



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

LEWIS AND CLARK COMMUNITY
COLLEGE DISTRICT 536

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED
JUNE 30, 2018

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LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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INDEPENDENT AUDITOR'S REPORT

Chairman and Board of Trustees
Lewis and Clark Community College
District 536
Godfrey, Illinois 62035

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Lewis and Clark Community College District 536 ("College") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. 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.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Lewis and Clark Community College District 536 as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 to 10) 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 Lewis and Clark Community College District 536's basic financial statements. The accompanying financial information listed in the table of contents under Parts II, III, IV and V are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and is also not a required part of the financial statements.

The accompanying financial information listed in the table of contents under Parts II, III, IV and V, 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 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 financial information listed in the table of contents under Parts II, III, IV and V and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2018 on our consideration of Lewis and Clark Community College District 536's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lewis and Clark Community College District 536's internal control over financial reporting and compliance.

C. J. Schwan Company LLC

Certified Public Accountants

Alton, Illinois

October 5, 2018

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Lewis and Clark Community College's (College) annual audit presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2018 and 2017. The management discussion and analysis is designed to focus on current activities, resulting changes and currently known facts and should be read in conjunction with the basic financial statements and footnotes. Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

In compliance with various pronouncements issued by the Government Accounting Standards Board (GASB), the financial format focuses on the College as a whole and provides a comprehensive one-line look at the entity. The format is designed to emulate corporate presentation models whereby all College activities are consolidated into one total. By combining and consolidating current financial resources with capital assets, the focus of the Statement of Net Position is designed to present total financial position at the end of the annual reporting period. The Statement of Revenues, Expenses and Changes in Net Position focuses on both the gross costs and the net costs of College activities that are supported mainly by property taxes, state revenue and other revenues. This statement is designed to present the annual combined changes in net position of the College.

Highlights

On January 10, 2017, L&C approved a formal bid to move forward on the construction of a workforce training building. A few years before, L&C's Foundation received a \$3.25 million donation to be used towards creating such a center. The Weber Workforce Center will not only allow the college the opportunity to expand its workforce programming, but also immediately provide much needed space for one of its largest workforce programs – Welding Technology. To reinforce the need for growth in this educational area, the College was one of nine colleges to receive capital equipment funding for its welding program through a Department of Labor's Trade Adjustment Assistance Community College and Career Training grant. The construction of a new workforce center would also allow the College to become an Accredited Testing Facility for the American Welding Society which will permit us to graduate our students with nationally recognized welding certifications and allow us to work with businesses throughout the St. Louis metro area to certify their employees. The Center, which is located on the northern portion of campus near the current Maintenance Annex, features classrooms, labs and offices to accommodate students, staff and faculty. Also included are support areas for loading and storage, a conference room, locker area, and a testing room. Funded with this Foundation donation and capital project bond funding from the College, the center opened for the Fall 2018 semester.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT'S DISCUSSION AND ANALYSIS

At about the same time, L&C broke ground on a project that includes the addition of an elevator within Erickson Hall. The Erickson building currently houses the majority of the core administrative staff for the college. Departments/offices such as the President's Office and staff, Chief Information Officer and Information Technology staff, Finance, Purchasing, Vice Presidents of Finance and Administration, Human Resources and the Foundation offices operate in this building. First opened in 1967 as a dormitory for Monticello College, it became the administrative offices for Lewis and Clark Community College in 1970. Upgrades include the addition of an elevator to all levels for handicapped accessibility, an improved HVAC system, and revisions to areas such as restrooms and corridors to meet current American with Disabilities Act standards. With the project primarily funded by Protection, Health, and Safety bond funds, Erickson Hall reopened late summer of 2018.

New chillers were installed in Baldwin Hall in the summer of 2017 replacing two chillers that were installed in 1993. With one unit running at 50% cooling capacity and replacement parts becoming obsolete, new chillers became a necessity. These chillers service Baldwin, Caldwell and Fobes Halls – a nearly 70,000 square foot highly populated learning space of primarily classrooms and offices. The Baldwin Hall chiller replacement has provided a continued temperature controlled environment for an area that serves students, faculty, and staff. Not only did replacement increase efficiency of the cooling system, it also provided redundancy should one chiller fail at a time. The new equipment has been linked to the College's Energy Management System. The chiller project was funded by Protection, Health, and Safety bond funds.

Signage was added to the N.O. Nelson Campus location in Edwardsville which offers academics and services to the community. The site entrance sign includes a double display in a masonry and brick installation with applied panel signage and lighting, providing directional information for academic and public programs, the St. Louis Confluence Fab Lab, and the event venues available at the site. The project, which also provided electrical infrastructure should digital displays become of interest in the future, was funded by Technology bond funds and event fund revenues.

In the spring of 2018, the College began a water line extension and improvement project. As part of the Village of Godfrey's Stamper Lane roadway improvement, Illinois American Water completed water main improvements that included a future connection for Lewis and Clark Community college to add on as a waterline extension. L&C's existing waterline system fed from Illinois American Water lines off of Godfrey Road with separate lines for fire and domestic use that extended through the Godfrey Campus without a loop or secondary feed to supply either system. The new extension will feed from Stamper Lane and extend to the southwest corner of the George C. Terry River Bend Arena. This additional waterline will provide adequate flow for fire line service through existing hydrants and also provide a secondary connection as a back up to the current water service from Godfrey Road.

Planning is nearing completion on a renovation to the George C. Terry River Bend Arena. The project includes addressing various water infiltration issues, a new gymnasium floor with a hardwood sports flooring system, HVAC improvements to provide improved cooling and humidity control, audio updates, restroom and locker room modifications, and various ADA upgrades. Construction work is expected to begin in late winter/early spring of 2019. Additional

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT'S DISCUSSION AND ANALYSIS

projects in early planning stages are two projects that are majorly funded by state capital funds – a child care facility and Caldwell Hall foundation improvements.

Looking forward, the fiscal year 2019 budget was given approval by the trustees. The budget, in excess of \$33 million, enables the College to grow while maintaining quality programs. The budget includes salary increases, maintenance of health and dental insurance coverage, the replacement of a faculty position in the area of Computer Network & Information Systems, and two faculty positions in Biology. Funds were also allocated for various instructional supplies and equipment to be purchased with Technology Bond funds and the Carl Perkins Grant.

Financial Analysis of the College as a Whole

Net Position As of June 30

| | 2018 | 2017 | Increase (Decrease) | Percent Change |
|----------------------------------|---------------------|---------------------|------------------------|-------------------|
| Current assets | \$92,615,916 | \$100,196,945 | (\$7,581,029) | -7.6% |
| Non-Current assets | 146,234,114 | 143,923,472 | 2,310,642 | 1.6% |
| Total assets | 238,850,030 | 244,120,417 | (5,270,387) | -2.2% |
| Current liabilities | 34,236,465 | 35,294,265 | (1,057,800) | -3.0% |
| Non-Current liabilities | 121,834,253 | 129,079,835 | (7,245,582) | -5.6% |
| Total liabilities | 156,070,718 | 164,374,100 | (8,303,382) | -5.3% |
| Net position | | | | |
| Net Investment in capital assets | 72,246,132 | 69,615,576 | 2,630,556 | 3.8% |
| Restricted | 17,886,579 | 21,785,546 | -3,898,967 | -17.9% |
| Unrestricted | (5,592,825) | (9,868,512) | 4,275,687 | 43.3% |
| Total Net Position | <u>\$84,539,886</u> | <u>\$81,532,610</u> | <u>\$3,007,276</u> | <u>3.7%</u> |

Total net position at June 30, 2018 increased to \$84.5 million from \$81.5 million in fiscal year 2017.

Current Assets decreased by 7.6% in a large part due to reduced accounts receivable from the State of Illinois.

Non-Current Assets increased 1.6%, primarily due to construction projects funded by capital project and PHS bond proceeds. Additional information is located in Note 4, Fixed Assets.

Current liabilities decreased by 3.0% in the current year. This is primarily due to the reduction in the current portion of the long term debt.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT'S DISCUSSION AND ANALYSIS

Analysis of Net Position

| | 2018 Percent | 2018 | 2017 Percent | 2017 | Increase (Decrease) | Percent Change |
|-------------------------------------|-------------------------|--------------|-------------------------|--------------|--------------------------------|---------------------------|
| Net Investment in Capital Assets | 85.5% | \$72,246,132 | 85.4% | \$69,615,576 | \$2,630,556 | 3.8% |
| Restricted | 21.1% | 17,886,579 | 26.7% | 21,785,546 | (3,898,967) | -17.9% |
| Unrestricted | -6.6% | (5,592,825) | -12.1% | (9,868,512) | 4,275,687 | 23.1% |
| Total net position | 100.0% | \$84,539,886 | 100.0% | \$81,532,610 | \$3,007,276 | 3.7% |

Total net position increased by approximately \$3.0 million to \$84.5 million at June 30, 2018.

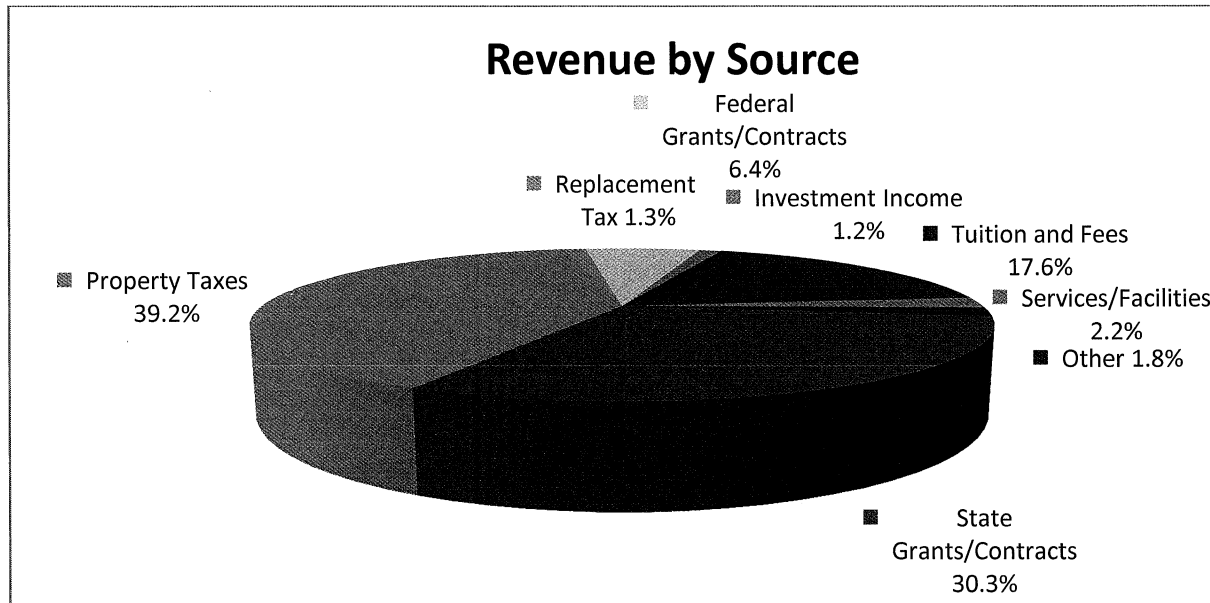
Revenue by Source

| | 2018 Percent | 2018 | 2017 Percent | 2017 | Increase (Decrease) | Percent Change |
|--------------------------------------|-------------------------|--------------|-------------------------|--------------|--------------------------------|---------------------------|
| Tuition and Fees | 17.6% | \$12,280,622 | 17.2% | \$12,188,645 | \$91,977 | .8% |
| Sales and Services/Facilities | 2.2% | 1,528,583 | 2.4% | 1,670,546 | (141,963) | -8.5% |
| Other | 1.8% | 1,263,185 | 4.2% | 2,986,472 | (1,723,287) | -57.7% |
| State Grants/Contracts | 30.3% | 21,156,899 | 28.6% | 20,259,886 | 897,013 | 4.4% |
| Property Taxes | 39.2% | 27,424,492 | 38.1% | 26,998,152 | 426,340 | 1.6% |
| Personal Property Replacement Tax | 1.3% | 890,918 | 1.5% | 1,060,744 | (196,826) | -16.0% |
| Federal Grants/Contracts | 6.4% | 4,507,923 | 7.5% | 5,305,569 | (797,646) | -15.0% |
| Investment Income | 1.2% | 854,759 | .5% | 376,470 | 478,289 | 127.0% |
| Total | 100.0% | \$69,907,381 | 100.0% | \$70,846,484 | (\$939,103) | -1.3% |

The College reported a total decrease in revenues of a little more than nine hundred thousand dollars for the year ended June 30, 2018. The following areas of revenue decreased: Sales and Services/Facilities, 8.5%; Other, 57.7%; Personal Property Replacement Tax, 16.0% and Federal Grants/Contracts, 15.0%. The following categories were areas where revenues increased: Tuition and Fees, .8%; State Grants/Contracts, 4.4%; Property Taxes, 1.6% and Investment Income, 127.0%.

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MANAGEMENT’S DISCUSSION AND ANALYSIS

The following is a graphic illustration of revenues by source.



Operating Expenses

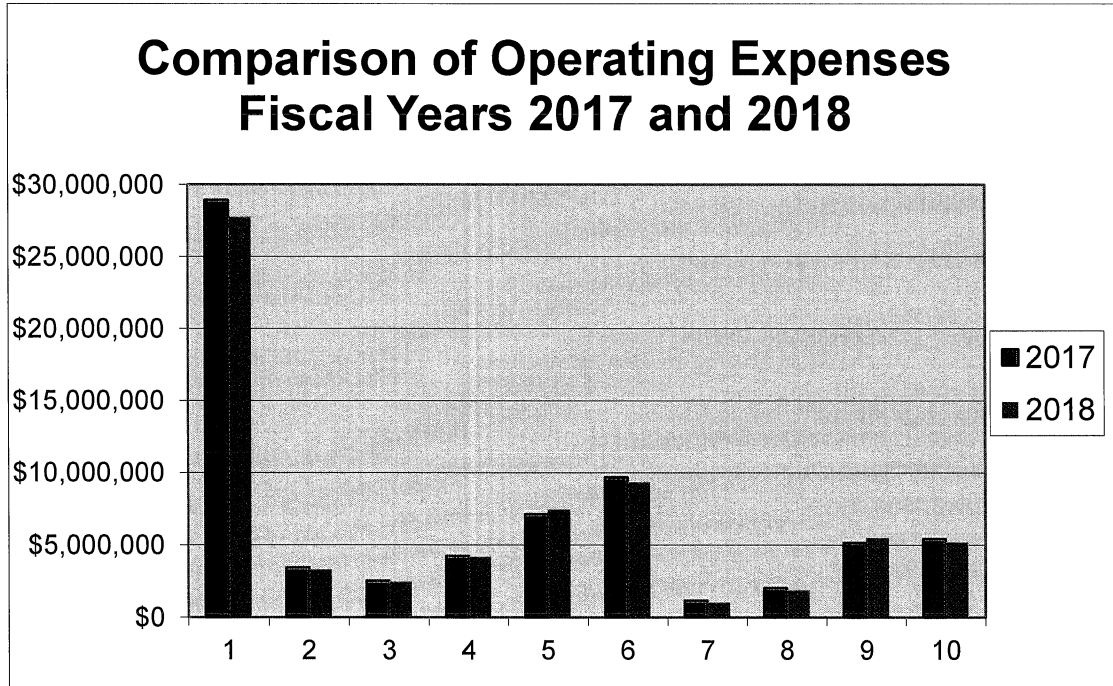
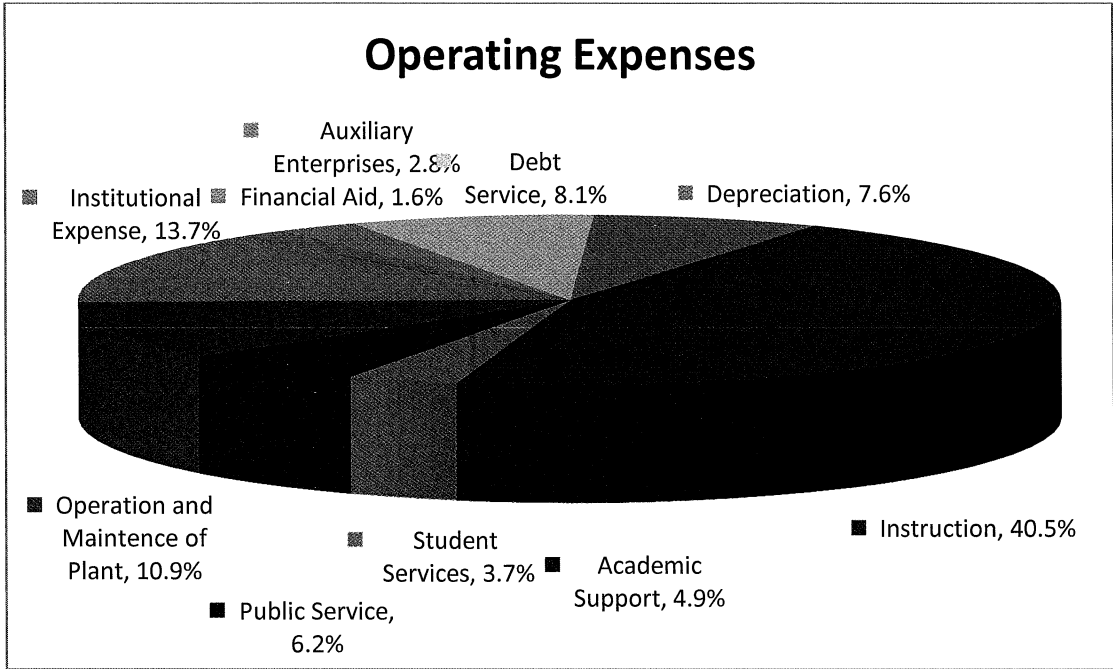
| | 2018 Percent | 2018 | 2017 Percent | 2017 | Increase (Decrease) | Percent Change |
|---------------------------------------|-----------------|---------------------|-----------------|---------------------|------------------------|-------------------|
| Instruction | 40.5% | \$27,762,395 | 41.5% | \$28,926,355 | (\$1,163,960) | -4.0% |
| Academic Support | 4.9% | 3,338,816 | 4.9% | 3,433,153 | (94,337) | -2.7% |
| Student Services | 3.7% | 2,506,221 | 3.6% | 2,537,782 | (31,561) | -1.2% |
| Public Service | 6.2% | 4,214,325 | 6.1% | 4,240,289 | (25,964) | -0.6% |
| Operation and Maintenance Of Plant | 10.9% | 7,480,128 | 10.2% | 7,116,681 | 363,447 | 5.1% |
| Institutional Expense | 13.7% | 9,405,200 | 13.9% | 9,680,215 | (275,015) | -2.8% |
| Financial Aid | 1.6% | 1,078,189 | 1.7% | 1,180,384 | (102,195) | -8.7% |
| Auxiliary Enterprises | 2.8% | 1,895,712 | 2.9% | 2,032,784 | (137,072) | -6.7% |
| Debt Service | 8.1% | 5,537,435 | 7.4% | 5,151,855 | 385,580 | 7.5% |
| Depreciation | 7.6% | 5,237,274 | 7.8% | 5,420,674 | (183,400) | -3.4% |
| Total | 100.0% | \$68,455,695 | 100.0% | \$69,720,172 | \$1,264,477 | -1.8% |

As in the prior year, the largest portion of the College’s expenses was dedicated to instruction. Instruction costs were at \$27.7 million or 40.5% of the total expenses. A decrease of on-behalf pension contributions to the State University Retirement System by the State of Illinois was the primary cause of the decrease.

Institutional expenses of \$9.4 million is the next largest category making up 13.7% of total expenses, even though there was a slight decrease in expenditures from FY 2017. The major institutional expense categories are consultants, contractual services, furnishings, and expenses resulting from additional grants. The third largest area was related to the operations and maintenance of the College making up 10.9% with total expenses of approximately \$7.4 million. These three categories amounted to 65.1% of the operating expenses of the College.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT’S DISCUSSION AND ANALYSIS

The following charts contain graphic illustrations of operating expenses and a comparison by functional expense areas for the fiscal years 2017 and 2018.



- | | |
|--|---------------------------|
| 1 – Instruction | 6 – Institutional Expense |
| 2 – Academic Support | 7 – Financial Aid |
| 3 – Student Services | 8 – Auxiliary Enterprises |
| 4 – Public Service | 9 – Debt Service |
| 5 – Operation and Maintenance of Plant | 10 – Depreciation |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Debt

At the end of 2018 the College had total long-term debt obligations of \$130,409,253 compared to \$138,669,835 at the end of 2017.

The College retired debt principal of \$40,171,424 and issued \$31,857,640 of Bonds in the current year. Additional information related to long-term debt can be found in Note 7 of the financial statements.

Fixed Assets

The College reported capital asset additions of \$7,706,324 in fiscal year 2018. Some of these additions were discussed in the financial highlights portion of the management's discussion and analysis.

The site improvement projects completed during the 2018 fiscal year include the underground utilities at the Weber Workforce Building, the campus lighting of the walkways and the signage at the NO Nelson campus. Building improvements during fiscal year 2018 include a fire alarm system at the Scott Bibb Center and the installation of boilers and chillers at Baldwin Hall. Renovations continue in fiscal year 2019 of the George C. Terry Arena and of the Erickson Building which will be completed in August 2018. The new Weber Workforce building is scheduled to be completed in August 2018 for the Fall semester. Total depreciation related to the capital assets of the College was \$5,237,274 for the fiscal year ended 2018. Additional information related to fixed assets can be located in Note 4 of the financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Lewis and Clark Community College District 536 for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the College's administrative office, 5800 Godfrey Road, Godfrey, IL 62035.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

STATEMENT OF NET POSITION
JUNE 30, 2018

| | <u>COLLEGE</u> | <u>FOUNDATION</u> |
|---|-----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and Cash Equivalents | \$ 293,934 | \$ 844,034 |
| Short-term Investments | 58,765,010 | 9,886,431 |
| Taxes Receivable | 26,458,317 | - |
| Other Accounts Receivable | 6,296,949 | 12,182 |
| Inventory | 42,094 | - |
| Prepaid Expenses | 759,612 | 16,605 |
| Total Current Assets | <u>92,615,916</u> | <u>10,759,252</u> |
| Non-current Assets: | | |
| Long-term Investments | - | 1,139,675 |
| Fixed Assets | 217,102,349 | 3,117,923 |
| Less Accumulated Depreciation | <u>(70,868,235)</u> | <u>-</u> |
| Total Non-current Assets | <u>146,234,114</u> | <u>4,257,598</u> |
| Total Assets | <u>\$ 238,850,030</u> | <u>\$ 15,016,850</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred Amount on Refunding | \$ 1,523,346 | \$ - |
| Deferred Pension Expense | 237,228 | - |
| | <u>\$ 1,760,574</u> | <u>\$ -</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts Payable | \$ 2,248,178 | \$ 65,148 |
| Accrued Interest | 757,549 | - |
| Accrued Salaries | 1,989,757 | - |
| Deferred Tuition and Fees Revenue | 5,207,548 | - |
| Deferred Property Tax Revenue | 13,629,165 | - |
| Other Deferred Revenue | 1,829,268 | - |
| Current Portion of Long-term Debt | 8,575,000 | - |
| Total Current Liabilities | <u>34,236,465</u> | <u>65,148</u> |
| Long-term Debt - net of unamortized premium | <u>121,834,253</u> | <u>-</u> |
| Total Liabilities | <u>156,070,718</u> | <u>65,148</u> |
| NET POSITION | | |
| Net Investment in Capital Assets | 72,246,132 | - |
| Restricted: | | |
| Capital Projects | 7,650,498 | - |
| Debt Service | 6,325,707 | - |
| Other | 3,910,374 | 12,990,831 |
| Unrestricted | <u>(5,592,825)</u> | <u>1,960,871</u> |
| Total Net Position | <u>\$ 84,539,886</u> | <u>\$ 14,951,702</u> |

See notes to financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | <u>COLLEGE</u> | <u>FOUNDATION</u> |
|---|----------------------|----------------------|
| REVENUES | | |
| Operating Revenues: | | |
| Student Tuition and Fees | \$ 12,280,622 | \$ - |
| Chargeback Revenue | - | - |
| Sales and Service Fees/Facilities Revenue | 1,528,583 | - |
| Other Operating Revenues | <u>1,263,185</u> | <u>584,305</u> |
| Total Operating Revenues | <u>15,072,390</u> | <u>584,305</u> |
| EXPENSES | | |
| Operating Expenses: | | |
| Instruction | 27,762,395 | - |
| Academic Support | 3,338,816 | - |
| Student Services | 2,506,221 | 188,986 |
| Public Services | 4,214,325 | - |
| Operation and Maintenance of Plant | 7,480,128 | - |
| Institutional Support | 9,405,200 | 2,066,752 |
| Financial Aid | 1,078,189 | - |
| Auxiliary Enterprises | 1,895,712 | - |
| Debt Service | 5,537,435 | - |
| Depreciation | <u>5,237,274</u> | <u>-</u> |
| Total Operating Expenses | <u>68,455,695</u> | <u>2,255,738</u> |
| Operating Income (Loss) | <u>(53,383,305)</u> | <u>(1,671,433)</u> |
| NON-OPERATING REVENUES (EXPENSES) | | |
| State Grants and Contracts | 21,156,899 | - |
| Property Taxes | 27,424,492 | - |
| Personal Property Replacement Tax | 890,918 | - |
| Federal Grants and Contracts, Net of Scholarship Allowances | 4,507,923 | - |
| Investment Income | <u>854,759</u> | <u>468,402</u> |
| Non Operating Revenues, Net | <u>54,834,991</u> | <u>468,402</u> |
| Net Income (Loss) Before Capital Contributions | 1,451,686 | (1,203,031) |
| CAPITAL CONTRIBUTIONS | | |
| Capital Grants/Contributions | <u>1,555,590</u> | <u>-</u> |
| Total Capital Contributions | <u>1,555,590</u> | <u>-</u> |
| Increase (Decrease) in Net Position | 3,007,276 | (1,203,031) |
| NET POSITION - BEGINNING OF YEAR | <u>81,532,610</u> | <u>16,154,733</u> |
| NET POSITION - END OF YEAR | <u>\$ 84,539,886</u> | <u>\$ 14,951,702</u> |

See notes to financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | <u>COLLEGE</u> | <u>FOUNDATION</u> |
|---|---------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Tuition and Fees | \$ 12,732,686 | \$ 648,025 |
| Payments to Suppliers | (25,399,748) | (2,501,720) |
| Payments to Employees | (24,497,730) | - |
| Sales and Service Fees/Facilities Revenue | 2,060,363 | - |
| Other | 1,289,485 | - |
| Net Cash Provided (Used) By Operating Activities | <u>(33,814,944)</u> | <u>(1,853,695)</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Local Property Taxes | 27,106,203 | - |
| Personal Property Replacement Tax | 902,574 | - |
| Federal & State Grants & Contracts | 17,535,513 | - |
| Net Cash Provided By Noncapital Financing Activities | <u>45,544,290</u> | <u>-</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Proceeds from Issuance of Debt | 747,293 | - |
| Payment on Debt Principal | (8,585,000) | - |
| Purchase of Capital Assets | (5,809,492) | - |
| Net Cash Provided By Capital and Related Financing Activities | <u>(13,647,199)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on Investments | 616,434 | 350,931 |
| Net Sales (Purchases) of Investments | 1,042,868 | (661,827) |
| Net Cash Provided (Used) By Investing Activities | <u>1,659,302</u> | <u>(310,896)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (258,551) | (2,164,591) |
| CASH AND CASH EQUIVALENTS, BEGINNING | <u>552,485</u> | <u>3,008,625</u> |
| CASH AND CASH EQUIVALENTS, ENDING | <u>\$ 293,934</u> | <u>\$ 844,034</u> |

See notes to financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | <u>COLLEGE</u> | <u>FOUNDATION</u> |
|---|------------------------|-----------------------|
| Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) By Operating Activities: | | |
| Operating Income (Loss) | \$ (53,383,305) | \$ (1,671,433) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities: | | |
| Depreciation | 5,237,274 | - |
| Accreted Interest Expense | 53,202 | - |
| Amortization of Premium | (791,424) | - |
| Amortization of Refunding Loss | 287,122 | - |
| On-Behalf Benefit Payments | 13,500,235 | - |
| Non-Cash Gift | - | (3,750) |
| Changes in Net Position: | | |
| Tuition and Fees Receivable | 547,549 | 1,641 |
| Auxiliary Receivables | 26,300 | - |
| Inventories | (5,843) | 26,000 |
| Prepaid Expenses | 796,895 | 23,085 |
| Deferred Pension Expense | 53,944 | - |
| Long-term Receivable | - | 39,829 |
| Accounts Payable | (636,660) | (269,067) |
| Accrued Salaries | 35,030 | - |
| Accrued Interest | 28,442 | - |
| Deferred Tuition and Fees | (95,485) | - |
| Other Deferred Revenue | 531,780 | - |
| Net Cash Provided (Used) By Operating Activities | <u>\$ (33,814,944)</u> | <u>\$ (1,853,695)</u> |

See notes to financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Reporting Entity

The accompanying financial statements include all entities for which the Board of Trustees of the College has financial accountability. In defining the financial reporting entity, the College has considered whether there are any potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement Nos. 14 and 39. The primary criterion for including a potential component unit within the reporting entity is the financial accountability that the elected officials of the primary government have for the component unit. The criteria used in assessing financial accountability consist of (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units or its constituents (2) the primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

Lewis and Clark Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation was organized and operated exclusively for educational and charitable purposes designed to promote the welfare of the College. Because the resources of the Foundation are to be used substantially for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Complete financial statements for the Foundation can be obtained from the administrative offices of the College located at 5800 Godfrey Road, IL 62035 or by calling (618) 468-7000.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The College is not aware of any entity whose elected officials are financially accountable for the operations of the College that would result in the College being considered a component unit of such entity.

(b) Measurement Focus, Basis of Accounting and Financial Statement Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, 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 College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

(c) Property Tax Revenue

The College's property taxes are levied each calendar year on all taxable property located in the District. Property taxes are recorded on the accrual basis of accounting. Property taxes have been recognized in the current year at fifty percent of the expected tax levy in the year that the taxes are levied and fifty percent in the following year in accordance with GASB.

Personal property replacement taxes are recorded on the accrual basis of accounting based on amounts collected and paid by the state.

(d) Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the retail and first-in, first-out methods of inventory accounting.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(e) Tuition

Summer and Fall tuition is recorded as receivable at the time of registration. The amounts that are prepayments related to the subsequent fiscal year are reported as deferred revenue in the respective funds to which they apply.

(f) Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

(g) Investments

Short-term investments, with original maturities of less than one year, consisting of certificates of deposit and term deposits are reported at fair value.

(h) Estimates

The College uses estimates and assumptions in preparing these financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenditures. Actual results could vary from these estimates.

(i) Net Position

The College's net position is classified as follows:

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

Restricted net position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, and then unrestricted resources when they are needed.

Unrestricted net position – 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 College and may be used at the discretion of the governing board to meet current expenses for any purpose.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(j) Classification of Revenue

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

(k) On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes contributions, made on behalf of the College's employees by the State of Illinois, to the State Universities Retirement Systems as revenues and expenses. In fiscal year 2018, the state made pension contributions of \$13,394,109 and health insurance contributions of \$106,126.

NOTE 2: PROPERTY TAXES

The College's property tax is levied each year on all taxable real property located in the District on or before the last Tuesday in December. The Board passed the levy on December 12, 2017. Property taxes attach as an enforceable lien on property as of January 1 and are payable in installments beginning approximately one to two months after billing by the various counties. The College receives significant distributions of tax receipts beginning in June or July of each year.

The following are the permissible tax rate limits and the actual rates levied per \$100 of assessed valuation:

| | <u>Limit</u> | <u>Tax Levy Years</u> | |
|-----------------------------------|--------------|-----------------------|------------------|
| | | <u>2017</u> | <u>2016</u> |
| Education | \$ 0.1500 | \$ 0.1500 | \$ 0.1500 |
| Operations and Maintenance | 0.1000 | 0.1000 | 0.1000 |
| Additional Education & Operations | 0.0497 | 0.0462 | 0.0497 |
| Liability/Judgments | No Limit | 0.0526 | 0.0648 |
| Protection Health Safety | 0.0500 | 0.0500 | 0.0500 |
| Audit | 0.0050 | 0.0013 | 0.0014 |
| Bond and Interest | No Limit | 0.2703 | 0.2737 |
| Social Security | No Limit | <u>0.0054</u> | <u>0.0074</u> |
| | | <u>\$ 0.6758</u> | <u>\$ 0.6970</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3: CASH AND INVESTMENTS

At June 30, 2018, the carrying amount of the College's deposits was \$51,340,934 and the bank balance was \$51,801,270. The deposits were comprised of checking, interest checking, savings, and certificates of deposit.

Custodial Credit Risk. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires collateralization of all deposits in excess of FDIC coverage. As of June 30, 2018, all deposits of the College were covered by FDIC insurance or collateralized by the financial institutions.

As of June 30, 2018, the College had the following investments:

| <u>Investment</u> | <u>Weighted Average Maturity (Days)</u> | |
|---|---|----------------------|
| The Illinois Funds (external investment pool) | -- | \$ 283,037 |
| IIIT Money Market Fund | -- | 7,434,973 |
| | | <u>7,718,010</u> |
| Deposits as reported above | | 51,340,934 |
| Total deposits and investments | | <u>\$ 59,058,944</u> |
| As Reported in the Statement of Net Position: | | |
| Cash and Cash Equivalents | | \$ 293,934 |
| Short-term Investments | | <u>58,765,010</u> |
| | | <u>\$ 59,058,944</u> |

Interest Rate Risk. The College's investment policy limits investment maturities in order to maintain sufficient liquidity to reflect the cash flow needs of the fund type being invested. The policy also requires diversification of the investment portfolio via length of maturity as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Illinois Funds are pooled investments that are operated by the State of Illinois as a not-for-profit common law trust and are not registered with the SEC. The funds are monitored regularly through the State by internal and external audits. The goals of the funds are to provide liquidity and to maintain balances that are equal to the par value of the invested shares with no loss to market fluctuations. The fair value of the College's position in the pool is the same as the value of the pool shares.

Foreign Currency Risk. As of June 30, 2018, the College did not have foreign currency risk.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

Credit Risk. As of June 30, 2018, the College's investments credit ratings were as follows:

| <u>Investment</u> | <u>Standard & Poor's Rating</u> | <u>Moody's Investors Service Rating</u> | <u>Fitch Rating</u> |
|---|---|---|-------------------------|
| The Illinois Funds (external investment pool) | AAAm | -- | -- |
| IIIT Money Market Fund | AAAm | -- | -- |

Concentration of Credit Risk. As of June 30, 2018, the College did not have a concentration of investments in excess of 5%

State law limits investments in commercial paper to the top three ratings issued by at least two standard rating services. The College's investment policy does not further limit its investment choices. State law also limits investments in commercial paper to no more than one-third of the College's total cash and investments. The College's investment policy places no limit on the amount the College may invest in any one issuer. As of June 30, the College did not hold any commercial paper as an investment.

NOTE 4: FIXED ASSETS

The following is a summary of the composition of the fixed assets and changes therein for the year ended June 30, 2018:

| | <u>Balance June 30, 2017</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance June 30, 2018</u> |
|----------------------------|----------------------------------|---------------------|-------------------|----------------------------------|
| Land | \$ 1,466,634 | \$ - | \$ - | \$ 1,466,634 |
| Land Improvements | 19,949,098 | 430,699 | - | 20,379,797 |
| Buildings and Improvements | 170,720,427 | 360,980 | 186,935 | 170,894,472 |
| Equipment | 11,908,201 | 247,875 | 181,336 | 11,974,740 |
| Sculptures and Art | 2,427,505 | 19,000 | - | 2,446,505 |
| Construction in Progress | 3,292,431 | 6,816,540 | 168,770 | 9,940,201 |
| Total | <u>\$ 209,764,296</u> | <u>\$ 7,875,094</u> | <u>\$ 537,041</u> | <u>\$ 217,102,349</u> |

Total accumulated depreciation as of June 30, 2018 is \$70,868,235. Current year depreciation expense of \$5,237,274 was calculated on the straight-line method of depreciation over the estimated useful lives of 4 to 50 years.

Capital assets include property, plant and equipment as well as infrastructure such as sidewalks and roads. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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 the life of an asset are expensed.

The College had the following construction/renovation projects in progress as of June 30, 2018:

The College is in the construction phase of remodeling the Erickson Building. The remodeling is to be funded by local (protection, health and safety and capital bond) funds. As of June 30, 2018, the total costs related to this project, including architecture and engineering, are \$3,686,244.

The College is in the construction phase of the Weber Workforce Training Center. The project is to be funded by a donation through the Foundation and local (capital bond) funds. As of June 30, 2018, the total costs related to this project, including architecture and engineering, are \$5,701,876.

The College is in the process of constructing a new building for the Montessori Day Care, which is being funded by State capital grant funds and local funds. The costs related to this project are \$172,907 as of June 30, 2018.

The College is in the construction phase of a waterline extension and improvement project which is being funded by liability fund revenues. The costs related to this project are \$221,451 as of June 30, 2018.

The College also is in the early phase of remodeling the Riverbend Arena. As of June 30, 2018, the only costs incurred are architectural in nature and total \$157,723.

NOTE 5: PROPERTY TAXES RECEIVABLE

The following is a summary of taxes receivable and related accounts as of June 30, 2018:

| | Education Fund | Operations and Maintenance (Unrestricted) Fund | Operations and Maintenance (Restricted) Fund | Bond and Interest Fund | Audit Fund | Liability Protection and Settlement Fund | Total All Funds |
|--|-------------------|---|---|------------------------------|----------------|--|--------------------|
| Tax Rates | \$ 0.1777 | \$ 0.1185 | \$ 0.0500 | \$ 0.2703 | \$ 0.0013 | \$ 0.0580 | \$ 0.6758 |
| Extensions on 2017 Levy | \$ 7,240,128 | \$ 4,828,110 | \$ 2,037,177 | \$ 11,012,980 | \$ 52,967 | \$ 2,363,126 | \$ 27,534,488 |
| Less Allowance for Uncollectibles (1% of Gross Extension) | <u>72,401</u> | <u>49,088</u> | <u>20,372</u> | <u>110,130</u> | <u>530</u> | <u>23,631</u> | <u>276,152</u> |
| | 7,167,727 | 4,779,022 | 2,016,805 | 10,902,850 | 52,437 | 2,339,495 | 27,258,336 |
| Plus Corporate Personal Property Replacement Taxes Receivable | 99,452 | 66,302 | - | - | - | - | 165,754 |
| Less Collections of 2017 Levy Prior to June 30, 2018 | <u>(253,947)</u> | <u>(169,346)</u> | <u>(71,454)</u> | <u>(386,281)</u> | <u>(1,858)</u> | <u>(82,887)</u> | <u>(965,773)</u> |
| Taxes Receivable | \$ 7,013,232 | \$ 4,675,978 | \$ 1,945,351 | \$ 10,516,569 | \$ 50,579 | \$ 2,256,608 | \$ 26,458,317 |
| Extension on 2017 Levy Net of Allowance for Uncollectibles | \$ 7,167,727 | \$ 4,779,022 | \$ 2,016,805 | \$ 10,902,850 | \$ 52,437 | \$ 2,339,495 | \$ 27,258,336 |
| Less Property Tax Revenue Recognized on 2017 Levy | <u>3,583,864</u> | <u>2,389,511</u> | <u>1,008,403</u> | <u>5,451,425</u> | <u>26,219</u> | <u>1,169,749</u> | <u>13,629,171</u> |
| Deferred Property Taxes | \$ 3,583,863 | \$ 2,389,511 | \$ 1,008,402 | \$ 5,451,425 | \$ 26,218 | \$ 1,169,746 | \$ 13,629,165 |

NOTE 6: OTHER ACCOUNTS RECEIVABLE

The following is a summary of other accounts receivable as of June 30, 2018:

| | |
|--|---------------------|
| Federal, State and Local Agencies, etc. | \$ 1,358,639 |
| Tuition | 4,540,347 |
| Interest | 351,377 |
| Receivable from Campus Concessions | <u>46,586</u> |
| | <u>\$ 6,296,949</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 7: LONG-TERM DEBT

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

| | Balance <u>June 30, 2017</u> | <u>Additions</u> | <u>Accretion</u> | <u>Retirements</u> | Balance <u>June 30, 2018</u> |
|-------------------|---------------------------------|----------------------|------------------|----------------------|---------------------------------|
| Bonds | \$ 132,485,000 | \$ 29,194,479 | \$ 53,202 | \$ 39,170,000 | \$ 122,562,681 |
| Debt Certificates | 920,000 | - | - | 210,000 | 710,000 |
| Premium on Bonds | <u>5,264,835</u> | <u>2,663,161</u> | - | <u>791,424</u> | <u>7,136,572</u> |
| | <u>\$ 138,669,835</u> | <u>\$ 31,857,640</u> | <u>\$ 53,202</u> | <u>\$ 40,171,424</u> | <u>\$ 130,409,253</u> |

On December 1, 2003, the College issued \$3,020,000 of Debt Certificates for the N.O. Nelson Project. The remaining balances are due in annual payments ranging from \$225,000 to \$250,000 at interest rates of 5.10% to 5.20%. The certificates provide for retirement of principal on December 1 of each year, with interest payable on June 1 and December 1.

\$ 710,000

On February 23, 2010, the College issued \$17,875,000 of General Obligation Bonds, Series 2010B. The remaining maturities are due in annual payments ranging from \$355,000 to \$2,155,000 at interest rates of 5.95% to 6.05%. The issue provides for retirement of principal on January 1 of each year, with interest payable on January 1 and July 1 of each year. The bonds qualify as Build America Bonds and the College receives a reduced 35% rebate on interest payments from the federal government. The rebate earned and received in the current year is \$320,372.

\$ 16,400,000

On May 27, 2010, the College issued \$6,500,000 of General Obligation Bonds, Series 2010C. The remaining maturities are due in annual payments ranging from \$445,000 to \$760,000 at interest rates of 4.80% to 6.05%. The issue provides for retirement of principal on May 1 of each year, with interest payable on May 1 and November 1. The remaining bonds qualify as Build America Bonds and the College receives a 35% rebate on interest payments for the qualifying portion from the federal government. The rebate earned and received in the current year is \$118,075.

\$ 6,425,000

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On August 2, 2012, the College issued \$16,475,000 of General Obligation Bonds, Series 2012. The remaining maturities are due in annual payments ranging from \$715,000 to \$1,210,000 at interest rates of 3.00% to 5.00%. The issue provides for retirement of principal on May 1 of each year, with interest payable on May 1 and November 1.

\$ 13,195,000

On January 2, 2013, the College issued \$4,230,000 of General Obligation Refunding Bonds, Series 2014. The remaining maturities are due in annual payments ranging from \$340,000 to \$425,000 at interest rates of 2.5% to 3.0%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued to refund a portion of the Series 2005A General Obligation Funding Bonds.

\$ 3,820,000

On February 20, 2014, the College issued \$11,055,000 of General Obligation Alternate Revenue Bonds, Series 2014. The remaining maturities are due in annual payments ranging from \$540,000 to \$1,580,000 at an interest rate 5.0%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1.

\$ 6,060,000

On May 5, 2015, the College issued \$17,025,000 of General Obligation Refunding Bonds, Series 2015A. The remaining maturities are due in annual payments ranging from \$370,000 to \$3,320,000 at interest rates at 5.00%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued to refund a portion of the Series 2004A General Obligation Funding Bonds, Series 2005A General Obligation Funding Bonds, and Series 2007 General Obligation Bonds.

\$ 17,025,000

On May 5, 2015, the College issued \$3,990,000 of General Obligation Refunding Bonds, Series 2015B (Alternate Revenue Source). The remaining maturities are due in annual payments ranging from \$75,000 to \$835,000 at interest rates of 3.00% to 5.00%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued to refund a portion of the Series 2004B General Obligation Bonds and the Series 2005B General Obligation Bonds.

\$2,495,000

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

On August 4, 2015, the College issued \$17,405,000 of Taxable General Obligation Bonds, Series 2015E. The maturities are due in annual payments ranging from \$1,470,000 to \$2,855,000 at interest rates of 2.00% to 5.25%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued to refund the Series 2015C Bonds.

\$ 16,055,000

On August 4, 2015, the College issued \$4,530,000 of General Obligation Bonds, Series 2015F. The maturities are due in annual payments ranging from \$105,000 to \$920,000 at the interest rates of 2.00% to 5.00%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued to refund the Series 2015D Bonds.

\$ 4,530,000

On June 1, 2016, the College issued \$8,000,000 of Taxable General Obligation Bonds, Series 2016. The maturities are due in annual payments ranging from \$715,000 to \$930,000 at the interest rates of 3.00% to 4.00%. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1. These bonds were issued for working cash purposes.

\$ 7,310,000

On July 26, 2017, the College issued \$14,200,000 of General Obligation Refunding Bonds, Series 2017A and \$14,994,479 of Taxable General Obligation Bonds, Series 2017B. The Series 2017A Bonds were issued to defease the remaining outstanding portion of the General Obligation Bonds Series 2007A Bonds. The Series 2017B Bonds were issued to redeem the Taxable General Obligation Series 2017 Bonds. The maturities are due in annual payments ranging from \$200,000 to \$8,200,000 at the interest rates of 1.80% to 5.00%. A portion of the 2017B Bonds are recorded as a deep discount instrument. This debt is reflected at its face amount less the discount, which is presented as a direct deduction. The discount is accreted over the life of the bonds using the interest method. The issue provides for retirement of principal on November 1 of each year, with interest payable May 1 and November 1.

\$ 29,247,681

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The annual requirements to amortize all long-term debt outstanding as of June 30, 2018, including interest of \$42,341,723, are as follows:

| Fiscal Year | Debt | | |
|---------------|-----------------------|---------------------|-----------------------|
| <u>Ending</u> | <u>Bonds</u> | <u>Certificates</u> | <u>Total</u> |
| 2019 | \$ 12,958,244 | \$ 255,840 | \$ 13,214,084 |
| 2020 | 13,108,554 | 254,051 | 13,362,605 |
| 2021 | 12,107,126 | 256,500 | 12,363,626 |
| 2022 | 11,895,819 | - | 11,895,819 |
| 2023 | 11,277,784 | - | 11,277,784 |
| 2024-2028 | 57,187,682 | - | 57,187,682 |
| 2029-2033 | 43,750,304 | - | 43,750,304 |
| 2034 | 2,562,500 | - | 2,562,500 |
| | <u>\$ 164,848,013</u> | <u>\$ 766,391</u> | <u>\$ 165,614,404</u> |

On September 26, 2017, the College issued \$14,200,000 in General Obligation Refunding Bonds, Series 2017A with an interest rate of 5.00% to advance refund \$15,795,000 of 2007A General Obligation Bonds with an interest rate of 3.00% to 5.00%. The net proceeds of \$16,110,347, including an issuance premium of \$2,177,870, were used to purchase U.S. government securities. Those securities were deposited in a trust with an escrow agent to provide for all future debt service payments on the 2007A General Obligation Bonds. The 2007A General Obligation Bonds were retired by the escrow on the call date of November 1, 2017. As a result of these transactions, the 2007A General Obligation Bonds were considered to be defeased and the liability for those bonds has been removed from the balance sheet of the College.

NOTE 8: 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.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

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

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).

Employer Deferral of Fiscal Year 2018 Pension Expense

Employer paid \$237,228 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017 and are recognized as Deferred Outflows of Resources as of June 30, 2018.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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

Net Pension Liability

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

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the District is \$0. The proportionate share of the State's net pension liability associated with the District is \$141,445,619 or 0.5551%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2017, and the total pension used to calculate the net pension liability was determined based on the June 30, 2016 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2017.

Pension Expense

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

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2017. As a result, the District recognized on-behalf revenue and pension expense of \$13,394,109 for the fiscal year ended June 30, 2018.

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

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

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

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

| | |
|---------------|-----------------------|
| June 30, 2018 | \$ 55,589,850 |
| 2019 | 187,874,276 |
| 2020 | 90,475,551 |
| 2021 | (155,949,656) |
| Total | <u>\$ 177,990,021</u> |

Assumptions and Other Inputs

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2017, these best estimates are summarized in the following table:

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|---|--------------------------|---|
| U.S. Equity | 23% | 6.08% |
| Private Equity | 6% | 8.73% |
| Non-U.S. Equity | 19% | 7.34% |
| Global Equity | 8% | 6.85% |
| Fixed Income | 19% | 1.38% |
| Emerging Market Debt | 3% | 4.14% |
| Treasury-Inflation Protected Securities | 4% | 1.17% |
| Real Estate/REITS | 10% | 4.62 to 5.75% |
| Commodities | 2% | 4.23% |
| Hedged Strategies | 5% | 3.95% |
| Opportunity Fund | <u>1%</u> | <u>6.71%</u> |
| Total | 100% | 5.20% |
| Inflation | | <u>2.75%</u> |
| Expected Arithmetic Return | | 7.95% |

Discount Rate. A single discount rate of 7.09% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.56% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher:

| <u>1% Decrease</u> | <u>Current Single Discount Rate Assumption</u> | <u>1% Increase</u> |
|--------------------------|--|--------------------------|
| <u>6.09%</u> | <u>7.09%</u> | <u>8.09%</u> |
| <u>\$ 30,885,146,279</u> | <u>\$ 25,481,105,995</u> | <u>\$ 20,997,457,586</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.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 9: RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions and natural disasters for which the College carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTE 10: INTERFUND TRANSFERS

The following net interfund transfers were appropriately authorized and made during the year ended June 30, 2018:

| <u>In</u> | <u>Out</u> | <u>Amount</u> |
|--|--|---------------|
| Education | Restricted Purposes | \$ 963,186 |
| | Auxiliary | 2,500 |
| Operations and Maintenance (Restricted) | Operations and Maintenance (Unrestricted) | 1,786,775 |
| Bond & Interest | Operations and Maintenance (Restricted) | 2,730,025 |
| Restricted Purposes | Operations and Maintenance (Unrestricted) | 1,321,037 |
| | Auxiliary | 24,507 |

NOTE 11: SUBSEQUENT EVENTS

The College has evaluated events occurring after the financial statement date through October 5, 2018 in order to determine their potential for recognition or disclosure in the financial statements. The latter date is the same date the financial statements were available to be issued.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
COMBINING BALANCE SHEET - ALL FUND TYPES
JUNE 30, 2018

| | Current Funds | | Debt Service | Plant Funds | | Total |
|--|----------------------|----------------------|----------------------|---|------------------------|-----------------------|
| | Unrestricted | Restricted | | Operations and Maintenance (Restricted) | Investment in Plant | |
| | <u>ASSETS</u> | | | | | |
| Cash | \$ (2,025,431) | \$ (1,681,492) | \$ 2,015,594 | \$ 1,985,263 | \$ - | \$ 293,934 |
| Investments | 15,143,612 | 32,237,295 | - | 11,384,103 | - | 58,765,010 |
| Receivables: | | | | | | |
| Taxes | 11,689,210 | 2,307,187 | 10,516,569 | 1,945,351 | - | 26,458,317 |
| Tuition | 4,540,347 | - | - | - | - | 4,540,347 |
| Interest | 105,838 | 187,250 | - | 58,289 | - | 351,377 |
| Other | 90,048 | 1,315,177 | - | - | - | 1,405,225 |
| Inventories | 42,094 | - | - | - | - | 42,094 |
| Prepaid/Deferred Expenses | 100,696 | 658,916 | - | - | - | 759,612 |
| Fixed Assets | - | - | - | - | 217,102,349 | 217,102,349 |
| Less Allowance for Accumulated Depreciation | - | - | - | - | (70,868,235) | (70,868,235) |
| Total Assets | \$ 29,686,414 | \$ 35,024,333 | \$ 12,532,163 | \$ 15,373,006 | \$ 146,234,114 | \$ 238,850,030 |
| <u>LIABILITIES AND FUND BALANCES</u> | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ 891,963 | \$ 750,516 | \$ 530 | \$ 605,169 | \$ - | \$ 2,248,178 |
| Accrued Interest | - | - | 754,501 | 3,048 | - | 757,549 |
| Accrued Salaries | 1,989,757 | - | - | - | - | 1,989,757 |
| Deferred Revenues: | | | | | | |
| Deferred Taxes | 5,973,374 | 1,195,964 | 5,451,425 | 1,008,402 | - | 13,629,165 |
| Deferred Tuition and Fees | 5,067,427 | 140,121 | - | - | - | 5,207,548 |
| Other | 174,087 | 1,655,181 | - | - | - | 1,829,268 |
| Total Liabilities | 14,096,608 | 3,741,782 | 6,206,456 | 1,616,619 | - | 25,661,465 |
| Fund Balances: | | | | | | |
| Net Investment in Plant | - | - | - | - | 146,234,114 | 146,234,114 |
| Reserved | - | 31,282,551 | 6,325,707 | 13,756,387 | - | 51,364,645 |
| Unreserved | 15,589,806 | - | - | - | - | 15,589,806 |
| Total Fund Balances | 15,589,806 | 31,282,551 | 6,325,707 | 13,756,387 | 146,234,114 | 213,188,565 |
| Total Liabilities and Fund Balances | \$ 29,686,414 | \$ 35,024,333 | \$ 12,532,163 | \$ 15,373,006 | \$ 146,234,114 | \$ 238,850,030 |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
 COMBINING STATEMENT OF CHANGES IN FUND BALANCES
 ALL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 2018

| | Current Funds | | Debt Service | Plant Funds | | Total |
|--|----------------------|----------------------|---------------------|---|-----------------------|-----------------------|
| | Unrestricted | Restricted | | Operations and Maintenance (Restricted) | Investment in Plant | |
| | | | | | | |
| Revenue: | | | | | | |
| Property Taxes | \$ 11,853,320 | \$ 2,662,295 | \$ 10,904,328 | \$ 2,004,549 | \$ - | \$ 27,424,492 |
| Personal Property | | | | | | |
| Replacement Tax | 890,918 | - | - | - | - | 890,918 |
| Federal Grants and Contracts | 438,447 | 11,872,852 | - | - | - | 12,311,299 |
| State Grants and Contracts | 5,969,340 | 1,694,463 | - | - | - | 7,663,803 |
| Chargeback Revenue | - | - | - | - | - | - |
| Tuition and Fees | 11,591,324 | 689,298 | - | - | - | 12,280,622 |
| Sales and Service Fees | 1,154,221 | 246,051 | - | - | - | 1,400,272 |
| Facilities Revenue | 199,517 | - | - | - | - | 199,517 |
| Expended for Plant Facilities: | | | | | | |
| From Current Funds | - | - | - | - | 1,987,051 | 1,987,051 |
| From Plant Funds | - | - | - | - | 5,729,833 | 5,729,833 |
| Investment Revenue | 182,055 | 484,351 | - | 188,353 | - | 854,759 |
| Other Sources | 158,401 | 2,388,102 | 4 | 265,129 | - | 2,811,636 |
| On-Behalf Revenue | 13,500,235 | - | - | - | - | 13,500,235 |
| Total Revenue | <u>45,937,778</u> | <u>20,037,412</u> | <u>10,904,332</u> | <u>2,458,031</u> | <u>7,716,884</u> | <u>87,054,437</u> |
| Expenditures: | | | | | | |
| Educational and General | | | | | | |
| Expenditures | 42,065,093 | 22,985,514 | - | - | - | 65,050,607 |
| Auxiliary Enterprises | 1,739,274 | 303,527 | - | - | - | 2,042,801 |
| Debt Service | - | - | 29,322,641 | 250,894 | - | 29,573,535 |
| Expended for Plant Facilities: | | | | | | |
| Site Improvements and Remodeling | - | - | - | 5,729,833 | - | 5,729,833 |
| Expenditures Not Capitalized | - | - | - | 226,299 | 168,968 | 395,267 |
| Depreciation | - | - | - | - | 5,237,274 | 5,237,274 |
| Total Expenditures | <u>43,804,367</u> | <u>23,289,041</u> | <u>29,322,641</u> | <u>6,207,026</u> | <u>5,406,242</u> | <u>108,029,317</u> |
| Excess Revenue Over (Under) | | | | | | |
| Expenditures | 2,133,411 | (3,251,629) | (18,418,309) | (3,748,995) | 2,310,642 | (20,974,880) |
| Other Financing Sources (Uses): | | | | | | |
| Proceeds From Bonds | - | - | 29,194,479 | - | - | 29,194,479 |
| Premium (Discount) on Bonds Sold | - | - | 2,663,161 | - | - | 2,663,161 |
| Payment to Refunded Bond Escrow Agent | - | - | (16,110,347) | - | - | (16,110,347) |
| Transfers From (To) Other Funds | (2,169,133) | 382,358 | 2,730,025 | (943,250) | - | - |
| | <u>(2,169,133)</u> | <u>382,358</u> | <u>18,477,318</u> | <u>(943,250)</u> | <u>-</u> | <u>15,747,293</u> |
| Excess Revenue Over (Under) | | | | | | |
| Expenditures and Other Financing Source (Uses) | (35,722) | (2,869,271) | 59,009 | (4,692,245) | 2,310,642 | (5,227,587) |
| Fund Balance, Beginning of Year | <u>15,625,528</u> | <u>34,151,822</u> | <u>6,266,698</u> | <u>18,448,632</u> | <u>143,923,472</u> | <u>218,416,152</u> |
| Fund Balance, End of Year | <u>\$ 15,589,806</u> | <u>\$ 31,282,551</u> | <u>\$ 6,325,707</u> | <u>\$ 13,756,387</u> | <u>\$ 146,234,114</u> | <u>\$ 213,188,565</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
 COMBINED STATEMENT OF CURRENT FUNDS REVENUE,
 EXPENDITURES AND OTHER CHANGES
 FOR THE YEAR ENDED JUNE 30, 2018

| | <u>Unrestricted Funds</u> | <u>Restricted Funds</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------|-----------------------|
| Revenue: | | | |
| Property Taxes | \$ 11,853,320 | \$ 2,662,295 | \$ 14,515,615 |
| Personal Property Replacement Tax | 890,918 | - | 890,918 |
| Federal Grants and Contracts | 438,447 | 11,872,852 | 12,311,299 |
| State Grants and Contracts | 5,969,340 | 1,694,463 | 7,663,803 |
| Chargeback Revenue | - | - | - |
| Tuition and Fees | 11,591,324 | 689,298 | 12,280,622 |
| Sales and Service Fees | 1,154,221 | 246,051 | 1,400,272 |
| Facilities Revenue | 199,517 | - | 199,517 |
| Investment Revenue | 182,055 | 484,351 | 666,406 |
| Other Sources | 158,401 | 2,388,102 | 2,546,503 |
| On-Behalf Revenue | <u>13,500,235</u> | <u>-</u> | <u>13,500,235</u> |
| Total Revenue | <u>45,937,778</u> | <u>20,037,412</u> | <u>65,975,190</u> |
| Expenditures: | | | |
| Instruction | 12,936,388 | 1,271,828 | 14,208,216 |
| Academic Support | 2,170,780 | 1,208,011 | 3,378,791 |
| Student Services | 2,223,056 | 290,304 | 2,513,360 |
| Public Services | 29,894 | 4,184,431 | 4,214,325 |
| Auxiliary Enterprises | 1,739,274 | 303,527 | 2,042,801 |
| Operation and Maintenance of Plant | 5,677,621 | 1,630,109 | 7,307,730 |
| Institutional Support | 4,489,559 | 6,556,826 | 11,046,385 |
| Scholarships and Student Grants | 1,037,560 | 7,844,005 | 8,881,565 |
| On-Behalf Payments | <u>13,500,235</u> | <u>-</u> | <u>13,500,235</u> |
| Total Expenditures | <u>43,804,367</u> | <u>23,289,041</u> | <u>67,093,408</u> |
| Excess of Revenue Over (Under) Expenditures | 2,133,411 | (3,251,629) | (1,118,218) |
| Other Financing Sources (Uses): | | | |
| Transfers From (To) Other Funds | <u>(2,169,133)</u> | <u>382,358</u> | <u>(1,786,775)</u> |
| Excess (Deficiency) of Revenue Over Expenditures and Other Financing Source (Uses) | <u>\$ (35,722)</u> | <u>\$ (2,869,271)</u> | <u>\$ (2,904,993)</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
 COMBINING BALANCE SHEET - CURRENT UNRESTRICTED AND RESTRICTED FUNDS
 JUNE 30, 2018

| | Current Unrestricted Funds | | | | Current Restricted Funds | | | | Total Current Restricted Funds |
|---------------------------|----------------------------|--------------------------------|----------------------------|----------------------------------|--------------------------|-------------|---|--------------------------------|--------------------------------|
| | Education Fund | Operation and Maintenance Fund | Auxiliary Enterprises Fund | Total Current Unrestricted Funds | Working Cash Fund | Audit Fund | Liability, Protection and Settlement Fund | Total Current Restricted Funds | |
| ASSETS | | | | | | | | | |
| Cash | \$ (1,434,404) | \$ (1,537,996) | \$ 946,969 | \$ (2,025,431) | \$ (4,607,041) | \$ (16,442) | \$ (443,311) | \$ (1,681,492) | |
| Investments | 9,078,154 | 6,004,765 | 60,693 | 15,143,612 | 18,617,847 | - | - | 32,237,295 | |
| Receivables: | | | | | | | | | |
| Taxes | 7,013,232 | 4,675,978 | - | 11,689,210 | - | 50,579 | 2,256,608 | 2,307,187 | |
| Tuition | 4,540,347 | - | - | 4,540,347 | - | - | - | - | |
| Interest | 63,948 | 41,890 | - | 105,838 | 87,181 | - | - | 187,250 | |
| Other | 19,972 | 23,490 | 46,586 | 90,048 | - | - | 1,416 | 1,315,177 | |
| Inventories | 16,717 | - | 25,377 | 42,094 | - | - | - | - | |
| Prepaid/Deferred Expenses | 100,111 | 210 | 375 | 100,696 | - | - | 477,998 | 658,916 | |
| Total Assets | \$ 19,398,077 | \$ 9,208,337 | \$ 1,080,000 | \$ 29,686,414 | \$ 14,097,987 | \$ 34,137 | \$ 2,292,711 | \$ 35,024,333 | |

LIABILITIES AND FUND BALANCES

| | | | | | | | | |
|-------------------------------------|---------------|--------------|--------------|---------------|---------------|-----------|--------------|---------------|
| Liabilities: | | | | | | | | |
| Accounts Payable | \$ 229,106 | \$ 628,083 | \$ 34,774 | \$ 891,963 | \$ - | \$ - | \$ 320,653 | \$ 750,516 |
| Accrued Salaries | 1,975,990 | - | 13,767 | 1,989,757 | - | - | - | - |
| Deferred Revenues: | | | | | | | | |
| Deferred Taxes | 3,583,863 | 2,389,511 | - | 5,973,374 | - | 26,218 | 1,169,746 | 1,195,964 |
| Deferred Tuition and Fees | 4,493,329 | 60,431 | 513,667 | 5,067,427 | - | - | - | 140,121 |
| Other | - | 104,302 | 69,785 | 174,087 | - | - | 300 | 1,655,181 |
| Total Liabilities | 10,282,288 | 3,182,327 | 631,993 | 14,096,608 | - | 26,218 | 1,490,699 | 3,741,782 |
| Fund Balances: | | | | | | | | |
| Reserved | - | - | - | - | 14,097,987 | 7,919 | 802,012 | 31,282,551 |
| Unreserved | 9,115,789 | 6,026,010 | 448,007 | 15,589,806 | - | - | - | - |
| Total Liabilities and Fund Balances | \$ 19,398,077 | \$ 9,208,337 | \$ 1,080,000 | \$ 29,686,414 | \$ 14,097,987 | \$ 34,137 | \$ 2,292,711 | \$ 35,024,333 |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
 COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN
 FUND BALANCES - CURRENT UNRESTRICTED AND RESTRICTED FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018

| | Current Unrestricted Funds | | | | Current Restricted Funds | | | | Total Current Restricted Funds |
|--|----------------------------|--------------------------------|----------------------------|----------------------------------|--------------------------|-------------------|---------------|---|--------------------------------|
| | Education Fund | Operation and Maintenance Fund | Auxiliary Enterprises Fund | Total Current Unrestricted Funds | Restricted Purposes Fund | Working Cash Fund | Audit Fund | Liability, Protection and Settlement Fund | |
| Revenue: | | | | | | | | | |
| Property Taxes | \$ 7,111,432 | \$ 4,741,888 | \$ - | \$ 11,853,320 | \$ - | \$ - | \$ 54,111 | \$ 2,608,184 | \$ 2,662,295 |
| Personal Property Replacement Tax | 534,551 | 356,367 | - | 890,918 | - | - | - | - | - |
| Federal Grants and Contracts | - | 438,447 | - | 438,447 | 11,872,852 | - | - | - | 11,872,852 |
| State Grants and Contracts | 4,237,153 | 1,732,187 | - | 5,969,340 | 1,694,463 | - | - | - | 1,694,463 |
| Chargeback Revenue | - | - | - | - | - | - | - | - | - |
| Tuition and Fees | 8,437,199 | 1,881,862 | 1,272,263 | 11,591,324 | 689,298 | - | - | - | 689,298 |
| Sales and Service Fees | 126,832 | 81 | 1,027,308 | 1,154,221 | 246,051 | - | - | - | 246,051 |
| Facilities Revenue | - | 102,956 | 96,561 | 199,517 | - | - | - | - | - |
| Investment Revenue | 109,319 | 72,181 | 555 | 182,055 | 201,265 | 283,086 | - | - | 484,351 |
| Other Sources | 72,891 | 42,915 | 42,595 | 158,401 | 2,380,662 | - | - | 7,440 | 2,388,102 |
| On-Behalf Revenue | 13,500,235 | - | - | 13,500,235 | - | - | - | - | - |
| Total Revenue | 34,129,612 | 9,368,884 | 2,439,282 | 45,937,778 | 17,084,591 | 283,086 | 54,111 | 2,615,624 | 20,037,412 |
| Expenditures: | | | | | | | | | |
| Instruction | 12,936,388 | - | - | 12,936,388 | 1,271,828 | - | - | - | 1,271,828 |
| Academic Support | 2,170,780 | - | - | 2,170,780 | 1,208,011 | - | - | - | 1,208,011 |
| Student Services | 2,223,056 | - | - | 2,223,056 | 290,304 | - | - | - | 290,304 |
| Public Services | 29,894 | - | - | 29,894 | 4,184,431 | - | - | - | 4,184,431 |
| Auxiliary Enterprises | - | - | 1,739,274 | 1,739,274 | 303,527 | - | - | - | 303,527 |
| Operation and Maintenance of Plant | - | 5,677,621 | - | 5,677,621 | 11,875 | - | - | 1,618,234 | 1,630,109 |
| Institutional Support | 4,025,049 | 464,510 | - | 4,489,559 | 4,999,456 | - | 53,050 | 1,504,320 | 6,556,826 |
| Scholarships and Student Grants | 313,057 | - | 724,503 | 1,037,560 | 7,844,005 | - | - | - | 7,844,005 |
| On-Behalf Payments | 13,500,235 | - | - | 13,500,235 | - | - | - | - | - |
| Total Expenditures | 35,198,459 | 6,142,131 | 2,463,777 | 43,804,367 | 20,113,437 | - | 53,050 | 3,122,554 | 23,289,041 |
| Excess Revenue Over (Under) Expenditures | (1,068,847) | 3,226,753 | (24,495) | 2,133,411 | (3,028,846) | 283,086 | 1,061 | (506,930) | (3,251,629) |
| Other Financing Sources (Uses): | | | | | | | | | |
| Transfers From (To) Other Funds | 965,686 | (3,107,812) | (27,007) | (2,169,133) | 382,358 | - | - | - | 382,358 |
| Excess Revenue Over (Under) Expenditures and Other Financing Source (Uses) | (103,161) | 118,941 | (51,502) | (35,722) | (2,646,488) | 283,086 | 1,061 | (506,930) | (2,869,271) |
| Fund Balance, Beginning of Year | 9,218,950 | 5,907,069 | 499,509 | 15,625,528 | 19,021,121 | 13,814,901 | 6,858 | 1,308,942 | 34,151,822 |
| Fund Balance, End of Year | \$ 9,115,789 | \$ 6,026,010 | \$ 448,007 | \$ 15,589,806 | \$ 16,374,633 | \$ 14,097,987 | \$ 7,919 | \$ 802,012 | \$ 31,282,551 |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF MANAGEMENT INFORMATION
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2018

| | |
|--|----------------------|
| Fund Balances - All Fund Types | \$ 213,188,565 |
| Unamortized Loss on Bond Refunding | 1,523,346 |
| Deferred Pension Expense | 237,228 |
| Outstanding Debt | <u>(130,409,253)</u> |
| Net Position on Statement of Net Position | <u>\$ 84,539,886</u> |
| | |
| Net Change in Fund Balances | \$ (5,227,587) |
| Removed Internal Charges from Auxiliary Revenues | (71,206) |
| Removed Internal Charges from Auxiliary Expenditures | <u>(71,206)</u> |
| Net Effect | <u>-</u> |
| Deleted Capital Amounts Expended from Current Funds | (1,987,051) |
| Deleted Current Fund Expenditures for Capital Assets | <u>(1,987,051)</u> |
| Net Effect | <u>-</u> |
| Reduction in Federal Grants And Contracts | (7,803,376) |
| Reduction in Financial Aid | <u>(7,803,376)</u> |
| Net Effect | <u>-</u> |
| Activity Related to Debt Proceeds, Retirements and Pensions: | |
| Reduction of Debt Principal Payments | 23,585,000 |
| Principal Proceeds of Debt | (29,194,479) |
| Eliminate Payment to Bond Escrow Agent | 16,110,347 |
| Capitalize Premium | (2,663,161) |
| Amortization of Premium | 791,424 |
| Amortization of Refunding Loss | (287,122) |
| Change in Deferred Pension Expense | (53,944) |
| Accretion of Debt Discount | <u>(53,202)</u> |
| Net Effect | <u>8,234,863</u> |
| Net Change in Net Position | <u>\$ 3,007,276</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF TAX RATES, EXTENSIONS AND COLLECTIONS
JUNE 30, 2018

| Levy Year | Assessed Valuation | Tax Rates | | | | | | | | | | Total | |
|-----------|--------------------|-----------|----------------------------|-------------------|----------------------|--------------------------|--------------------------|-----------|--------|-----------|--------|-----------|-----------|
| | | Education | Operations and Maintenance | Bond and Interest | Liability/Judgements | Social Security/Medicare | Protection Health Safety | Audit | Total | | | | |
| 2008 | \$ 3,529,828,912 | \$ 0.1510 | \$ 0.1006 | \$ 0.2378 | \$ 0.0341 | \$ 0.0055 | \$ - | \$ 0.0009 | \$ - | \$ 0.0009 | \$ - | \$ 0.0009 | \$ 0.5299 |
| 2009 | 3,594,517,566 | 0.1508 | 0.1005 | 0.2237 | 0.0513 | 0.0064 | - | 0.0011 | - | 0.0011 | - | 0.0011 | 0.5338 |
| 2010 | 3,589,355,702 | 0.1509 | 0.1006 | 0.2412 | 0.0778 | 0.0085 | - | 0.0011 | - | 0.0011 | - | 0.0011 | 0.5801 |
| 2011 | 3,871,378,534 | 0.1481 | 0.0987 | 0.2292 | 0.0730 | 0.0086 | - | 0.0012 | - | 0.0012 | - | 0.0012 | 0.5588 |
| 2012 | 3,871,752,402 | 0.1550 | 0.1033 | 0.2429 | 0.0206 | 0.0042 | 0.0500 | 0.0011 | 0.0500 | 0.0011 | 0.0500 | 0.0011 | 0.5771 |
| 2013 | 3,847,965,350 | 0.1586 | 0.1057 | 0.2489 | 0.0605 | 0.0118 | 0.0500 | 0.0012 | 0.0500 | 0.0012 | 0.0500 | 0.0012 | 0.6367 |
| 2014 | 3,782,790,454 | 0.1609 | 0.1072 | 0.2586 | 0.0671 | 0.0035 | 0.0500 | 0.0013 | 0.0500 | 0.0013 | 0.0500 | 0.0013 | 0.6486 |
| 2015 | 3,844,537,844 | 0.1778 | 0.1185 | 0.2540 | 0.0951 | 0.0077 | 0.0500 | 0.0012 | 0.0500 | 0.0012 | 0.0500 | 0.0012 | 0.7043 |
| 2016 | 3,978,101,415 | 0.1798 | 0.1199 | 0.2737 | 0.0648 | 0.0074 | 0.0500 | 0.0014 | 0.0500 | 0.0014 | 0.0500 | 0.0014 | 0.6970 |
| 2017 | 4,074,354,426 | 0.1777 | 0.1185 | 0.2703 | 0.0526 | 0.0054 | 0.0500 | 0.0013 | 0.0500 | 0.0013 | 0.0500 | 0.0013 | 0.6758 |

Taxes Extended

| | | | | | | | | |
|------|--------------|--------------|--------------|--------------|------------|-----------|-----------|---------------|
| 2008 | \$ 5,330,042 | \$ 3,551,008 | \$ 8,393,933 | \$ 1,203,672 | \$ 194,141 | \$ - | \$ 30,710 | \$ 18,703,506 |
| 2009 | 5,420,532 | 3,612,490 | 8,040,936 | 1,843,989 | 230,049 | - | 39,540 | 19,187,536 |
| 2010 | 5,416,338 | 3,610,892 | 8,657,526 | 2,792,518 | 305,095 | - | 39,483 | 20,821,852 |
| 2011 | 5,733,512 | 3,821,051 | 8,873,200 | 2,826,106 | 332,939 | - | 46,457 | 21,633,265 |
| 2012 | 6,001,216 | 3,999,520 | 9,404,487 | 797,581 | 162,614 | 1,935,876 | 42,589 | 22,343,883 |
| 2013 | 6,102,873 | 4,067,299 | 9,577,586 | 2,328,018 | 454,060 | 1,923,983 | 46,176 | 24,499,995 |
| 2014 | 6,086,510 | 4,055,151 | 9,782,296 | 2,538,252 | 132,398 | 1,891,395 | 49,176 | 24,535,178 |
| 2015 | 6,835,588 | 4,555,777 | 9,765,126 | 3,656,156 | 296,029 | 1,922,269 | 46,134 | 27,077,079 |
| 2016 | 7,152,627 | 4,769,743 | 10,888,064 | 2,577,809 | 294,380 | 1,989,051 | 55,693 | 27,727,367 |
| 2017 | 7,240,128 | 4,828,110 | 11,012,980 | 2,143,111 | 220,015 | 2,037,177 | 52,967 | 27,534,488 |

Taxes Collected

| Year | Total | | Percent Collected |
|------|---------------|---------------|-------------------|
| | Extensions | Collections | |
| 2008 | \$ 18,703,506 | \$ 18,543,487 | 99.14 |
| 2009 | 19,187,536 | 18,945,748 | 98.74 |
| 2010 | 20,821,852 | 20,819,165 | 99.99 |
| 2011 | 21,633,265 | 21,541,985 | 99.58 |
| 2012 | 22,343,883 | 22,281,993 | 99.72 |
| 2013 | 24,499,995 | 24,324,791 | 99.28 |
| 2014 | 24,535,178 | 24,400,884 | 99.45 |
| 2015 | 27,077,079 | 26,865,668 | 99.22 |
| 2016 | 27,727,367 | 27,611,323 | 99.58 |
| 2017 | 27,534,488 | 965,773 | 3.51 |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | |
|--|----------------------|
| Estimated Total Equalized Assessed Valuation - 2017 Levy | \$ 4,341,601,525 |
| Debt Limit, 2.875% of Assessed Valuation | \$ 124,821,044 |
| Outstanding Indebtedness: | |
| Bonds | 113,954,479 |
| Debt Certificates | 710,000 |
| | <u>114,664,479</u> |
| Legal Debt Margin | \$ <u>10,156,565</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | EDUCATION FUND | OPERATIONS AND MAINTENANCE FUND | OPERATIONS AND MAINTENANCE (RESTRICTED) FUND | BOND AND INTEREST FUND | AUXILIARY ENTERPRISE FUND | RESTRICTED PURPOSES FUND | AUDIT FUND | LIABILITY, PROTECTION AND SETTLEMENT FUND | WORKING CASH FUND | TOTAL |
|-------------------------------------|----------------|---------------------------------|--|------------------------|---------------------------|--------------------------|------------|---|-------------------|---------------|
| Fund Balance, June 30, 2017 | \$ 9,218,950 | \$ 5,907,069 | \$ 18,448,631 | \$ 6,266,699 | \$ 499,509 | \$ 19,021,121 | \$ 6,858 | \$ 1,308,942 | \$ 13,814,901 | \$ 74,492,680 |
| Revenues: | | | | | | | | | | |
| Local Tax Revenue | 7,645,983 | 5,098,255 | 2,004,549 | 10,904,328 | - | - | 54,111 | 2,608,184 | - | 28,315,410 |
| All Other Local Revenue | - | - | - | - | - | - | - | - | - | - |
| ICCB State Grants | 4,237,153 | 1,732,187 | - | - | - | 362,548 | - | - | - | 6,331,888 |
| All Other State Revenue | - | - | - | - | - | 1,331,915 | - | - | - | 1,331,915 |
| Federal Revenue | - | 438,447 | - | - | - | 11,872,852 | - | - | - | 12,311,299 |
| Student Tuition and Fees | 8,437,199 | 1,881,862 | - | - | 1,272,263 | 689,298 | - | - | - | 12,280,622 |
| Sales and Service Fees | 126,832 | 81 | - | - | 1,027,308 | 246,051 | - | - | - | 1,400,272 |
| All Other Revenue | 182,210 | 218,052 | 453,482 | 31,857,643 | 139,711 | 2,581,927 | - | 7,440 | 283,086 | 35,723,551 |
| Total Revenue | 20,629,377 | 9,368,884 | 2,458,031 | 42,761,971 | 2,439,282 | 17,084,591 | 54,111 | 2,615,624 | 283,086 | 97,694,957 |
| Expenditures: | | | | | | | | | | |
| Instruction | 12,936,388 | - | - | - | - | 1,271,828 | - | - | - | 14,208,216 |
| Academic Support | 2,170,780 | - | - | - | - | 1,208,011 | - | - | - | 3,378,791 |
| Student Services | 2,223,056 | - | - | - | - | 290,304 | - | - | - | 2,513,360 |
| Public Services | 29,894 | - | - | - | - | 4,184,431 | - | - | - | 4,214,325 |
| Independent Operations | - | - | - | - | 1,739,274 | 303,527 | - | - | - | 2,042,801 |
| Operations and Maintenance of Plant | - | 5,677,621 | - | - | - | 11,875 | - | 1,618,234 | - | 7,307,730 |
| Institutional Support | 4,025,049 | 464,510 | 6,207,026 | 45,432,988 | - | 4,999,456 | 53,050 | 1,504,320 | - | 62,686,399 |
| Scholarships and Student Grants | 313,057 | - | - | - | 724,503 | 7,844,005 | - | - | - | 8,881,565 |
| Total Expenditures | 21,698,224 | 6,142,131 | 6,207,026 | 45,432,988 | 2,463,777 | 20,113,437 | 53,050 | 3,122,554 | - | 105,233,187 |
| Net Transfers | 965,686 | (3,107,812) | (943,250) | 2,730,025 | (27,007) | 382,358 | - | - | - | - |
| Fund Balance, June 30, 2018 | \$ 9,115,789 | \$ 6,026,010 | \$ 13,756,386 | \$ 6,325,707 | \$ 448,007 | \$ 16,374,633 | \$ 7,919 | \$ 802,012 | \$ 14,097,987 | \$ 66,954,450 |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | FIXED ASSET/DEBT ACCOUNT GROUPS <u>JUNE 30, 2017</u> | <u>ADDITIONS</u> | <u>DELETIONS</u> | FIXED ASSET/DEBT ACCOUNT GROUPS <u>JUNE 30, 2018</u> |
|---|--|----------------------|----------------------|--|
| <u>FIXED ASSETS:</u> | | | | |
| Site and Improvements Buildings, Additions and Improvements | \$ 21,415,732 | \$ 430,699 | \$ - | \$ 21,846,431 |
| Equipment | 170,720,427 | 360,980 | 186,935 | 170,894,472 |
| Sculptures & Art | 11,908,201 | 247,875 | 181,336 | 11,974,740 |
| Construction in Progress | 2,427,505 | 19,000 | - | 2,446,505 |
| | <u>3,292,431</u> | <u>6,816,540</u> | <u>168,770</u> | <u>9,940,201</u> |
| Net Fixed Assets | <u>\$ 209,764,296</u> | <u>\$ 7,875,094</u> | <u>\$ 537,041</u> | <u>\$ 217,102,349</u> |
| <u>FIXED DEBT:</u> | | | | |
| Bonds Payable | \$ 132,485,000 | \$ 29,247,681 | \$ 39,170,000 | \$ 122,562,681 |
| Other Fixed Liabilities | <u>920,000</u> | <u>-</u> | <u>210,000</u> | <u>710,000</u> |
| Total Fixed Liabilities | <u>\$ 133,405,000</u> | <u>\$ 29,247,681</u> | <u>\$ 39,380,000</u> | <u>\$ 123,272,681</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| <u>OPERATING REVENUES BY SOURCE</u> | <u>EDUCATION FUND</u> | <u>OPERATIONS AND MAINTENANCE (UNRESTRICTED) FUND</u> | <u>TOTAL OPERATING FUNDS</u> |
|--|---------------------------|---|--------------------------------------|
| Local Government: | | | |
| Current Taxes | \$ 7,111,432 | \$ 4,741,888 | \$ 11,853,320 |
| Corporate Personal Property Replacement Tax | 534,551 | 356,367 | 890,918 |
| Chargeback Revenue | - | - | - |
| Total Local Government | <u>7,645,983</u> | <u>5,098,255</u> | <u>12,744,238</u> |
| State Government: | | | |
| ICCB Apportionment | 3,923,188 | 1,732,187 | 5,655,375 |
| Vocational Education Allocation | 313,965 | - | 313,965 |
| Total State Government | <u>4,237,153</u> | <u>1,732,187</u> | <u>5,969,340</u> |
| Federal Government: | | | |
| Build America Bonds Interest Rebate | - | 438,447 | 438,447 |
| Total Federal Government | <u>-</u> | <u>438,447</u> | <u>438,447</u> |
| Tuition and Fees: | | | |
| Tuition | 7,314,732 | 1,732,187 | 9,046,919 |
| Fees | 1,122,467 | 149,675 | 1,272,142 |
| Other Sales and Service Fees | 126,832 | 81 | 126,913 |
| Total Tuition and Fees | <u>8,564,031</u> | <u>1,881,943</u> | <u>10,445,974</u> |
| Other Sources: | | | |
| Facilities Revenue | - | 102,956 | 102,956 |
| Interest on Investments | 109,319 | 72,181 | 181,500 |
| Other Revenue | 72,891 | 42,915 | 115,806 |
| Transfers | 2,110,474 | - | 2,110,474 |
| Total Other Sources | <u>2,292,684</u> | <u>218,052</u> | <u>2,510,736</u> |
| Total Revenue | 22,739,851 | 9,368,884 | 32,108,735 |
| Less Tuition Chargeback | <u>-</u> | <u>-</u> | <u>-</u> |
| Adjusted Revenue | <u>\$ 22,739,851</u> | <u>\$ 9,368,884</u> | <u>\$ 32,108,735</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| <u>OPERATING EXPENDITURES</u> | <u>EDUCATION FUND</u> | <u>OPERATIONS AND MAINTENANCE (UNRESTRICTED) FUND</u> | <u>TOTAL OPERATING FUNDS</u> |
|---------------------------------------|---------------------------|---|--------------------------------------|
| <u>By Program:</u> | | | |
| Instruction | \$ 12,936,388 | \$ - | \$ 12,936,388 |
| Academic Support | 2,170,780 | - | 2,170,780 |
| Student Services | 2,223,056 | - | 2,223,056 |
| Public Services | 29,894 | - | 29,894 |
| Operation and Maintenance of Plant | - | 5,677,621 | 5,677,621 |
| Institutional Support | 4,025,049 | 464,510 | 4,489,559 |
| Scholarships and Student Grants | 313,057 | - | 313,057 |
| Transfers | 1,144,788 | 3,107,812 | 4,252,600 |
| Total Expenditures | <u>22,843,012</u> | <u>9,249,943</u> | <u>32,092,955</u> |
| Less Tuition Chargeback | <u>-</u> | <u>-</u> | <u>-</u> |
| Adjusted Expenditures | <u>\$ 22,843,012</u> | <u>\$ 9,249,943</u> | <u>\$ 32,092,955</u> |
| <u>By Object:</u> | | | |
| Salaries | \$ 17,459,996 | \$ 1,330,668 | \$ 18,790,664 |
| Employee Benefits | 2,127,663 | 218,655 | 2,346,318 |
| Contractual Services | 275,412 | 2,675,034 | 2,950,446 |
| General Materials and Supplies | 1,131,914 | 395,909 | 1,527,823 |
| Conference and Meeting Expense | 161,510 | 7,379 | 168,889 |
| Fixed Charges | 15,673 | 94,583 | 110,256 |
| Utilities | - | 1,394,741 | 1,394,741 |
| Capital Outlay | - | 24,667 | 24,667 |
| Other | 212,999 | 495 | 213,494 |
| Scholarships and Student Grants | 313,057 | - | 313,057 |
| Transfers | 1,144,788 | 3,107,812 | 4,252,600 |
| Total Expenditures | <u>22,843,012</u> | <u>9,249,943</u> | <u>32,092,955</u> |
| Less Tuition Chargeback | <u>-</u> | <u>-</u> | <u>-</u> |
| Adjusted Expenditures | <u>\$ 22,843,012</u> | <u>\$ 9,249,943</u> | <u>\$ 32,092,955</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| <u>Revenue By Source</u> | <u>RESTRICTED PURPOSES FUND</u> |
|--|---|
| Federal Government: | |
| Federal Work Study | \$ 129,606 |
| FSEOG | 132,452 |
| PELL | 5,149,158 |
| Federal Direct Student Loans | 2,529,986 |
| Talent Search | 310,279 |
| Upward Bound | 350,726 |
| ICCB - Bridging the Gap | 30,355 |
| MCETD Youth Employment Enhancement Program | 65,456 |
| Youth Career Pathways | 127,933 |
| CTE Dual Credit Enhancement | 9,538 |
| Perkins Postsecondary Grant | 287,706 |
| Federal Adult Education - Basic | 152,860 |
| Adult Education & Family Literacy - EL/Civics | 35,395 |
| Youthbuild USA AmeriCorps | 583,467 |
| IVEDC Grant - CNA | 26,495 |
| Community Services Block Grant - Skills Training - CNA | 3,219 |
| Dental Sealant | 962 |
| Americorps - Youthbuild | 65,233 |
| Highway Construction Careers Training Program | 40,000 |
| Community Services Block Grant - Youthbuild | 8,410 |
| Community Services Block Grant - Vocational | 3,434 |
| DOL MRTDL (TAA Grant Round #3) | 148,824 |
| TAA Building the Illinois Bioeconomy (TAA Round #4) | 386,160 |
| Urban and Community Forestry | 11,875 |
| NSF - Noyce Scholars | 14,503 |
| NRCS: Technical Assistance CRP/WRE | 92,696 |
| NRCS/CRP to Landowners | 194,167 |
| Youthbuild USA Mentoring Cycles | 9,050 |
| CESU - Japanese Hops Control and Management | 29,047 |
| CESU - Forest Resources | 5,840 |
| Heartland Conservancy - Silver Creek Watershed | 7,456 |
| IDNR - Living with Wildlife | 255,281 |
| IDNR - Herpetology | 16,438 |
| DHHS - HRSA Nurse Ed | 545,626 |
| IDNR - Southern Illinois Habitat | 113,219 |
| Total Federal Government | <u>11,872,852</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
 UNIFORM FINANCIAL STATEMENT #4
 RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES

(Continued)

| <u>Revenue By Source</u> | <u>RESTRICTED PURPOSES FUND</u> |
|---|---|
| State Government: | |
| ICCB - Adult Education | 311,500 |
| Secretary of State - Family Literacy | 94,000 |
| Optional Education | 50,626 |
| LC Reading Service | 17,438 |
| East St. Louis Higher Ed | 16,163 |
| NGRREC State Appropriation | 900,000 |
| ICCB - ICAPS State CTE | 34,885 |
| Highway Construction | 257,651 |
| Nrs Ed Fellow | 10,000 |
| IL Coop Work Study | <u>2,200</u> |
| Total State Government | <u>1,694,463</u> |
| | |
| <u>Revenue By Source</u> | |
| Other: | |
| Center for Workforce Training | 249,480 |
| Scholarships | 37,500 |
| Interest | 201,265 |
| Student Organizations | 246,051 |
| Music Preparatory Program | 92,452 |
| Community Education | 154,919 |
| College for Life | 123,975 |
| McKnight - Mississippi River Basin | 33,639 |
| Gifts | 1,632,233 |
| Walton Foundation | 289,582 |
| Other | 344,425 |
| Supported College Transition | 63,680 |
| Health Reimbursement | <u>48,075</u> |
| Total Other Sources | <u>3,517,276</u> |
| | |
| Transfers In | <u>4,918,569</u> |
| | |
| Total Restricted Purposes Fund Revenues | <u>\$ 22,003,160</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536
 UNIFORM FINANCIAL STATEMENT #4
 RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES

(Continued)

| | <u>RESTRICTED PURPOSES FUND</u> |
|---|---|
| <u>Expenditures By Program:</u> | |
| Instruction | \$ 1,271,828 |
| Academic Support | 1,208,011 |
| Student Services | 290,304 |
| Public Services | 4,184,431 |
| Independent Operations | 303,527 |
| Operations and Maintenance of Plant | 11,875 |
| Institutional Support | 4,999,456 |
| Scholarships and Student Grants | 7,844,005 |
| Transfers | <u>4,536,211</u> |
| Total Restricted Purposes Fund Expenditures | <u>\$ 24,649,648</u> |

| | |
|---|----------------------|
| <u>Expenditures By Object:</u> | |
| Salaries | \$ 4,607,465 |
| Employee Benefits | 1,053,923 |
| Contractual Services | 2,985,136 |
| General Materials and Supplies | 1,157,360 |
| Conference and Meeting Expense | 357,239 |
| Fixed Charges | 8,309 |
| Utilities | 58,438 |
| Capital Outlay | 1,688,298 |
| Scholarships and Student Grants | 7,844,005 |
| Other | 353,264 |
| Transfers | <u>4,536,211</u> |
| Total Restricted Purposes Fund Expenditures | <u>\$ 24,649,648</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| | |
|---|----------------------|
| Instruction | \$ 14,208,216 |
| Academic Support: | |
| Library Center | 285,365 |
| Educational Media Services | 155,599 |
| Academic Computing | 1,995,965 |
| Academic Administration and Planning | 657,435 |
| Other | 284,427 |
| Total Academic Support | <u>3,378,791</u> |
| Student Services: | |
| Admissions and Records | 829,638 |
| Counseling and Career Services | 916,526 |
| Health Services | 77,699 |
| Financial Aid Administration | 378,817 |
| Other | 310,680 |
| Total Student Services | <u>2,513,360</u> |
| Public Services: | |
| Community Education | 624,264 |
| Customized Training (Instructional) | 1,567,811 |
| Other | 2,022,250 |
| Total Public Service | <u>4,214,325</u> |
| Auxiliary Services | <u>2,042,801</u> |
| Operations and Maintenance of Plant: | |
| Building and Grounds Maintenance | 2,305,420 |
| Custodial Services | 1,148,275 |
| Campus Security | 1,737,160 |
| Transportation | 13,955 |
| Utilities | 1,686,945 |
| Administration | 95,985 |
| Other | 319,990 |
| Total Operations and Maintenance of Plant | <u>7,307,730</u> |
| Institutional Support: | |
| Executive Management | 1,313,639 |
| Fiscal Operations | 738,949 |
| Community Relations | 289,558 |
| Administrative Support Services | 607,031 |
| Board of Trustees | 4,044 |
| General Institution | 5,411,401 |
| Administrative Data Processing | 1,581,344 |
| Other | 1,100,419 |
| Total Institutional Support | <u>11,046,385</u> |
| Scholarships and Student Grants | <u>8,881,565</u> |
| Total Current Funds Expenditures | <u>\$ 53,593,173</u> |



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

**AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR
ADULT EDUCATION & FAMILY LITERACY GRANTS**

Chairman and Board of Trustees
Lewis and Clark Community College
District 536
Godfrey, Illinois 62035

We have audited the balance sheets of the Adult Education & Family Literacy grants of Lewis and Clark Community College District 536 as of June 30, 2018, and the related statements of revenues, expenditures and changes in fund balance - actual for the year then ended. These financial statements are the responsibility of Lewis and Clark Community College District 536's administration. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the grant policy guidelines of the Illinois Community College Board's *Adult Education and Family Literacy Audit Requirements*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. Our audit also included a review of compliance with the provisions of laws, regulations, contracts and grants between Lewis and Clark Community College District 536 and the State of Illinois and Illinois Community College Board. We believe that our audit provides a reasonable basis for our opinion and Lewis and Clark Community College District 536 is in compliance with the provisions of laws, contracts and ICCB policy guidelines for restricted grants.

In our opinion, such financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education & Family Literacy grants of Lewis and Clark Community College District 536 at June 30, 2018, and the results of their operations for the year then ended in conformity with generally accepted accounting principles.

C. J. Schlosser & Company LLC

Certified Public Accountants
Alton, Illinois
October 5, 2018

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

ADULT EDUCATION & FAMILY LITERACY GRANT PROGRAMS
BALANCE SHEET
JUNE 30, 2018

| | <u>State Basic</u> | <u>Performance</u> | <u>Total (Memorandum Only)</u> |
|--|------------------------|--------------------|--|
| <u>Assets</u> | | | |
| Cash | \$ (66,400) | \$ (31,483) | \$ (97,883) |
| Due From the Illinois Community College Board | <u>66,400</u> | <u>31,483</u> | <u>97,883</u> |
| Total Assets | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| <u>Liabilities and Fund Balance</u> | | | |
| Total Liabilities and Fund Balance | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to grant financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

ADULT EDUCATION & FAMILY LITERACY GRANT PROGRAMS
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

| | <u>State Basic</u> | <u>Performance</u> | <u>Total (Memorandum Only)</u> |
|--|------------------------|--------------------|--|
| Revenue: | | | |
| ICCB Grant | \$ 207,113 | \$ 104,387 | \$ 311,500 |
| Expenditures: | | | |
| Instruction | 137,121 | 1,172 | 138,293 |
| Social Work Services | 15,432 | 22,340 | 37,772 |
| Guidance Services | - | - | - |
| Student Transportation Services | - | 2,400 | 2,400 |
| Literacy Services | 34,239 | - | 34,239 |
| Child Care Services | - | 1,000 | 1,000 |
| Subtotal Instructional and Student Services | <u>186,792</u> | <u>26,912</u> | <u>213,704</u> |
| Improvement of Instructional Services | 105 | 4,093 | 4,198 |
| Indirect Costs | 14,622 | 6,996 | 21,618 |
| General Administration | 5,594 | 28,558 | 34,152 |
| Data and Information Services | - | 37,828 | 37,828 |
| Operation & Maintenance | - | - | - |
| Subtotal Program Support | <u>20,321</u> | <u>77,475</u> | <u>97,796</u> |
| Total Expenditures | <u>207,113</u> | <u>104,387</u> | <u>311,500</u> |
| Excess Revenue Over Expenditures | - | - | - |
| Fund Balance, July 1, 2017 | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, June 30, 2018 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

See notes to grant financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| State Basic | Audited Expenditure Amount | Actual Expenditure Percentage |
|--|----------------------------|-------------------------------|
| Instruction (45% Minimum Required) | \$137,121 | 66.21% |
| General Administration (15% Maximum Allowed) | \$5,594 | 2.70% |

See notes to grant financial statements

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

ILLINOIS COMMUNITY COLLEGE BOARD GRANT PROGRAMS
NOTES TO GRANT FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. General

The accompanying statements include only those transactions resulting from the Adult Education & Family Literacy grant programs. These transactions have been accounted for in the Restricted Purposes Fund.

b. Basis of Accounting

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

c. Fixed Assets

Fixed asset purchases are recorded as capital outlay and not capitalized.

NOTE 2: BACKGROUND INFORMATION RELATED TO STATE GRANT ACTIVITY

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Equalization Grants

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

Restricted Adult Education Grants/State

State Basic

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

Performance

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



C. J. SCHLOSSER
& COMPANY, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

David M. Bartosiak
Cindy A. Tefteller
Kevin J. Tepen

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

Chairman and Board of Trustees
Lewis and Clark Community College
District 536
Godfrey, Illinois 62035

We have audited the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Lewis and Clark Community College District 536 for the year ended June 30, 2018. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's Management. Our responsibility is to express an opinion on the schedule based upon our examination.

Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

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

C. J. Schlosser & Company LLC

Certified Public Accountants
Alton, Illinois
October 5, 2018

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

Total Semester Credit Hours by Term (In-District and Out of District Reimbursable)

| Categories | Summer 2017 | | Fall 2017 | | Spring 2018 | | Total | |
|------------------------|----------------|--------------|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Unrestricted | Restricted | Unrestricted | Restricted | Unrestricted | Restricted | Unrestricted | Restricted |
| Baccalaureate | 4,670.0 | - | 30,199.0 | 359.0 | 30,181.0 | 136.0 | 65,050.0 | 495.0 |
| Business Occupational | 554.0 | - | 3,663.0 | 27.5 | 2,776.0 | 29.0 | 6,993.0 | 56.5 |
| Technical Occupational | 245.0 | 125.0 | 4,305.5 | 269.0 | 5,593.0 | 258.0 | 10,143.5 | 652.0 |
| Health Occupational | 751.0 | - | 3,378.5 | - | 2,976.0 | - | 7,105.5 | - |
| Remedial Development | 261.0 | - | 1,787.0 | 6.0 | 1,327.0 | 21.0 | 3,375.0 | 27.0 |
| ABE/ASE | 17.0 | 672.0 | 56.0 | 1,295.0 | 126.0 | 1,687.0 | 199.0 | 3,654.0 |
| | <u>6,498.0</u> | <u>797.0</u> | <u>43,389.0</u> | <u>1,956.5</u> | <u>42,979.0</u> | <u>2,131.0</u> | <u>92,866.0</u> | <u>4,884.5</u> |

Attending
Out-of-District
on Chargeback
or Cooperative/
Contractual
Agreement

| Attending In-District | Total |
|-----------------------|-----------------|
| <u>94,007.0</u> | <u>97,475.5</u> |

Dual Credit

| Dual Credit | Dual Enrollment |
|-----------------|-----------------|
| <u>26,921.5</u> | <u>-</u> |

Reimbursable Semester Credit Hours (All Terms)

District 2017 Equalized Assessed Valuation

\$ 4,341,601,525

Signatures

Chief Executive Officer

Chief Financial Officer

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Categories | Total Unrestricted Credit Hours | Total Unrestricted Credit Hours to the ICCB | Difference | Total Restricted Credit Hours | Total Restricted Credit Hours to the ICCB | Difference |
|------------------------|---------------------------------------|--|------------|-------------------------------------|--|------------|
| Baccalaureate | 65,050.0 | 65,050.0 | - | 495.0 | 495.0 | - |
| Business Occupational | 6,993.0 | 6,993.0 | - | 56.5 | 56.5 | - |
| Technical Occupational | 10,143.5 | 10,143.5 | - | 652.0 | 652.0 | - |
| Health Occupational | 7,105.5 | 7,105.5 | - | - | - | - |
| Remedial Development | 3,375.0 | 3,375.0 | - | 27.0 | 27.0 | - |
| ABE/ASE | 199.0 | 199.0 | - | 3,654.0 | 3,654.0 | - |
| Total | <u>92,866.0</u> | <u>92,866.0</u> | - | <u>4,884.5</u> | <u>4,884.5</u> | - |

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

| | Total Attending as Certified to the ICCB | Difference |
|---|---|------------|
| In-District Residents | 94,007.0 | - |
| Out-of-District on Chargeback or Contractual Agreement | 3,468.5 | - |
| Total | <u>97,475.5</u> | - |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

DOCUMENTATION OF RESIDENCY VERIFICATION STEPS JUNE 30, 2018

The College adheres to the rules and policies of the Illinois Community College Board in documenting student residency.

The College procedure is as follows:

Upon initial contact with students, the College receives admission forms and other documents indicating residency. To be coded “in-district”, each student must have lived at the in-district address supplied on forms for at least 30 days prior to the official beginning date of the semester and show proof of his/her residency at this address by providing one of the following documents:

- a. An Illinois driver’s license
- b. An Illinois auto license registration
- c. An Illinois voter’s registration card
- d. An Illinois property tax statement
- e. A document showing the student’s past or existing status as an in-district student, e.g. a high school transcript
- f. Other non-self serving documentation

After the College staff member has witnessed the above documentation verifying residency, a code is entered on the student’s computer record indication verification of residency. The student is automatically coded as the appropriate residence status within the Ellucian Colleague system.

Students who live out-of-district and work at least 35 hours per week in-district are eligible to receive the in-district tuition rate. The College requires documentation from the student’s employer to be eligible. While the College serves very few students who meet the following criteria, these students also qualify for in-district status if the appropriate documentation is provided: Federal job corps workers stationed in Illinois; members of the armed forces stationed in Illinois; and inmates of state correctional/rehabilitation institutions located in Illinois.

The College periodically updates staff training to properly administer the residency policies and procedures.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|--|---------------------------|-------------------------------------|-------------------------------|------------------|
| <u>Department of Education:</u> | | | | |
| Direct Programs: | | | | |
| <u>Student Financial Assistance Cluster:</u> | | | | |
| S.E.O.G. | 84.007 | | 138,133 | \$ 138,133 |
| Federal Direct Student Loans | 84.268 | | N/A | 2,366,311 |
| Federal Work Study | 84.033 | | 129,606 | 129,061 |
| PELL | 84.063 | | N/A | 5,142,503 |
| PELL Admin | 84.063 | | N/A | 8,220 |
| Total Student Financial Assistance Cluster | | | | <u>7,784,228</u> |
| <u>TRIO Cluster:</u> | | | | |
| Talent Search | 84.044A | | 312,420 | 267,632 |
| Talent Search | 84.044A | | 304,800 | 42,647 |
| Upward Bound | 84.047A | | 320,484 | 264,165 |
| Upward Bound | 84.047A | | 320,488 | 86,561 |
| Total TRIO Cluster | | | | <u>661,005</u> |
| Passed Through Illinois Community College Board: | | | | |
| Career & Technical Ed Program- | | | | |
| Perkins Postsecondary Grant | 84.048 | CTE53618 | 287,706 | 287,706 |
| Dual Credit Enhancement | 84.048 | DCE53618 | 10,000 | 9,538 |
| Total CFDA 84.048 | | | | <u>297,244</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|---|---------------------------|-------------------------------------|-------------------------------|------------------|
| Passed Through Illinois Community College Board: | | | | |
| Bridging the Gap | 84.367A | BTG56317 | 19,500 | 7,206 |
| Bridging the Gap | 84.367A | BTG56318 | 23,149 | 23,149 |
| Total CFDA 84.367A | | | | <u>30,355</u> |
| Passed Through Illinois Community College Board: | | | | |
| Adult Education & Family Literacy (Federal Basic) | 84.002 | 5360118 | 152,860 | 152,860 |
| Adult Education & Family Literacy (EL/Civics) | 84.002 | 5360118 | 35,395 | 35,395 |
| Total CFDA 84.002A | | | | <u>188,255</u> |
| Total Department of Education | | | | <u>8,961,087</u> |
| Corporation for National and Community Service Direct Program: | | | | |
| YouthBuild USA Americorps | 94.006 | | 78,000 | 38,244 |
| YouthBuild USA Americorps | 94.006 | | 75,725 | 26,989 |
| Total Corporation for National and Community Service | | | | <u>65,233</u> |

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|---|---------------------------|-------------------------------------|-------------------------------|----------------|
| <u>Department of Health and Human Services:</u> | | | | |
| Direct Program: | | | | |
| HRSA: Nurse Education, Practice, Quality, Retention | 93.359 | | 545,606 | 545,606 |
| Passed Through Madison County Community Development: | | | | |
| Community Services Block Grant - Skills Training - Certified Nursing Assistant | 93.569 | 2017-CSBG-003 | 7,000 | 3,218 |
| Community Services Block Grant - Skills Training - Vocational Training | 93.569 | 2018-CSBG-003 | 10,000 | 3,434 |
| Community Services Block Grant - Skills Training - Youthbuild | 93.569 | 2017-CSBG-003 | 12,000 | 8,410 |
| Passed Through Illinois Valley Economic Dev Corp: | | | | |
| IVEDC Grant - CNA | 93.569 | | 10,988 | 2,282 |
| IVEDC Grant - CNA | | | 39,236 | 24,213 |
| Total CFDA 93.569 | | | | <u>41,557</u> |
| Passed Through Illinois Department of Public Health: | | | | |
| Dental Sealant Grant | 93.994 | 83489017F | 2,000 | 962 |
| Total Department of Health and Human Services | | | | <u>588,125</u> |
| <u>Department of Labor:</u> | | | | |
| Passed Through ETA: | | | | |
| YouthBuild | 17.274 | YB-27779-15-60-A-17 | 1,100,000 | 402,930 |
| YouthBuild | 17.274 | YB-31072-17-60-A-17 | 1,100,000 | 180,537 |
| Total CFDA 17.274 | | | | <u>583,467</u> |

See accompanying notes to schedule of expenditures of federal awards

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|--|---------------------------|-------------------------------------|-------------------------------|--------------------------------------|
| Passed Through DCEO: Youth Career Pathway | 17.259 | 2017-YEEP-003 | 65,456 | 65,456 |
| MCETD Youth Employment | 17.278 | 16-634003 | 441,176 | 127,933 |
| Direct Program: MRTDL (TAA Community College & Training Grants Round #3) BIB (TAA Community College & Training Grants Round #4) Total CFDA 17.282 | 17.282 17.282 | | 4,958,481 1,530,473 | 148,824 386,160 <u>534,984</u> |
| Total Department of Labor | | | | <u>1,311,840</u> |
| <u>National Science Foundation:</u> Passed Through National Science Foundation: Noyce Scholars Total National Science Foundation | 47.076 | 761562-01-001 | 108,550 | 14,503 <u>14,503</u> |
| <u>United States Department of Agriculture:</u> Passed Through Natural Resources Conservation Service: NRCS/CRP to Landowners | 10.902 | 68-5A12-13-107/002 | 659,770 | 194,167 |
| Passed Through Natural Resources Conservation Service: NRCS/Skilled Technical Assistant-CRP | 10.069 | 68-5A12-18-001 | 419,004 | 92,696 |
| Passed Through Urban & Community Forestry: Urban & Community Forestry | 10.675 | 17-DG-11420004-248 | 11,875 | 11,875 |

See accompanying notes to schedule of expenditures of federal awards

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|--|---------------------------|-------------------------------------|-------------------------------|--------------|
| Passed Through Illinois Department of Natural Resources: | | | | |
| IDNR-Southern Illinois Strike Team | 10.903 | R16894005 | 400,964 | 113,217 |
| Total United States Department of Agriculture | | | | 411,955 |
| <u>Department of Transportation:</u> | | | | |
| Passed Through Illinois Department of Transportation: | | | | |
| Highway Construction Careers Training Program | 20.205 | N/A | 354,400 | 40,000 |
| Total Department of Transportation | | | | 40,000 |
| <u>Department of Justice:</u> | | | | |
| Direct Program: | | | | |
| YouthBuild USA Mentoring Cycle 1 | 16.726 | | 69,000 | 9,050 |
| Total Department of Justice | | | | 9,050 |
| <u>Department of Defense:</u> | | | | |
| Passed Through US Army Corps of Engineers, ERDC Contracting Office: | | | | |
| CESU: Japanese Hops Control and Management | 12.630 | W912HZ-17-2-0021 | 35,010 | 29,047 |
| CESU: Forest Resources | 12.630 | W912HZ-12-2-0017 | 41,810 | 5,840 |
| Total Department of Defense | | | | 34,887 |

See accompanying notes to schedule of expenditures of federal awards

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

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

| Federal Grantor/Pass-Through Grantor/ Program Title | Federal CFDA Number | Pass-Through Grantor's Number | Program or Award Amount | Expenditures |
|--|---------------------------|-------------------------------------|-------------------------------|----------------------|
| <u>Environmental Protection Agency</u> | | | | |
| Passed Through Illinois Environmental Protection Agency: | | | | |
| SCALE: Streambank Cleanup and Lakeshore Enhancement | 66.460 | | 500 | 332 |
| Passed Through Heartland Conservancy: | | | | |
| Upper Silver Creek Watershed | 66.460 | 3191613 | 25,820 | 5,663 |
| Lower Silver Creek Watershed | 66.460 | 604164 | 15,000 | 1,793 |
| Total Environmental Protection Agency - Total CFDA | 66.460 | | | <u>7,788</u> |
| <u>Department of the Interior</u> | | | | |
| Passed Through Illinois Department of Natural Resources: | | | | |
| IDNR Living with Wildlife (Wildlife Restoration) | 15.611 | W-147-T-10 | 300,000 | 226,570 |
| IDNR Living with Wildlife (Wildlife Restoration) | 15.611 | W-147-T-9 | 275,000 | 28,711 |
| | | | | <u>255,281</u> |
| IDNR Assessment of Herpetological Species | 15.634 | T-112-R-1 | 81,360 | 16,438 |
| Total Department of the Interior | | | | <u>271,719</u> |
| Total Federal Award Programs | | | | <u>\$ 11,716,187</u> |

The College did not pass-through any funds to sub-recipients

See accompanying notes to schedule of expenditures of federal awards

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018

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 Lewis and Clark Community College District 536 (College). The College's reporting entity is defined in Note 1 to the College's financial statements.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Relationship to General Purpose Financial Statements

Federal awards received are reflected in the College's financial statements within the Restricted Purposes Fund as receipts from federal sources.

Relationship to Program Financial Reports

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards agree with amounts reported in financial claim reports for programs that have filed final reports as of June 30, 2018, with various funding agencies.

Noncash Assistance, Federal Insurance and Loans/Loan Guarantees

The College did not receive any noncash assistance for the year ended June 30, 2018. The College also did not receive any federal guaranteed loans or federal insurance for any of its programs for the year ended June 30, 2018.

Subrecipient Monitoring

The College did not have any federal funds that were passed through to subrecipients during the year ended June 30, 2018.

Indirect Cost Rate

The College has developed and used an indirect cost rate of 37% for On-campus programs and 16% for Off-campus programs.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

Part 1 – Summary of Auditor’s Results

- a) An unmodified opinion was issued in the report on the financial statements.
- b) No significant deficiencies or material weaknesses in internal control were reported in the audit of the financial statements of Lewis and Clark Community College District 536.
- c) The audit did not disclose any noncompliance that is material to the financial statements of Lewis and Clark Community College District 536.
- d) No significant deficiencies or material weaknesses in internal control over major programs were disclosed by the audit of the financial statements of Lewis and Clark Community College District 536.
- e) An unmodified opinion was issued in the report on compliance for major programs.
- f) The audit disclosed no findings that are required to be reported in accordance with 2 CFR Section 200 516(a).
- g) Lewis and Clark Community College District 536’s major program is the Student Financial Assistance Cluster.
- h) The dollar threshold to distinguish between Type A and Type B programs is \$750,000.
- i) Lewis and Clark Community College District 536 did not qualify as a low-risk auditee.

Part 2 – Lewis and Clark Community College District 536 has no findings to the financial statements that are required to be reported in accordance with GAGAS.

Part 3 - Lewis and Clark Community College District 536 has no findings or questioned costs for federal awards.

LEWIS AND CLARK COMMUNITY COLLEGE DISTRICT 536

PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018

None

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

Chairman and Board of Trustees
Lewis and Clark Community College
District 536
Godfrey, 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 the Lewis and Clark Community College District 536 ("College") as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

C. J. Schlosser & Company LLC

Certified Public Accountants
Alton, Illinois
October 5, 2018



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

Chairman and Board of Trustees
Lewis and Clark Community College
District 536
Godfrey, Illinois

Report on Compliance for Each Major Federal Program

We have audited Lewis and Clark Community College District 536's ("College") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2018. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major

federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

C. Q. Schlem & Co. LLC

Certified Public Accountants
Alton, Illinois
October 5, 2018

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

College or District Name: Lewis & Clark Community College
District #: 0536

ALL FISCAL YEAR 2018 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

| | |
|--|-------------------|
| 1. Education Fund | 21,698,224 |
| 2. Operations and Maintenance Fund | 6,763,626 |
| 3. Public Building Commission Operation and Maintenance Fund | - |
| 4. Bond and Interest Fund | 18,541,428 |
| 5. Public Building Commission Rental Fund | - |
| 6. Restricted Purposes Fund | 18,425,139 |
| 7. Audit Fund | 53,050 |
| 8. Liability, Protection, and Settlement Fund | 2,924,352 |
| 9. Auxiliary Enterprises Fund (subsidy only) | - |
| 10. TOTAL NONCAPITAL EXPENDITURES (sum of lines 1-9) | 68,405,819 |
| 11. Depreciation on Capital Outlay Expenditures (equipment, buildings, and fixed equipment paid) from Sources other than State and Federal Funds | 3,594,437 |
| 12. TOTAL COSTS INCLUDED (line 10 plus line 11) | 72,000,256 |
| 13. Total certified semester credit hours for FY 2018 | 97,751 |
| 14. PER CAPITA COST (line 12 divided by line 13) | 736.57 |
| 15. All FY 2018 state and federal operating grants for noncapital expenditures. DO NOT INCLUDE ICCB GRANTS | 11,327,992 |
| 16. FY 2018 state and federal grants per semester credit hour (line 15 divided by line 13) | 115.89 |
| 17. District's average ICCB grant rate (excluding equalization grants) for FY 2019 | 30.21 |
| 18. District's student tuition and fee rate per semester credit hour for FY 2019 | 131.00 |
| 19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18) | 459.47 |

Approved: Nancy L Kaiser 10/12/2018
Associate Vice President, Accounting and Chief Budget Officer Date

Approved: Robert Chapman 10/12/2018
Chief Executive Officer Date