONTINGENCIES

The District is from time to time subject to various claims, legal actions, and inquiries relating to compliance with environmental and other governmental laws and regulations arising in the ordinary course of business. Although it is difficult to quantify the potential impact of these claims, management believes that the ultimate settlement of these matters will not adversely affect the District's future financial condition or results of operations as the District has the ability to levy funds through local real estate taxes specifically for these purposes.

Accordingly, management does not believe that a reserve for the future effect, if any, of these matters on the financial condition or results of operations of the District is necessary at June 30, 2016 and 2015 as it is not possible to determine with any degree of probability the level of future expenditures for these matters.

REQUIRED SUPPLEMENTARY INFORMATION

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 REQUIRED SUPPLEMENTARY INFORMATION
 ILLINOIS CENTRAL COLLEGE – RETIREE MEDICAL AND LIFE PROGRAM
 JUNE 30, 2016 AND 2015**

Schedule of Funding Progress
 (Unaudited)

Actuarial Valuation Date	Actuarial Value of the Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2016	\$ -	\$ 9,657,209	\$ 9,657,209	0%	N/A	N/A
6/30/2015	-	9,966,393	9,966,393	0%	N/A	N/A
6/30/2014	-	13,545,179	13,545,179	0%	N/A	N/A

The information presented in the required supplementary schedules was determined as part of the actuarial valuation date as of July 1, 2014. Additional information follows:

- a. There are no plan assets.
- b. The actuarial assumptions included:
 - 1) 3.00% investment rate of return and
 - 2) healthcare inflation rate of 6.00% for the year ended June 30, 2016, 6.40% for the year ended June 30, 2015, and 6.70% for the year ended June 30, 2014.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
REQUIRED SUPPLEMENTARY INFORMATION
ILLINOIS CENTRAL COLLEGE – SURS COVERED PAYROLL
YEAR ENDED JUNE 30, 2016**

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion Collective Net Pension Liability Associated with Employer	198,536,476	216,538,254
Total (b) + (c)	198,536,476	216,538,254
Employer Covered-Employee Payroll	37,732,406	37,256,155
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered-Employee Payroll	526.17%	581.21%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%
Federal, Trust, Grant, and Other Contribution	102,440	88,314
Contribution in Relation to Required Contribution	102,440	88,314
Contribution Deficiency (Excess)	-	-
Employer Covered-Employee Payroll	37,732,406	37,256,155
Contributions as a Percentage of Covered-Employee Payroll	0.27%	0.24%

ADDITIONAL INFORMATION

	<u>Fiscal Year 2014</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2016</u>
On-Behalf Payments for Community College Health Insurance Program	\$ 154,251	\$ 157,947	\$ 156,180

*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.

SUPPLEMENTARY FINANCIAL INFORMATION

ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING BALANCE SHEET (MODIFIED ACCRUAL) – ALL FUNDS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)

	Operating Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Proprietary Fund	Agency Fund	Memorandum Totals	
							2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES								
ASSETS								
Cash	\$ 2,465,109	\$ 337,190	\$ 348,501	\$ 11,234,153	\$ 57,048	\$ 1,064,098	\$ 15,506,099	\$ 21,833,390
Investments	26,649,412	10,077,573	750,000	12,247,732	-	-	49,724,717	49,828,233
Taxes Receivable	19,733,256	97,532	4,409,422	2,712,231	-	-	26,952,441	24,921,583
Receivable from Other Funds	1,200,000	-	-	-	-	-	1,200,000	1,350,000
Student Accounts Receivable, Less Allowance for Doubtful Accounts	1,036,200	-	-	-	-	-	1,036,200	800,444
Accrued Interest Receivable	48,424	23,232	-	-	-	-	71,656	69,899
Other Receivables	721,187	785,114	-	-	148,089	232	1,654,622	3,024,158
Inventories	-	-	-	-	699,572	-	699,572	583,174
Prepaid Items	1,125,026	1,520	-	-	-	-	1,126,546	1,117,979
Total Assets	52,978,614	11,322,161	5,507,923	26,194,116	904,709	1,064,330	97,971,853	103,528,860
DEFERRED OUTFLOWS OF RESOURCES								
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	-	88,314	-	-	-	-	88,314	102,440
Total Assets and Deferred Outflows of Resources	\$ 52,978,614	\$ 11,410,475	\$ 5,507,923	\$ 26,194,116	\$ 904,709	\$ 1,064,330	\$ 98,060,167	\$ 103,631,300
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts and Retainage Payable	\$ 491,674	\$ 184,959	\$ -	\$ 3,516,516	\$ 61,165	\$ -	\$ 4,254,314	\$ 2,264,928
Accrued Liabilities	3,605,206	6,679	-	-	53,375	-	3,665,260	3,231,663
Payable to Other Funds	-	-	-	-	1,200,000	-	1,200,000	1,350,000
Unexpended Scholarship, Loan, and Student Activity Funds	-	-	-	-	-	1,064,330	1,064,330	1,069,068
Accrued Vacation Benefits	867,546	30,761	-	-	92,974	-	991,281	979,762
Unearned Revenue:								
Tuition and Fees	2,935,942	-	-	-	38,701	-	2,974,643	3,014,833
Other	-	122,437	103,717	-	18,140	-	244,294	390,600
Total Liabilities	7,900,368	344,836	103,717	3,516,516	1,464,355	1,064,330	14,394,122	12,300,854
DEFERRED INFLOWS OF RESOURCES								
Subsequent Year's Property Taxes	25,241,202	124,950	5,640,180	3,469,269	-	-	34,475,601	31,638,476
FUND BALANCE	19,837,044	10,940,689	(235,974)	19,208,331	(559,646)	-	49,190,444	59,691,970
Total Liabilities Deferred Inflows of Resources, and Fund Balance	\$ 52,978,614	\$ 11,410,475	\$ 5,507,923	\$ 26,194,116	\$ 904,709	\$ 1,064,330	\$ 98,060,167	\$ 103,631,300

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
RECONCILIATION OF THE COMBINING BALANCE SHEET (MODIFIED ACCRUAL) – ALL FUNDS
TO THE STATEMENTS OF NET POSITION (FULL ACCRUAL)
JUNE 30, 2016 AND 2015**

	2016	2015
Total Fund Balance - All Funds	\$ 49,190,444	\$ 59,691,970
<p>Amounts reported in the Statements of Net Position is different because:</p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the individual funds. The cost of the assets and related accumulated depreciation is:</p>		
Cost of Capital Assets	269,621,788	254,449,051
Accumulated Depreciation	(116,406,687)	(111,098,685)
<p>Tuition revenue and certain related expenses for the summer session are deferred in the individual funds, but are recognized when earned/incurred in the Statements of Net Position.</p>		
	74,807	210,374
<p>Effect of adjusting fund balance to accrual basis for summer tuition revenue and instructional expenses.</p>		
	-	216,723
<p>Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported as liabilities in the individual funds. Long-term liabilities consist of:</p>		
Bonds Payable	(37,935,000)	(37,970,000)
Deferred Loss on Refunding	200,472	309,822
Bond Premium	(3,792,630)	(3,519,921)
Accrued Interest Payable	(318,988)	(337,171)
Total Net Position	<u>\$ 160,634,206</u>	<u>\$ 161,952,163</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(MODIFIED ACCRUAL) – ALL FUNDS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Operating Funds	Special Revenue Funds	Debt Service Funds	Capital Projects Fund	Proprietary Fund	Memorandum Totals	
						2016	2015
REVENUES							
Local Real Estate Taxes	\$ 22,763,954	\$ 149,494	\$ 5,361,421	\$ 3,377,219	\$ -	\$ 31,652,088	\$ 31,541,193
Corporate Personal Property Replacement Tax	2,882,016	-	-	-	-	2,882,016	3,148,066
ICCB State Grants:							
Credit Hour Grant	1,384,737	-	-	-	-	1,384,737	5,243,865
Equalization Grant	50,000	-	-	-	-	50,000	806,639
Other	16,028	147,480	-	-	-	163,508	951,598
Other State Government Sources	18,180,580	931,884	-	-	-	19,112,464	17,407,512
Federal Government Sources	-	15,857,786	-	-	-	15,857,786	17,503,453
Student Tuition and Fees, Net of Scholarship Allowances of \$1,029,564 and \$947,096, Respectively	23,667,893	-	-	-	-	23,667,893	22,812,546
Maintenance	-	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	6,856,927	6,856,927	7,676,812
Investment Income	125,610	50,617	8,775	63,895	-	248,897	195,035
Other	823,124	431,736	647,482	374,162	-	2,276,504	1,743,095
Total Revenues	69,893,942	17,568,997	6,017,678	3,815,276	6,856,927	104,152,820	109,029,814
EXPENDITURES							
Instruction	25,135,348	1,334,287	-	-	-	26,469,635	26,936,362
Academic Support	2,728,163	77,904	-	-	-	2,806,067	2,629,741
Student Services	2,643,190	880,311	-	-	-	3,523,501	3,591,681
Public Services	358,943	95,059	-	-	-	454,002	1,673,819
Operations and Maintenance	9,299,682	-	-	-	-	9,299,682	11,301,426
Institutional Support	32,423,141	1,009,263	-	-	-	33,432,404	30,579,085
Scholarships, Student Grants, and Waivers	-	14,828,039	-	-	-	14,828,039	16,029,097
Auxiliary Enterprises	-	-	-	-	7,266,670	7,266,670	8,542,193
Capital Outlay	-	-	-	14,817,523	-	14,817,523	12,135,348
Debt Service	-	-	6,756,823	-	-	6,756,823	6,051,115
Total Expenditures	72,588,467	18,224,863	6,756,823	14,817,523	7,266,670	119,654,346	119,469,867
DEFICIENCY OF REVENUES OVER EXPENDITURES	(2,694,525)	(655,866)	(739,145)	(11,002,247)	(409,743)	(15,501,526)	(10,440,053)
OTHER FINANCING SOURCES (USES)							
Proceeds from Issuance of Debt	-	-	9,495,000	-	-	9,495,000	-
Transfers In	50,617	450,000	-	5,250,000	400,000	6,150,617	7,176,208
Transfers Out	(1,100,000)	(50,617)	(5,000,000)	-	-	(6,150,617)	(7,176,208)
Payment to Refunded Bond Escrow Agent	-	-	(5,103,982)	-	-	(5,103,982)	-
Bond Premium Financing	-	-	608,982	-	-	608,982	-
Total Other Financing Sources (Uses)	(1,049,383)	399,383	-	5,250,000	400,000	5,000,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	(3,743,908)	(256,483)	(739,145)	(5,752,247)	(9,743)	(10,501,526)	(10,440,053)
Fund Balance (Deficit) - Beginning of Year	23,580,952	11,197,172	503,171	24,960,578	(549,903)	59,691,970	70,132,023
FUND BALANCE (DEFICIT) - END OF YEAR	\$ 19,837,044	\$ 10,940,689	\$ (235,974)	\$ 19,208,331	\$ (559,646)	\$ 49,190,444	\$ 59,691,970

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
RECONCILIATION OF THE COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE (MODIFIED ACCRUAL) – ALL FUNDS
TO THE STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN
NET POSITION (FULL ACCRUAL)
YEARS ENDED JUNE 30, 2016 AND 2015**

	2016	2015
Total Net Change in Fund Equity - All Funds	\$ (10,501,526)	\$ (10,440,053)
<p>Amounts reported in the Statements of Revenues, Expenses, and Changes in Net Position are different than amounts reported in the individual funds because:</p> <p>Capital outlays are reported in the individual funds as expenditures. However, in the statements of revenues, expenses, and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Below are the depreciation expense and capital outlay for the year:</p>		
Capital Outlay	15,299,021	13,723,248
Depreciation Expense	(5,434,286)	(5,339,661)
<p>Proceeds on the issuance of bond obligations and debt certificates are other financing sources in the individual funds put proceeds increase long-term debt in the Statements of Net Position.</p>		
	(10,103,982)	-
<p>Repayment of principal on bonds, debt certificates and capital lease obligations payable are expenditures in the individual funds but the repayments reduce long-term debt in the Statements of Net Position.</p>		
	9,530,000	3,970,000
<p>Deferred loss on refunding included in payments to escrow agent in the individual funds but included in deferred outflows of resources in the Statements of Net Position.</p>		
	(200,174)	330,647
<p>Interest expense is reported when paid in the individual funds. However, in the Statements of Revenues, Expenses, and Changes in Net Position, interest expense is recognized when incurred.</p>		
	18,183	13,233
<p>Tuition revenue and certain related expenses for the summer session are deferred in the individual funds, but are recognized when earned/incurred in the Statements of Revenues, Expenses, and Changes in Net Position.</p>		
	74,807	436,370
Change in Net Position	\$ (1,317,957)	\$ 2,693,784

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING BALANCE SHEET (MODIFIED ACCRUAL)
GENERAL FUND – OPERATING FUNDS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

ASSETS	Educational	Ancillary	Operations and	Memorandum Totals	
	Fund	Fund	Maintenance	2016	2015
Cash	\$ 1,496,901	\$ 710,875	\$ 257,333	\$ 2,465,109	\$ 1,484,789
Investments	13,757,599	6,350,000	6,541,813	26,649,412	29,373,494
Taxes Receivable	13,348,326	3,672,699	2,712,231	19,733,256	17,923,422
Receivable from Other Funds	1,200,000	-	-	1,200,000	1,350,000
Student Accounts Receivable, Less Allowance for Doubtful Accounts	1,036,200	-	-	1,036,200	800,444
Accrued Interest Receivable	48,424	-	-	48,424	45,092
Other Receivables	611,499	-	109,688	721,187	1,694,087
Prepaid Items	1,123,439	947	640	1,125,026	1,110,242
Total Assets	<u>\$ 32,622,388</u>	<u>\$ 10,734,521</u>	<u>\$ 9,621,705</u>	<u>\$ 52,978,614</u>	<u>\$ 53,781,570</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 326,560	\$ 10,404	\$ 154,710	\$ 491,674	\$ 447,209
Accrued Liabilities	3,441,128	41,733	122,345	3,605,206	3,184,310
Accrued Vacation Benefits	627,751	71,193	168,602	867,546	849,888
Unearned Revenue - Tuition and Fees	2,901,895	-	34,047	2,935,942	2,965,048
Total Liabilities	<u>7,297,334</u>	<u>123,330</u>	<u>479,704</u>	<u>7,900,368</u>	<u>7,446,455</u>
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year's Property Taxes	17,074,110	4,697,823	3,469,269	25,241,202	22,754,163
FUND BALANCE	<u>8,250,944</u>	<u>5,913,368</u>	<u>5,672,732</u>	<u>19,837,044</u>	<u>23,580,952</u>
Total Liabilities Deferred Inflows of Resources, and Fund Balance	<u>\$ 32,622,388</u>	<u>\$ 10,734,521</u>	<u>\$ 9,621,705</u>	<u>\$ 52,978,614</u>	<u>\$ 53,781,570</u>

ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (MODIFIED ACCRUAL)
GENERAL FUND – OPERATING FUNDS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	Educational Fund	Ancillary Fund	Operations and Maintenance Fund	Memorandum Totals	
				2016	2015
REVENUES					
Local Real Estate Taxes	\$ 14,719,027	\$ 4,668,309	\$ 3,376,618	\$ 22,763,954	\$ 22,721,143
Corporate Personal Property Replacement Tax	415,000	-	2,467,016	2,882,016	3,148,066
ICCB State Grants:					
Credit Hour Grant	1,038,553	-	346,184	1,384,737	5,243,865
Equalization Grant	37,500	-	12,500	50,000	806,639
Other	16,028	-	-	16,028	418,530
Other State Government Sources	18,180,580	-	-	18,180,580	15,036,143
Student Tuition and Fees, Net of Scholarship Allowances of \$1,029,564 and \$947,096, Respectively	23,667,893	-	-	23,667,893	22,812,546
Maintenance	-	-	-	-	-
Investment Income	88,199	-	37,411	125,610	96,698
Other	324,112	6,000	493,012	823,124	888,977
Total Revenues	<u>58,486,892</u>	<u>4,674,309</u>	<u>6,732,741</u>	<u>69,893,942</u>	<u>71,172,607</u>
EXPENDITURES					
Instruction	25,135,348	-	-	25,135,348	25,338,383
Academic Support	2,728,163	-	-	2,728,163	2,500,598
Student Services	2,510,378	132,812	-	2,643,190	2,781,221
Public Services	358,943	-	-	358,943	328,154
Operations and Maintenance	29,831	1,550,496	7,719,355	9,299,682	11,301,426
Institutional Support	30,014,814	2,408,327	-	32,423,141	28,805,971
Total Expenditures	<u>60,777,477</u>	<u>4,091,635</u>	<u>7,719,355</u>	<u>72,588,467</u>	<u>71,055,753</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,290,585)	582,674	(986,614)	(2,694,525)	116,854
OTHER FINANCING SOURCES (USES)					
Transfers In	50,617	-	-	50,617	2,887,851
Transfers Out	(850,000)	-	(250,000)	(1,100,000)	(6,952,426)
Total Other Financing Sources (Uses)	<u>(799,383)</u>	<u>-</u>	<u>(250,000)</u>	<u>(1,049,383)</u>	<u>(4,064,575)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(3,089,968)	582,674	(1,236,614)	(3,743,908)	(3,947,721)
Fund Balance - Beginning of Year	<u>11,340,912</u>	<u>5,330,694</u>	<u>6,909,346</u>	<u>23,580,952</u>	<u>27,528,673</u>
FUND BALANCE - END OF YEAR	<u>\$ 8,250,944</u>	<u>\$ 5,913,368</u>	<u>\$ 5,672,732</u>	<u>\$ 19,837,044</u>	<u>\$ 23,580,952</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING BALANCE SHEET (MODIFIED ACCRUAL)
SPECIAL REVENUE FUNDS
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	Audit Fund	Current Restricted Fund	Working Cash Fund	Memorandum Totals	
				2016	2015
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES					
ASSETS					
Cash	\$ 56,331	\$ 258,731	\$ 22,128	\$ 337,190	\$ 745,599
Investments	215,000	-	9,862,573	10,077,573	10,097,247
Taxes Receivable	97,532	-	-	97,532	117,706
Accrued Interest Receivable	-	-	23,232	23,232	24,807
Other Receivables	-	785,114	-	785,114	749,513
Prepaid Items	-	1,520	-	1,520	7,737
Total Assets	<u>368,863</u>	<u>1,045,365</u>	<u>9,907,933</u>	<u>11,322,161</u>	<u>11,742,609</u>
DEFERRED OUTFLOWS OF RESOURCES					
Subsequent Year's Pension Expense Related to Federal, Trust, or Grant Contributions in the Current Year	-	88,314	-	88,314	102,440
Total Assets and Deferred Outflows of Resources	<u>\$ 368,863</u>	<u>\$ 1,133,679</u>	<u>\$ 9,907,933</u>	<u>\$ 11,410,475</u>	<u>\$ 11,845,049</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ -	\$ 184,959	\$ -	\$ 184,959	\$ 342,294
Accrued Liabilities	-	6,679	-	6,679	2,511
Accrued Vacation Benefits	-	30,761	-	30,761	38,235
Unearned Revenue	-	122,437	-	122,437	115,407
Total Liabilities	-	344,836	-	344,836	498,447
DEFERRED INFLOWS OF RESOURCES					
Subsequent Year's Property Taxes	124,950	-	-	124,950	149,430
FUND BALANCE	<u>243,913</u>	<u>788,843</u>	<u>9,907,933</u>	<u>10,940,689</u>	<u>11,197,172</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 368,863</u>	<u>\$ 1,133,679</u>	<u>\$ 9,907,933</u>	<u>\$ 11,410,475</u>	<u>\$ 11,845,049</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE (MODIFIED ACCRUAL)
SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	Audit Fund	Current Restricted Fund	Working Cash Fund	Memorandum Totals	
				2016	2015
REVENUES					
Local Real Estate Taxes	\$ 149,494	\$ -	\$ -	\$ 149,494	\$ 146,890
ICCB State Grants:					
Other	-	147,480	-	147,480	533,068
Other State Government Sources	-	931,884	-	931,884	2,371,369
Federal Government Sources	-	15,857,786	-	15,857,786	17,503,453
Investment Income	-	-	50,617	50,617	35,425
Other	-	431,736	-	431,736	563,049
Total Revenues	<u>149,494</u>	<u>17,368,886</u>	<u>50,617</u>	<u>17,568,997</u>	<u>21,153,254</u>
EXPENDITURES					
Instruction	-	1,334,287	-	1,334,287	1,597,979
Academic Support	-	77,904	-	77,904	129,143
Student Services	-	880,311	-	880,311	810,460
Public Services	-	95,059	-	95,059	1,345,665
Auxiliary Services	-	-	-	-	-
Institutional Support	123,282	885,981	-	1,009,263	1,773,114
Scholarships, Student Grants, and Waivers	-	14,828,039	-	14,828,039	16,029,097
Total Expenditures	<u>123,282</u>	<u>18,101,581</u>	<u>-</u>	<u>18,224,863</u>	<u>21,685,458</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	26,212	(732,695)	50,617	(655,866)	(532,204)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	450,000	-	450,000	500,000
Transfers Out	-	-	(50,617)	(50,617)	(35,425)
Total Other Financing Sources (Uses)	<u>-</u>	<u>450,000</u>	<u>(50,617)</u>	<u>399,383</u>	<u>464,575</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES					
	26,212	(282,695)	-	(256,483)	(67,629)
Fund Balance - Beginning of Year	<u>217,701</u>	<u>1,071,538</u>	<u>9,907,933</u>	<u>11,197,172</u>	<u>11,264,801</u>
FUND BALANCE - END OF YEAR	<u>\$ 243,913</u>	<u>\$ 788,843</u>	<u>\$ 9,907,933</u>	<u>\$ 10,940,689</u>	<u>\$ 11,197,172</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 COMBINING BALANCE SHEET (MODIFIED ACCRUAL)
 DEBT SERVICE FUNDS – GENERAL OBLIGATION BOND FUND
 JUNE 30, 2016
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016	2015
ASSETS		
Cash	\$ 348,501	\$ 42,087
Investments	750,000	1,845,030
Taxes Receivable	4,409,422	4,221,368
 Total Assets	 \$ 5,507,923	 \$ 6,108,485
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Unearned Revenue	\$ 103,717	\$ 246,198
DEFERRED INFLOWS OF RESOURCES		
Subsequent Year's Property Taxes	5,640,180	5,359,116
FUND BALANCE	(235,974)	503,171
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 \$ 5,507,923	 \$ 6,108,485

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE (MODIFIED ACCRUAL)
 DEBT SERVICE FUNDS – GENERAL OBLIGATION BOND FUND
 YEAR ENDED JUNE 30, 2016
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	2016	2015
REVENUES		
Local Real Estate Taxes	\$ 5,361,421	\$ 5,334,761
Investment Income	8,775	4,352
Other	647,482	112,775
Total Revenues	6,017,678	5,451,888
EXPENDITURES		
Rental Expense	-	-
Debt Service:		
Principal	4,530,000	3,970,000
Interest Expense	1,703,489	2,075,815
Debt Issuance Costs	501,284	-
Other	22,050	5,300
Total Expenditures	6,756,823	6,051,115
DEFICIENCY OF REVENUES OVER EXPENDITURES	(739,145)	(599,227)
OTHER FINANCING SOURCES (USES)		
Proceeds from Issuance of Debt	9,495,000	-
Transfers In	-	188,357
Transfers Out	(5,000,000)	(188,357)
Payment to Retire Debt Certificates	(5,103,982)	-
Bond Premium Financing	608,982	-
Total Other Financing Sources (Uses)	-	-
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(739,145)	(599,227)
Fund Balance - Beginning of Year	503,171	1,102,398
FUND BALANCE - END OF YEAR	\$ (235,974)	\$ 503,171

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
BALANCE SHEET (MODIFIED ACCRUAL) – CAPITAL PROJECTS FUND
OPERATIONS AND MAINTENANCE FUND – RESTRICTED
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016	2015
ASSETS		
Cash	\$ 11,234,153	\$ 18,460,638
Investments	12,247,732	8,512,462
Taxes Receivable	2,712,231	2,659,087
Total Assets	\$ 26,194,116	\$ 29,632,187
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
LIABILITIES		
Accounts and Retainage Payable	\$ 3,516,516	\$ 1,295,842
DEFERRED INFLOWS OF RESOURCES		
Subsequent Year's Property Taxes	3,469,269	3,375,767
FUND BALANCE	19,208,331	24,960,578
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 26,194,116	\$ 29,632,187

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
(MODIFIED ACCRUAL) – CAPITAL PROJECTS FUND
OPERATIONS AND MAINTENANCE FUND – RESTRICTED
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)**

	<u>2016</u>	<u>2015</u>
REVENUES		
Local Real Estate Taxes	\$ 3,377,219	\$ 3,338,399
Investment Income	63,895	58,560
Other	374,162	178,294
Total Revenues	<u>3,815,276</u>	<u>3,575,253</u>
EXPENDITURES		
Capital Outlay	<u>14,817,523</u>	<u>12,135,348</u>
Total Expenditures	<u>14,817,523</u>	<u>12,135,348</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	(11,002,247)	(8,560,095)
OTHER FINANCING SOURCES		
Transfers In	<u>5,250,000</u>	<u>3,100,000</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(5,752,247)	(5,460,095)
Fund Balance - Beginning of Year	<u>24,960,578</u>	<u>30,420,673</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 19,208,331</u></u>	<u><u>\$ 24,960,578</u></u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
BALANCE SHEET (FULL ACCRUAL)
PROPRIETARY FUND – AUXILIARY
JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016	2015
ASSETS		
Cash	\$ 57,048	\$ 31,225
Other Receivables	148,089	580,542
Inventories	699,572	583,174
Total Assets	\$ 904,709	\$ 1,194,941
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	\$ 61,165	\$ 179,583
Accrued Liabilities	53,375	44,842
Payable to Other Funds	1,200,000	1,350,000
Accrued Vacation Benefits	92,974	91,639
Unearned Revenue:		
Tuition and Fees	38,701	49,785
Other	18,140	28,995
Total Liabilities	1,464,355	1,744,844
NET POSITION	(559,646)	(549,903)
Total Liabilities and Net Position	\$ 904,709	\$ 1,194,941

ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (FULL ACCRUAL)
PROPRIETARY FUND – AUXILIARY
YEAR ENDED JUNE 30, 2016
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2015)

	<u>2016</u>	<u>2015</u>
OPERATING REVENUES		
Bookstore	\$ 4,449,010	\$ 4,806,730
Food Services	1,019,065	1,153,612
Other	<u>1,388,852</u>	<u>1,716,470</u>
Total Operating Revenues	6,856,927	7,676,812
OPERATING EXPENSES		
Salaries	2,251,222	2,510,704
Employee Benefits	368,106	357,199
Contractual Services	331,989	534,632
General Material and Supplies	3,783,843	4,460,573
Fixed Charges	154,636	154,316
Utilities	1,890	2,105
Conferences and Meetings	257,633	360,032
Other	<u>117,351</u>	<u>162,632</u>
Total Operating Expenses	<u>7,266,670</u>	<u>8,542,193</u>
NET LOSS RELATED TO OPERATING ACTIVITIES	(409,743)	(865,381)
TRANSFERS IN	<u>400,000</u>	<u>500,000</u>
CHANGE IN NET POSITION	(9,743)	(365,381)
Net Position - Beginning of Year	<u>(549,903)</u>	<u>(184,522)</u>
NET POSITION - END OF YEAR	<u>\$ (559,646)</u>	<u>\$ (549,903)</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 BALANCE SHEET (MODIFIED ACCRUAL)
 AGENCY FUND
 JUNE 30, 2016
 (WITH COMPARATIVE TOTALS FOR JUNE 30, 2015)**

	2016	2015
ASSETS		
Cash	\$ 1,064,098	\$ 1,069,052
Other Receivables	232	16
	\$ 1,064,330	\$ 1,069,068
Total Assets	\$ 1,064,330	\$ 1,069,068
LIABILITIES		
Unexpended Scholarship, Loan, and Student Activity Funds	\$ 1,064,330	\$ 1,069,068

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
EQUALIZED ASSESSED VALUATIONS AND TAXES EXTENDED
LEVY YEARS 2015 AND 2014**

	<u>2015 Levy</u>	<u>2014 Levy</u>
EQUALIZED ASSESSED VALUATION		
Bureau County	\$ 18,690,828	\$ 18,690,828
Livingston County	41,435,510	40,005,342
Logan County	7,903,220	7,449,941
Marshall County	184,253,750	180,433,248
Mason County	48,867,616	49,718,407
McLean County	8,727,977	8,470,641
Peoria County	3,366,822,841	3,294,215,796
Stark County	28,245,247	27,687,165
Tazewell County	2,467,878,966	2,376,368,889
Woodford County	860,053,726	841,845,939
Total	<u>\$ 7,032,879,681</u>	<u>\$ 6,844,886,196</u>
TAX RATES (PER \$100 OF EQUALIZED ASSESSED VALUATION)		
Educational Fund	0.24280	0.21490
Operations and Maintenance Fund	0.04930	0.04930
General Obligation Bond Fund	0.08020	0.07830
Operations and Maintenance Fund - Restricted	0.04930	0.04930
Audit Fund	0.00180	0.00220
Ancillary (Liability, Protection, and Settlement) Fund	0.06680	0.06820
Total	<u>0.49020</u>	<u>0.46220</u>
TAXES EXTENDED		
Educational Fund	\$ 17,074,110	\$ 14,712,095
Operations and Maintenance Fund	3,469,269	3,375,767
Bond and Interest Fund	5,640,180	5,359,116
Operations and Maintenance Fund - Restricted	3,469,269	3,375,767
Audit Fund	124,950	149,430
Ancillary (Liability, Protection, and Settlement) Fund	4,697,823	4,666,301
Total	<u>\$ 34,475,601</u>	<u>\$ 31,638,476</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY OF TAXES RECEIVABLE AND TAX COLLECTIONS
YEAR ENDED JUNE 30, 2016**

<u>Levy Year</u>	<u>Equalized Assessed Valuation</u>	<u>Combined Rate</u>	<u>Taxes Extended</u>	<u>Total Collected to June 30, 2015</u>	<u>Collected During Year Ended June 30, 2016</u>	<u>Total Collected to June 30, 2016</u>	<u>Percent Collected June 30, 2016</u>
2014	\$ 6,844,886,196	0.46220	\$ 31,638,476	\$ 6,716,894	\$ 24,897,770	\$ 31,614,664	99.92%
2015	7,032,879,681	0.49020	34,475,601	-	7,523,160	7,523,160	21.82%
Total				<u>\$ 6,716,894</u>	<u>\$ 32,420,930</u>	<u>\$ 39,137,824</u>	

UNIFORM FINANCIAL STATEMENTS

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 1
ALL FUNDS SUMMARY
YEAR ENDED JUNE 30, 2016**

	Educational Fund	Operations and Maintenance Fund	Ancillary Fund	Audit Fund	Current Restricted Fund	General Obligation Bond Fund	Operations and Maintenance Fund - Restricted	Auxiliary Fund	Working Cash Fund	Total
FUND BALANCE - JULY 1, 2015	\$ 11,340,912	\$ 6,909,346	\$ 5,330,694	\$ 217,701	\$ 969,098	\$ 503,171	\$ 24,960,578	\$ (549,903)	\$ 9,907,933	\$ 59,589,530
REVENUES										
Local Tax	15,134,027	5,843,634	4,668,309	149,494	-	5,361,421	3,377,219	-	-	34,534,104
ICCB Grants	1,092,081	358,684	-	-	147,480	-	-	-	-	1,598,245
Other State Revenue	18,180,580	-	-	-	931,884	-	-	-	-	19,112,464
Federal	-	-	-	-	15,857,786	-	-	-	-	15,857,786
Student Tuition and Fees	23,667,893	-	-	-	-	-	-	-	-	23,667,893
Other	412,311	530,423	6,000	-	431,736	10,760,239	438,057	6,856,927	50,617	19,486,310
Total Revenues	58,486,892	6,732,741	4,674,309	149,494	17,368,886	16,121,660	3,815,276	6,856,927	50,617	114,256,802
EXPENDITURES										
Instruction	25,135,348	-	-	-	1,231,847	-	-	-	-	26,367,195
Academic Support	2,728,163	-	-	-	77,904	-	-	-	-	2,806,067
Student Services	2,510,378	-	132,812	-	880,311	-	-	-	-	3,523,501
Public Services	358,943	-	-	-	95,059	-	-	-	-	454,002
Auxiliary Services	-	-	-	-	-	-	-	7,266,670	-	7,266,670
Operations and Maintenance	29,831	7,719,355	1,550,496	-	-	-	14,817,523	-	-	24,117,205
Institutional Support	30,014,814	-	2,408,327	123,282	885,981	-	-	-	-	33,432,404
Scholarships, Student Grants, and Waivers	-	-	-	-	14,828,039	-	-	-	-	14,828,039
Debt Service	-	-	-	-	-	11,860,805	-	-	-	11,860,805
Total Expenditures	60,777,477	7,719,355	4,091,635	123,282	17,999,141	11,860,805	14,817,523	7,266,670	-	124,655,888
NET TRANSFERS	(799,383)	(250,000)	-	-	450,000	(5,000,000)	5,250,000	400,000	(50,617)	-
FUND BALANCE - JUNE 30, 2016	<u>\$ 8,250,944</u>	<u>\$ 5,672,732</u>	<u>\$ 5,913,368</u>	<u>\$ 243,913</u>	<u>\$ 788,843</u>	<u>\$ (235,974)</u>	<u>\$ 19,208,331</u>	<u>\$ (559,646)</u>	<u>\$ 9,907,933</u>	<u>\$ 49,190,444</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 2
SUMMARY OF CAPITAL ASSETS AND DEBT
YEAR ENDED JUNE 30, 2016**

	July 1, 2015	Additions	Deletions	Transfers	June 30, 2016
CAPITAL ASSETS					
Land and Improvements	\$ 25,623,035	\$ 564,125	\$ -	\$ -	\$ 26,187,160
Buildings, Additions, and Improvements	172,766,466	3,799,266	-	-	176,565,732
Equipment	52,759,728	563,367	(126,284)	-	53,196,811
Construction in Progress	3,299,820	13,709,472	-	(3,337,209)	13,672,083
Accumulated Depreciation	(111,098,685)	(5,434,286)	126,284	-	(116,406,687)
 Net Capital Assets	 <u>\$ 143,350,364</u>	 <u>\$ 13,201,944</u>	 <u>\$ -</u>	 <u>\$ (3,337,209)</u>	 <u>\$ 153,215,099</u>
FIXED DEBT					
Bonds Payable	\$ 37,970,000	\$ 4,495,000	\$ (4,530,000)	\$ -	\$ 37,935,000
Debt Certificates	-	5,000,000	(5,000,000)	-	-
 Total Fixed Debt	 <u>\$ 37,970,000</u>	 <u>\$ 9,495,000</u>	 <u>\$ (9,530,000)</u>	 <u>\$ -</u>	 <u>\$ 37,935,000</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 3
OPERATING FUNDS REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2016**

	Educational Fund	Ancillary Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE				
Local Government:				
Property Taxes	\$ 14,719,027	\$ 4,668,309	\$ 3,376,618	\$ 22,763,954
Corporate Personal Property Tax	415,000	-	2,467,016	2,882,016
Total Local Government	<u>15,134,027</u>	<u>4,668,309</u>	<u>5,843,634</u>	<u>25,645,970</u>
State Government:				
ICCB Credit Hour Grants	1,038,553	-	346,184	1,384,737
ICCB Equalization Grants	37,500	-	12,500	50,000
ICCB Career and Technical	16,028	-	-	16,028
Other State Sources	<u>18,180,580</u>	<u>-</u>	<u>-</u>	<u>18,180,580</u>
Total State Government	19,272,661	-	358,684	19,631,345
Student Tuition and Fees:				
Tuition	23,353,341	-	-	23,353,341
Fees	<u>314,552</u>	<u>-</u>	<u>-</u>	<u>314,552</u>
Total Tuition and Fees	23,667,893	-	-	23,667,893
Other Sources:				
Sales and Service Fees	214,115	-	-	214,115
Investment Income	88,199	-	37,411	125,610
Other	<u>109,997</u>	<u>6,000</u>	<u>493,012</u>	<u>609,009</u>
Total Other Sources	412,311	6,000	530,423	948,734
Total Revenue	58,486,892	4,674,309	6,732,741	69,893,942
Less Nonoperating Items:*				
Tuition Chargeback Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted Revenue	<u>\$ 58,486,892</u>	<u>\$ 4,674,309</u>	<u>\$ 6,732,741</u>	<u>\$ 69,893,942</u>

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

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 ADDITIONAL INFORMATION
 UNIFORM FINANCIAL STATEMENT NO. 3 (CONTINUED)
 OPERATING FUNDS REVENUES AND EXPENDITURES
 YEAR ENDED JUNE 30, 2016**

	Educational Fund	Ancillary Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES				
By Program:				
Instruction	\$ 25,135,348	\$ -	\$ -	\$ 25,135,348
Academic Support	2,728,163	-	-	2,728,163
Student Services	2,510,378	132,812	-	2,643,190
Public Services	358,943	-	-	358,943
Operations and Maintenance	29,831	1,550,496	7,719,355	9,299,682
Institutional Support	30,014,814	2,408,327	-	32,423,141
Total Expenditures	<u>60,777,477</u>	<u>4,091,635</u>	<u>7,719,355</u>	<u>72,588,467</u>
Less Nonoperating Items:*				
Tuition Chargeback	<u>12,876</u>	<u>-</u>	<u>-</u>	<u>12,876</u>
Adjusted Expenditures	<u>\$ 60,764,601</u>	<u>\$ 4,091,635</u>	<u>\$ 7,719,355</u>	<u>\$ 72,575,591</u>
By Object:				
Salaries	\$ 29,757,867	\$ 1,546,104	\$ 3,737,997	\$ 35,041,968
Employee Benefits	24,579,846	1,011,529	977,018	26,568,393
Contractual Services	1,245,108	230,621	313,070	1,788,799
General Materials and Supplies	1,955,624	127,883	639,673	2,723,180
Conference and Meeting	243,077	14,028	2,754	259,859
Fixed Charges	842,968	1,146,599	331,949	2,321,516
Utilities	25,963	4,169	1,640,957	1,671,089
Capital Outlay	156,793	2,557	69,055	228,405
Other	1,970,231	8,145	6,882	1,985,258
Total Expenditures	<u>60,777,477</u>	<u>4,091,635</u>	<u>7,719,355</u>	<u>72,588,467</u>
Less Nonoperating Items:				
Tuition Chargeback	<u>12,876</u>	<u>-</u>	<u>-</u>	<u>12,876</u>
Adjusted Expenditures	<u>\$ 60,764,601</u>	<u>\$ 4,091,635</u>	<u>\$ 7,719,355</u>	<u>\$ 72,575,591</u>

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

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 4
CURRENT RESTRICTED FUNDS – REVENUES AND EXPENDITURES
YEAR ENDED JUNE 30, 2016**

	<u>Restricted Purposes Fund</u>
REVENUE BY SOURCE	
State Government:	
Illinois Community College Board - Adult Education Restricted Funds Grant	\$ 102,407
Other	976,957
Total State Government	<u>1,079,364</u>
Federal Government:	
Department of Education	10,555,176
Department of Labor	57,441
Other	5,245,169
Total Federal Government	<u>15,857,786</u>
Other Sources	<u>431,736</u>
Total Restricted Purposes Fund Revenue	<u><u>\$ 17,368,886</u></u>
EXPENDITURES BY PROGRAM	
Instruction	\$ 1,231,847
Academic Support	77,904
Scholarships, Student Grants, and Waivers	14,828,039
Student Services	880,311
Public Services	95,059
Institutional Support	885,981
Total Restricted Purposes Fund Expenditures	<u><u>\$ 17,999,141</u></u>
EXPENDITURES BY OBJECT	
Salaries	\$ 1,377,561
Employee Benefits	400,081
Contractual Services	612,264
Financial Aid	14,860,401
General Materials and Supplies	341,552
Conference and Meeting Expenses	133,799
Fixed Charges	29,127
Utilities	7,568
Capital Outlay	133,984
Other	102,804
Total Restricted Purposes Fund Expenditures	<u><u>\$ 17,999,141</u></u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 5
CURRENT FUNDS EXPENDITURES BY ACTIVITY
YEAR ENDED JUNE 30, 2016**

INSTRUCTION

Instructional Programs	\$ 25,695,345
Instructional Support	848,478
Total Instruction	26,543,823

ACADEMIC SUPPORT

Library Center	1,125,952
Instructional Materials Center	80,076
Academic Computing Support	292,392
Academic Administration and Plan	564,411
Other	743,236
Total Academic Support	2,806,067

STUDENT SERVICES SUPPORT

Admissions and Records	1,105,902
Counseling and Career Services	831,640
Financial Aid Administration	544,422
Other Student Services Support	1,041,537
Total Student Services Support	3,523,501

PUBLIC SERVICES

Community Education	358,996
Other	95,006
Total Public Services	454,002

AUXILIARY SERVICES

7,266,670

OPERATIONS AND MAINTENANCE

Maintenance	2,438,035
Custodial Services	2,145,506
Grounds Maintenance	561,428
Campus Security	1,504,358
Transportation	139,392
Administration	2,202,514
Other	308,449
Total Operations and Maintenance	9,299,682

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
UNIFORM FINANCIAL STATEMENT NO. 5 (CONTINUED)
CURRENT FUNDS EXPENDITURES BY ACTIVITY
YEAR ENDED JUNE 30, 2016**

INSTITUTIONAL SUPPORT

Executive Management	\$ 686,128
Fiscal Operations	1,255,613
Community Relations	1,101,294
Administrative Support Services	2,338,466
Board Of Trustees	99,256
General Institutional	22,807,517
Institutional Research	233,777
Administrative Data Processing	4,151,053
Other	<u>759,300</u>
Total Institutional Support	<u>33,432,404</u>

SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS

14,828,039

Total Current Funds Expenditures

\$ 98,154,188

Note: Current funds include the Educational; Operations and Maintenance;
Ancillary; Audit; Current Restricted, and Auxiliary Funds.

**ILLINOIS COMMUNITY COLLEGE BOARD (ICCB)
STATE GRANTS SECTION**

**INDEPENDENT AUDITORS' REPORT ON THE ADULT EDUCATION AND
FAMILY LITERACY GRANTS PROGRAM**

Board of Trustees
Illinois Central College District 514
East Peoria, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants Program of Illinois Central College District 514 (the District) which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenditures and changes in net position for the year then ended, and the related note to the financial statements.

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 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy Grants Program of Illinois Central College District 514 as of June 30, 2016, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

The financial statements of the Adult Education and Family Literacy Grants Program are intended to present the net position and changes in net position of only that portion of the business-type activities of Illinois Central College District 514 that is attributable to the Adult Education and Family Literacy Grants Program, respectively. These financial statements do not purport to, and do not, present fairly the statement of net position of Illinois Central College District 514 as of June 30, 2016, or the revenues, expenses, and changes in net position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adult Education and Family Literacy Grants Program's basic financial statements. The supplementary schedule on page 64 is presented for purposes of additional analysis and is not a required part of the basic financial statements.



CliftonLarsonAllen LLP

Peoria, Illinois
October 17, 2016

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE

Board of Trustees
Illinois Central College District 514
East Peoria, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Adult Education and Family Literacy Grants Program Illinois Central College District 514 (the District), which comprise the statement of net position as of June 30, 2016, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related note to the financial statements, and have issued our report thereon dated October 17, 2016.

In connection with our audit, nothing came to our attention that caused us to believe that Illinois Central College District 514 failed to comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Illinois Central College District 514 and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois

October 17, 2016

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
ILLINOIS COMMUNITY COLLEGE BOARD
ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2016**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
ASSETS			
Accounts Receivable	\$ 102,406	\$ 45,073	\$ 147,479
Cash	4	-	4
Other Receivable	-	-	-
Total Assets	<u>102,410</u>	<u>45,073</u>	<u>147,483</u>
LIABILITIES			
LIABILITIES			
Bank Overdraft	101,453	45,069	146,522
Accounts Payable	-	4	4
Accrued Salaries	957	-	957
Total Liabilities	<u>102,410</u>	<u>45,073</u>	<u>147,483</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
ILLINOIS COMMUNITY COLLEGE BOARD
PROGRAM IMPROVEMENT GRANT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION
YEAR ENDED JUNE 30, 2016**

	State Basic	Performance	Total
REVENUES			
Illinois Community College Board Grant	102,407	\$ 45,073	\$ 147,480
EXPENDITURES BY PROGRAM			
Instructional and Student Services:			
Instruction	59,769	784	60,553
Guidance Services	4,531	40	4,571
Assessment and Testing	6,970	75	7,045
Student Transportation Services	-	750	750
Subtotal Instructional and Student Services	71,270	1,649	72,919
Program Support:			
Improvement of Instructional Services	-	680	680
General Administration	11,082	9,009	20,091
Operations and Maintenance of Plant Services	-	1,332	1,332
Instructional Equipment	-	-	-
Data and Information Services	20,055	32,403	52,458
Subtotal Program Support	31,137	43,424	74,561
Total Expenditures	102,407	45,073	147,480
Net Position - Beginning of Year	-	-	-
NET POSITION - END OF YEAR	\$ -	\$ -	\$ -

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY
JUNE 30, 2016**

ADULT EDUCATION AND FAMILY LITERACY GRANT PROGRAMS

State Basic Grant. 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 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 childcare facilities or provision.

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

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTE TO FINANCIAL STATEMENTS
ILLINOIS COMMUNITY COLLEGE BOARD GRANTS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying statements include only those transactions resulting from the ICCB Adult Education and Family Literacy Grants, and Career and Technical Education – Program Improvement Grants of the District. These transactions have been accounted for in the Restricted Purposes Fund.

Basis of Accounting

The statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 SUPPLEMENTARY SCHEDULE
 ADULT EDUCATION AND FAMILY LITERACY GRANTS PROGRAM
 YEAR ENDED JUNE 30, 2016**

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
STATE BASIC		
Instruction (45% Minimum Required)	\$ 59,769	58.36%
General Administration (15% Maximum Allowed)	\$ 11,082	10.82%

SUPPLEMENTARY ICCB SCHEDULES

**INDEPENDENT ACCOUNTANTS' REPORT ON ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

Board of Trustees
Illinois Central College District 514
East Peoria, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Semester Credit Hours of Illinois Central College District 514 for the year ended June 30, 2016. Management is responsible for the schedules. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and guidelines of the Illinois Community College Board's Fiscal Management Manual and, accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Semester Credit Hours and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the schedules referred to above presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and reconciliation of semester credit hours of Illinois Central College District 514 for the year ended June 30, 2016, in accordance with the provisions of the aforementioned guidelines.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
October 17, 2016

ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED
YEAR ENDED JUNE 30, 2016

CATEGORIES	Total Reimbursable Semester Credit Hours by Term*							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	13,175.0	-	53,856.0	-	50,060.0	-	117,091.0	-
Business Occupational	316.0	-	2,944.0	-	2,577.0	-	5,837.0	-
Technical Occupational	1,395.0	-	6,845.0	-	6,783.0	-	15,023.0	-
Health Occupational	1,616.0	-	6,458.5	-	5,880.5	-	13,955.0	-
Remedial Developmental	803.0	-	5,476.0	-	3,301.0	-	9,580.0	-
Adult Basic Education/Adult Secondary Education	56.0	89.0	273.0	1,073.0	160.0	839.0	489.0	2,001.0
Total Credit Hours Certified	17,361.0	89.0	75,852.5	1,073.0	68,761.5	839.0	161,975.0	2,001.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Reimbursable Semester Credit Hours	<u>146,540.5</u>	<u>400.0</u>	<u>146,940.5</u>
Reimbursable Semester Credit Hours	<u>10,938.0</u>	<u>1,462.0</u>	
District Prior Year Equalized Assessed Valuation			<u>6,844,886.196</u>

Signatures _____
 Chief Executive Officer
 Chief Financial Officer

* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED (CONTINUED)
YEAR ENDED JUNE 30, 2016**

**RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS
FOR THE YEAR ENDED JUNE 30, 2016**

CATEGORIES	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	117,091.0	117,091.0	-	-	-	-
Business Occupational	5,837.0	5,837.0	-	-	-	-
Technical Occupational	15,023.0	15,023.0	-	-	-	-
Health Occupational	13,955.0	13,955.0	-	-	-	-
Remedial Developmental	9,580.0	9,580.0	-	-	-	-
Adult Basic Education/Adult Secondary Education	489.0	489.0	-	2,001.0	2,001.0	-
Total	<u>161,975.0</u>	<u>161,975.0</u>	<u>-</u>	<u>2,001.0</u>	<u>2,001.0</u>	<u>-</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)	Difference
In-District Residents	146,540.5	146,540.5	-
Out-of-District on Chargeback or Contractual Agreement	400.0	400.0	-
Total	<u>146,940.5</u>	<u>146,940.5</u>	<u>-</u>

	Total Reimbursable	Total Reimbursable Certified to the ICCB	Difference
Dual Credit	10,938.0	10,938.0	-
Dual Enrollment	1,462.0	1,462.0	-
Total	<u>12,400.0</u>	<u>12,400.0</u>	<u>-</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
 SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED (CONTINUED)
 YEAR ENDED JUNE 30, 2016**

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

CATEGORIES	Total Correctional Credit Hours	Correctional Credit Hours Certified to The ICCB	Difference
Baccalaureate	3	3	-
Business Occupational	-	-	-
Technical Occupational	76	76	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-
Total	<u>79</u>	<u>79</u>	<u>-</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
DOCUMENTATION OF RESIDENCY VERIFICATION STEPS
JUNE 30, 2016
(UNAUDITED)**

THE DISTRICT'S RESIDENCY REQUIREMENTS AND PROCEDURES

Illinois Community College Board rules specify that each district shall adopt a process for verifying the residency status of its students. Following is a brief outline of Illinois Central College's processes and procedures for verifying residency.

- 1) New enrollments are not allowed until the new student completes the ICC application for enrollment.
 - At this time, the identification of the new student is checked against the information disclosed on the application.
- 2) Residency status is first determined by the high school from which the student graduated as stated on the student application.
 - If stated high school is outside the district and the student would like to appeal for the in-district tuition rate, the student must complete an internal residency questionnaire and submit any of the following documents for evaluation (items in 3 thru 6 below).
 - If the student declares the sole purpose of relocation is to attend ICC, the out-of-district rate will apply and the appeal for the in-district tuition rate will be denied.
- 3) Copy of student's driver's license to prove residency greater than thirty (30) days.
 - Issue date inspected by ICC staff member to determine if license was issued prior to 30 day requirement.
 - If issue date of license is less than 30 days, student must provide a copy of property tax statement, copy of lease, or a letter from employer to prove residency of greater than 30 days.
- 4) Copy of tax returns.
 - For students under age of 24 claiming independence, ICC requires copies of the student's most recent tax return and that of his/her parents.
- 5) Copy of property tax statement.
 - If the student resides within close proximity to ICC and another community college, ICC must determine to which community college the property taxes are paid by requiring a copy of the property tax statement from the student.
- 6) Copy of Social Security card or Permanent Residency card.
 - Applicable for those students that attended high school outside the United States.
- 7) Returned Mail Procedures.
 - If the piece of returned mail includes a forwarding address from the U.S. Postal Service, ICC will forward the piece of mail on to the student.
 - A note will be placed on the student accounts for which mail was returned with no forwarding address.

Illinois Central College District 514

**Certification of Chargeback Reimbursement (Unaudited)
For Use in the Year Ending June 30, 2017**

Noncapital fund expenditures (including mandatory transfers):		
Education Fund	\$ 60,620,838	
Operations and Maintenance Fund	7,650,300	
Public Building Commission Operations and Maintenance Fund	-	
General Obligation Bond Fund	11,860,805	
Public Building Commission Rental Fund	-	
Current Restricted Fund	17,865,756	
Audit Fund	123,282	
Ancillary Fund	4,089,078	
	<hr/>	
Total noncapital expenditures		<u>102,210,060</u>
Add - depreciation allowance:		
Land Improvements (\$12,519,357 @ 5%)	625,968	
Buildings and Building Improvements (\$117,550,285 @ 2%)	2,351,006	
Equipment (\$7,228,148 @ 12.5%)	903,518	3,880,491
	<hr/>	<hr/>
Total costs included		<u>106,090,551</u>
Total certified semester credit hours for FY 2016	163,976	
Per capita cost		646.99
Federal and state operating grants for noncapital expenditures, except ICCB grants	\$ 34,938,080	
FY 2016 federal and state grants per semester credit hour		213.07
District's average ICCB grant rate (excluding equalization grants) for FY 2016		-
District's student tuition and fee rate per semester credit hour for FY 2017		<u>140.00</u>
Chargeback reimbursement per semester credit hour		<u>\$ 293.92</u>

Approved: 

 Chief Fiscal Officer

10/17/2016

 Date



 Chief Executive Officer

10/17/2016

 Date

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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
Illinois Central College District 514
East Peoria, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Illinois Central College District 514 and its discretely presented component unit, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Illinois Central College District 514's basic financial statements, and have issued our report thereon dated October 17, 2016. The financial statements of the District's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Illinois Central College District 514's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Illinois Central College District 514's internal control. Accordingly, we do not express an opinion on the effectiveness of Illinois Central College District 514'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 Illinois Central College District 514'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 result 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.



CliftonLarsonAllen LLP

Peoria, Illinois
October 17, 2016

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

Board of Trustees
Illinois Central College District 514
East Peoria, Illinois

Report on Compliance for Each Major Federal Program

We have audited Illinois Central College District 514's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' 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.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-001, 2016-002, 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

Illinois Central College District 514's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Illinois Central College District 514's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002, that we consider to be significant deficiencies.

Illinois Central College District 514's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Illinois Central College District 514's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Board of Trustees
Illinois Central College District 514

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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Peoria, Illinois
October 17, 2016

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Education</u>			
Direct:			
Student Financial Aid Cluster:			
PELL Grant Program	84.063 *	N/A	9,072,982
Supplemental Educational Opportunity Grant	84.007 *	N/A	291,600
College Work Study	84.033 *	N/A	194,769
Direct Loan Program	84.268 *	N/A	4,900,589
Total Student Financial Aid Cluster			<u>14,459,940</u>
Trio Cluster:			
Student Support Services FY 13 07/01/13 - 08/31/13	84.042A *	P042A100737-13	45,499
Student Support Services FY 14 09/01/13 - 06/30/14	84.042A *	P042A100737-14	261,869
Total TRIO Cluster			<u>307,368</u>
Passed through Illinois Community College Board:			
Adult Education - State Grant Program	84.002	51401	205,794
Vocational Education - Basic Grants to State PERKINS	84.048 *	15CTE514	429,961
Career & Technical Ed Local Programs of Study Implementation	84.048 *	15 POS 514	18,704
American Recovery and Reinvestment Act of 2009 (ARRA) Title XIV:			
Highway Construction Training/IDOT			<u>65,000</u>
Total pass-through programs from Illinois Community College Board			<u>719,459</u>
Passed through Illinois State University:			
Race to the Top - Early Childhood Educator Preparation Program Innovation Grant	84.412A	S413A130011	<u>5,000</u>
Passed through Bradley University			
Race to the top - Early Childhood Educator Preparation Program Innovation Grant			<u>5,000</u>
Total U.S. Department of Education			<u>15,496,767</u>
<u>U.S. Department of Agriculture</u>			
Passed through Illinois State Board of Education:			
Child and Adult Care Food Program	10.558	11-4226-00-53-090-5140-51	<u>13,702</u>
Passed through Illinois Corn Growers Association:			
National Resources Conservation Service	10.902	N/A	<u>12,944</u>
Total U.S. Department of Agriculture			<u>26,646</u>

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures
<u>U.S. Department of Justice</u>			
Passed through Federal Bureau of Prisons:			
Corrections - Technical Assistance Vocational Horticulture (7/1/15 - 1/2/16)	16.603	DJBP041100000046	\$ 11,751
Total U.S. Department of Justice			<u>11,751</u>
<u>U.S. Department of Labor</u>			
Illinois Department of Commerce & Economic Opportunity (Direct)			
Passed through the United Workforce Development Board:			
WIA-Youth Activities	17.259	Y70 2013-2	39,142
Drop-out Recovery	17.259	OOSY Reg 15-2	1,722
			<u>40,864</u>
Accelerated Training for Illinois Manufacturing - Program Year 12	17.283 *	12-113115	<u>90,115</u>
Passed Through MOU College of Lake County:			
Trade Adjustment Assistance Community College and Career Training Grant	17.282	TC-22517-11-60-A-17	<u>16,577</u>
Total U.S. Department of Labor			<u>147,556</u>
<u>U.S. Department of Health and Human Services</u>			
Passed through Illinois Department of Human Services:			
Child Care and Development Block Grant (01001490B)	93.575	Child Care Vouchers	279
Child Care and Development Block Grant (80408490W)	93.575	Child Care Vouchers	2,347
Total U.S. Department of Health and Human Services			<u>2,626</u>
SAL Quality Improvement	93.596	N/A	<u>2,034</u>
SAL NAEYC Report Fee Grant	93.596	N/A	<u>440</u>
INCCRRA Excelerate Illinois Bonus	93.596		<u>2,500</u>
Total Federal Awards			<u>\$ 15,690,320</u>

* Major Program

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2016**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Illinois Central College District 514. Direct federal awards and federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the District's basic financial statements.

Relationship to Basic Financial Statements

The information in this schedule is presented in accordance with the requirements of Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with amounts reported in the related federal financial reports.

Noncash Child Care Certificates

The District participates in the Child Care Subsidy Program as an agent of the Illinois Department of Human Services and is required to determine eligibility and initiate the payment process for this program. The federal portion of the child care certificates initiated by the District is reported in the Schedule of Expenditures of Federal Awards as follows:

Child Care Development Block Grant	93.669	\$ <u>2,626</u>
------------------------------------	--------	-----------------

No federal awards in the form of noncash assistance for insurance in effect during the year, loans, or loan guarantees were received in fiscal year 2016. No amounts were passed on to subrecipients.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ yes	_____ <u>X</u> none reported
Noncompliance material to financial statements noted?	_____ yes	_____ <u>X</u> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ yes	_____ <u>X</u> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	_____ <u>X</u> yes	_____ none reported

Type of auditors' report issued on compliance for major programs?	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with GAS and 2 CFR Part 200 <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> ?	_____ <u>X</u> yes	_____ no

Identification of major programs:

CFDA Number(s)

84.063, 84.007, 84.033, 84.268

Name of Federal Program or Cluster

Student Financial Aid Cluster

Dollar threshold used to distinguish between type A and type B programs:	_____ <u>\$750,000</u> _____	
Auditee qualified as low-risk auditee?	_____ <u>X</u> yes	_____ no

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

Finding 2016-001- Finding Repeated from Prior Year

Department of Education

Supplemental Educational Opportunity Grant – 84.007
College Work Study Program – 84.033
Pell Grant Program – 84.063
Direct Loan Program – 84.268

Condition:

The US Department of Education requires reporting of student data through the National Student Loan Data Systems (NSLDS) and has implemented guidelines for that reporting. We found two issues related to reporting to NSLDS.

When data is submitted to NSLDS it is not unusual for errors to occur. As such, NSLDS made available an error report and requires that errors are corrected within 10 days. The District contracts with the National Student Clearinghouse as an intermediary to transfer student information to the NSLDS. Errors were reported to the District and the District implemented processes during the year to ensure that corrections were reported to the National Student Clearinghouse timely. However, the District was unaware that the intermediary was not correcting the errors with NSLDS within the timeframe required.

Additionally, in our testing of 40 students, we noted two students whose statuses were not correctly reported to NSLDS, and were not corrected.

Criteria:

Federal regulation requires enrollment status for each student be reported accurately to NSLDS. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that don't pass the NSLDS enrollment reporting edits.

Questioned Costs:

This finding does not result in questioned costs.

Effect:

Inaccurate data is reported to NSLDS related to student financial aid activity.

Cause:

Management was not aware that the error corrections were not made timely. The two student errors were not detected through normal college processing.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Section III - Federal Award Findings and Questioned Costs (Continued)

Recommendation:

We recommend that the College put a process in place to ensure enrollment statuses are accurately and timely reported to NSLDS. Reports can be obtained directly from NSLDS with errors, and errors can be corrected directly with NSLDS. The college should ensure internal procedures for detecting errors is reconsidered to determine whether the process is adequate.

Response and Corrective Action Plan:

The Dean of Enrollment Management is working directly with staff in Enrollment Services to ensure error corrections are sent to National Student Clearinghouse immediately after the error list is received. The Dean of Enrollment Management is then submitting the records to NSLDS.

Additionally, a process has been added prior to enrollment reporting submission that identifies all withdrawn students and reports those students as withdrawn rather than as a less than half time student.

Finding 2016-002-Finding Repeated from Prior Year

Department of Education

Supplemental Educational Opportunity Grant – 84.007

College Work Study Program – 84.033

Pell Grant Program – 84.063

Direct Loan Program – 84.268

Condition:

During our testing, we noted that 41 out of 41 students did not have a return of Title IV funds calculation performed correctly. We noted that the semester end dates used in the calculation were incorrect. The College used the last day of class as the semester end date instead of using the last day of semester exams.

During our testing, we noted that for 2 out of 41 students return of Title IV funds was calculated incorrectly. We noted that for students who were classified as unofficial withdraws during the Fall term, the college had not performed a return to Title IV calculation.

Criteria:

Federal regulation requires that when a recipient of Title IV grant funds or loan assistance funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.

Federal regulation requires that when a recipient of Title IV grant funds or loan assistance funds withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student's withdrawal date.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Section III - Federal Award Findings and Questioned Costs (Continued)

Questioned Costs:

For the sample of 41 students we tested, the error related to using the incorrect semester end date resulted in approximately \$2,070 questioned costs. For the additional error on the students for whom a calculation was not performed, questioned costs were approximately \$2,093.

Effect:

The appropriate amount of Title IV funds were not returned.

Cause:

The data input into the return to Title IV calculation was in error. Students who unofficially withdraw were not captured in the query used to calculate return to Title IV.

Recommendation:

We recommend that the college improve review procedures to ensure the inputs to the calculation for return to Title IV be reviewed to ensure guidelines are followed.

Response and Corrective Action Plan:

The Dean of Enrollment Management, the Manager of Financial Aid and the Pell Advisor will review the calendar setup each year to ensure the correct start and end dates are used and that the correct number of break days are used for Return to Title IV purposes.

The query used for identifying unofficial withdrawals has been adjusted to ensure all students are captured for Return to Title IV purposes.

Finding 2016-003

Department of Education

Supplemental Educational Opportunity Grant – 84.007

College Work Study Program – 84.033

Pell Grant Program – 84.063

Direct Loan Program – 84.268

Condition:

Due to a change in the College's billing notification process, notifications of disbursements were not sent to students during the Fall 2016 term. During our testing, we noted that 7 of the 40 students tested were not notified of their financial aid disbursements.

Criteria:

Federal regulation requires that students are notified of their student financial aid disbursements within 14 days of the disbursement date.

Questioned Costs:

This finding did not result in questioned costs.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2016**

Section III - Federal Award Findings and Questioned Costs (Continued)

Effect:

Noncompliance with the federal requirement to notify students of the disbursements within the timeframe.

Cause:

In September 2015, the College changed their process for sending billing notifications. Due to this change, students who had completely paid balances were not sent notifications of their financial aid disbursements.

Recommendation:

We recommend the college ensure that processes include notifying students of disbursements in accordance with the federal guidelines.

Response and Corrective Action Plan:

A process was established in June 2016 to send disbursement notifications to students each time a disbursement was made to the student account.

**ILLINOIS CENTRAL COLLEGE DISTRICT 514
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2016**

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

No findings noted

B. Compliance

No findings noted

II. Federal Award Findings and Questioned Costs

A. Internal Control

Finding 2015-001

In 3 of 40 students selected for testing who had withdrawn during the semester, the District did not calculate the return of funds accurately. This finding was repeated in the current year.

Finding 2015-002

During our testing, we noted the National Student Loan Data Systems rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. Corrective action was partially implemented. This finding was repeated in the current year.

B. Compliance

Finding 2015-001

In 3 of 40 students selected for testing who had withdrawn during the semester, the District did not calculate the return of funds accurately. This finding was repeated in the current year.

Finding 2015-002

During our testing, we noted the National Student Loan Data Systems rosters returned yielded error reports that were not corrected and resubmitted within the required 10 days. Corrective action was partially implemented. This finding was repeated in the current year.