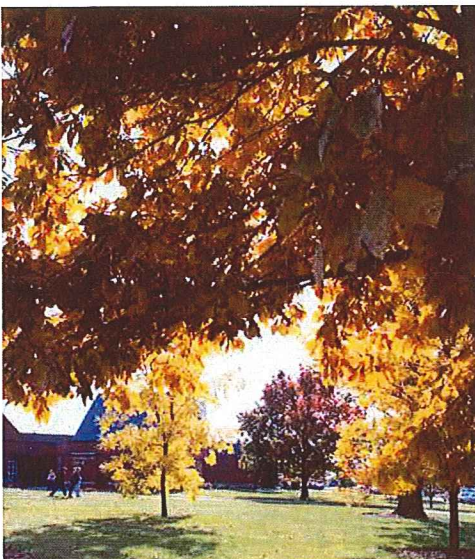


**Danville
Area
Community
College**



**Community
College
District No. 507**

Danville, IL



**COMPREHENSIVE
ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
JUNE 30, 2018**

DANVILLE AREA COMMUNITY COLLEGE

**Community College District No. 507
Danville, Illinois**

Comprehensive Annual Financial Report

FISCAL YEAR ENDED JUNE 30, 2018

**Prepared by:
Finance and Administration Office**

**Tammy L. Betancourt
Chief Financial Officer/Treasurer**

MISSION STATEMENT

Danville Area Community College is committed to providing quality, innovative, and accessible learning experiences which meet the lifelong academic, cultural and economic needs of our diverse communities and the world we share.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
COMPREHENSIVE ANNUAL FINANCIAL REPORT
Fiscal Years Ended June 30, 2018 and 2017**

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INTRODUCTORY SECTION



October 17, 2018

Members of the Board of Trustees, and
Citizens of Danville Area Community College District No. 507:

The Comprehensive Annual Financial Report (CAFR) of Danville Area Community College, Community College District No. 507 (the College), Counties of Vermilion, Edgar, Iroquois, Champaign, and Ford, State of Illinois, for the fiscal year ended June 30, 2018, is hereby submitted. The CAFR provides a snap shot of the College's financial performance and major initiatives as well as an overview of trends in the local economy. Above all, the report represents the College's commitment to inform members of the Community about the College's finances.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, of this report rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and changes in financial position of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

PROFILE OF THE COLLEGE

Danville Area Community College is a comprehensive community college operating in accordance with the provisions of the Illinois Public Community College Act and is recognized by the Illinois Community College Board (ICCB). The College is accredited by the Higher Learning Commission. While the campus is located in Danville, the College District encompasses high school districts in Vermilion, Edgar, Iroquois, Ford and Champaign counties with an estimated population of 85,000.

MISSION, VISION AND CORE VALUES

Danville Area Community College is committed to student success. The College represents a vital and progressive community resource. Our mission:

Danville Area Community College is committed to providing quality, innovative, and accessible learning experiences which meet the lifelong academic, cultural and economic needs of our diverse communities and the world we share.

Our vision is to continue to be an active partner in building and maintaining the academic excellence and economic vitality of the communities we serve. This vision will be accomplished by:

- Providing a friendly and dynamic environment in which to learn and grow;
- Embracing the ever-changing world of technology;
- Creating a learning culture where assessment of student academic achievement is valued across the institution, departments, and programs;
- Offering an affordable and convenient education for students;
- Promoting a global perspective of education;
- Reflecting diversity and inclusiveness in our students, faculty, and staff;
- Cultivating partnerships with the community to develop innovative and vital solutions to meet changing academic and economic needs;
- Challenging students to explore their full potential through rigorous academics, diverse campus organizations, and innovative career experiences; and
- Enhancing opportunities for student success through comprehensive support services.

Our core values:

Integrity – Trusting relationships and an ethical reputation with those we serve (students, faculty, employees, community, business, other educational institutions, government).

- Being respectful
- Being honest and sincere
- Being fair and reasonable
- Acting responsibly by meeting commitments and obligations
- Remaining true to the academic disciplines

Excellence – Consistently achieving exceptional results that delight those we serve.

- Being accountable through the evaluation and adjustment of our services, processes and programs as needed to assure timeliness, quality, effectiveness, and financial stability
- Providing superior learning experiences and services
- Being learner focused to meet the needs of those we serve
- Encouraging continuous improvement and lifelong learning, growth
- Being innovative and proactive

Communication – Positive and productive relationships and environment for those we serve.

- Openly exchanging thoughts, messages, information and ideas throughout our college and community
- Fostering an environment of belonging, acceptance
- Encouraging participation, involvement and collaboration
- Demonstrating spirit, sound teamwork principles and practices
- Empowering others by enabling them to make decisions, take actions that match their capabilities

Adaptability – Continuously meeting the changing needs of those we serve.

- Providing relevant, meaningful educational services
- Being flexible and willing to change
- Developing and demonstrating the competencies, as well as versatility needed for continuing success
- Anticipating and capitalizing on opportunities for growth, success
- Taking appropriate risks that contribute to learning, growth, or ultimate success

Diversity – Providing a safe and secure learning environment for the personal and intellectual growth of those we serve, preparing them to participate in an increasingly changing world.

- Promoting and upholding our vision that all are treated with equality, fairness, dignity, and respect.
- Delivering a curriculum and services which are inclusive of global considerations and which value the voices, experiences, and worth of a variety of cultural perspectives.
- Fostering educational practices which support the learning styles of each unique human being.

FINANCIAL INFORMATION

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental and Financial Accounting Standards Board (GASB and FASB), National Association of College and University Business Officers (NACUBO) and the Illinois Community College Board (ICCB). The ICCB requires accounting by funds so that limitations and restrictions on resources can be easily accounted for. The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal obligation to pay. The notes of the financial statements expand and explain the financial statements and the accounting principles applied.

Internal Controls:

Management of the College is responsible for establishing and maintaining internal controls designed to protect the assets of the College, prevent loss from theft or misuse and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls:

The College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end. However, encumbrances are only re-authorized as part of the following year's budget when funds are

available and with appropriate administrative approvals. As demonstrated by the statements and schedules included in the financial section of the report, the College continues to meet its responsibility of sound financial management.

ECONOMIC CONDITION AND OUTLOOK

The College's financial position remains strong in spite of the current weakened economy in the State. This is attributed to a large, diverse, stable tax base, low debt burden, sound reserves and financial planning, a long-term strategic financial plan, and reducing expenditures during times of decreasing enrollment and reduced state funding. Over the last ten years, excluding the net position related to OPEB, the College's net position has increased approximately \$2.1 million from fiscal year 2009 to fiscal year 2018.

District Economy

The Danville Area Community College district is an important business and agricultural region in east central Illinois, supported by several large manufacturers, distribution centers, healthcare providers, and other service providers, as well as a significant agricultural economy, real estate, education and retail. Some of the largest employers in the district are Vermilion County Public Schools, ThyssenKrupp (Crankshaft and Presta), Department of Veterans Affairs Illiana Healthcare System, Danville School District No. 118, McLane Midwest Company, Blue Cross/Blue Shield of Illinois, Vermilion County Government, OSF Healthcare Sacred Heart Medical Center (formerly Presence Health United Samaritans Medical Center), KIK Custom Products, and Quaker Food and Beverages.

Unemployment in the Danville Metropolitan Statistical Area has been declining over the last several years to the lowest rate in 10 years of 6.3%. This is almost 50% lower than the highest rate of 12.1% in 2011. Per capita income has also increased steadily even though population has been decreasing, which would be a result of the lower unemployment rate. Typically as unemployment decreases, enrollment also decreases, which has been the case for the College the last several years. Full-time equivalent (FTE) enrollment is also the lowest in the last 10 years (1,602 compared to 1,846 in 2009). FTE was at its highest of 2,382 in 2010 when the unemployment rate was at one of its highest of 11.4%. The College continues to actively pursue enrollment in areas such as dual credit and on-line and is reviewing programming to add enrollment.

Tax Base:

The District's fiscal year 2017 tax levy base of \$1,042,037,986 experienced an approximate 2.7% increase over the 2016 tax levy base. This increase is primarily attributable to the continued increase in farm property. However, over the last several years, residential property has also been steadily increasing, which reflects an improving economy in the area.

The tax base is diverse, with the ten largest taxpayers making up only 7.0% of the EAV. The 2017 EAV was comprised of 44% residential, 31% farm, 16% commercial, 4% industrial and 5% railroad and mineral (includes wind farms). Local property taxes will continue to be a significant source of revenue to the College. During fiscal year 2018, local property taxes accounted for approximately 25% of total operating funds receipts.

Net Position and Liquidity:

Net position decreased from \$49.5 million at the end of fiscal year 2017 to \$39.3 million at the end of 2018. However, this decrease is directly attributable to the adoption of GASB No. 75 and the recognition of Other Postretirement Benefit (OPEB) liabilities. When OPEB is excluded, unrestricted net position for general purposes increased approximately \$2.2 million. Net position, including OPEB, was approximately 127% of total fiscal year 2018 operating expenses, and excluding OPEB was approximately 165%. Liquidity is strong, with \$13.4 million of cash and cash equivalents at year end. An additional indicator of financial strength is the College's Moody's rating. The College's Moody's rating was reviewed in January, 2018, and retained its rating of A1 with a negative outlook. According to Moody's, *"The negative outlook reflects above average exposure to state operating aid, which coupled with the college's limited flexibility to raise revenues or reduce expenditures, leaves the district vulnerable to negative budgetary variances."* This rating is considered "upper-medium grade" and is the highest rating in that category.

College Enrollment:

While enrollment continues to steadily decline, primarily as a result of the declining unemployment rate and a shrinking population base, strategic initiatives to counteract that decline continue, such as expanding baccalaureate partnerships with universities, including "3 + 1" programs that enable students to take three years at DACC and a fourth online to earn a bachelor's degree. Other initiatives include "bonus classes," which encourage students who have registered for 12 credits to take an additional class for free. Bonus classes are low-enrolled course sections that the college can offer at no additional cost. The student-service benefit is that bonus classes can keep students on track toward graduation.

Additional initiatives to maintain stable enrollment are increased marketing for dual credit and on-line courses, expanding waivers for in-district student athletes and those who excel academically, and the addition of ½ tuition waivers for students in a music ensemble. In addition, the College will again be offering vocational programs at the Danville Correctional Center beginning in the spring of 2019.

This past year, the College restructured the Enrollment Management Team to provide long-range strategic planning to explore and implement initiatives that help grow enrollment in new and potential markets. In addition, the College designated the key stakeholders in the Enrollment Management Team to perform as members of the Tactical Enrollment Team, which is charged with working collaboratively under the leadership of the Dean of Student Services to grow enrollment by focusing any and all available resources in the short-term, for the upcoming semester. In fact, this initiative is arguably what helped turn around what was projected to be a 10 percent enrollment decline.

While the fiscal year 2018 budget was predicated on an overall 4% decrease in credit hours over fiscal 2017, a tuition and fee increase of \$5 was made in summer of 2018 to counter the decline in enrollment as well as to generate additional revenue. With this tuition increase the College's current per credit hour in-district tuition and fees rate of \$155 is comparable to many other community colleges. Fortunately, the decrease in revenue generating credit hours (10th day) at the end of FY18 was only 1%.

State of Illinois:

For the first time in almost three years, the State of Illinois fully funded the College's budget for both FY18 and FY19. These appropriations will assist the College in rebuilding the reserves that have been utilized over the last two years. However, the fiscal stability of the State of Illinois

remains uncertain at best. The State pension crisis continues to grow and revenues at the State level continue to fall short of planned expenditures. As a result, the future of State funding for the College continues to be a significant concern. Pension reform, if and when implemented, could also have a deleterious financial impact on the College, specifically if the employer cost is shifted from the State to the College. Strategies that have already been developed for addressing funding shortages continue and new ones are being implemented regularly.

Foundation:

The College's Foundation continues to support the mission of the College and the students. During the past five years, the Foundation has provided significant funds for scholarships, technology support, and support of operating the College Library. A record number of scholarships were awarded for FY18; 548 scholarships were awarded for \$599,951. The Foundation Board is determined to grow its resources in order to maintain and enhance their level of support to the College and to students through scholarship awards and program enhancements. A \$3 million fundraising campaign is scheduled for the upcoming year.

STUDENT SUCCESS – ACHIEVING THE DREAM

For more than a decade, DACC has valued its affiliation with the national "Achieving The Dream" movement. Together with 1,800 colleges and universities, DACC has received recognition as a Leader College as a result of its College-wide and collaborative commitment to student success.

As an ATD institution, DACC develops its annual strategic plan ("The Matrix") so that priority is given to student completion, retention, and persistence. These strategies reflect the best thinking of faculty and staff participating in College-wide governance.

The student-success plan operates according to three main principles: 1) Students will be given information upfront concerning all services and processes needed to reach their individual educational goals; 2) Students will feel engaged in classes, welcome on campus and have at least one person on campus with whom they connect; and 3) Students will have an educational goal to strive for, an academic plan to keep them on track toward this goal, and an easy, accessible way to view their progress each semester until they reach their goal.

As a result, DACC has improved three major student-performance metrics since embracing ATD principles. With regard to completion for both part-time and full-time students, the graduation rate was a little over 24 percent in 2008. Since becoming an ATD institution, the rate rose by more than 9 percent over the next three years. The College achieved a 38 percent completion rate this past year, which places DACC's graduation rate in the top 15 percent nationally among community colleges.

Concomitant to completion is student retention. Over the past four years, student retention of the overall student population has steadily increased, from just over 41 percent from Fall 2011 to Fall 2012 to more than 47 percent three years later. During this past year, the fall-to-fall retention rate reached another impressive milestone in passing above 50 percent.

Persistence among DACC students has also grown steadily. Full-time student persistence has increased 38 percent during the 2011-12 academic year to 52 percent in the 2015-16 academic year. Part-time student persistence has also risen, from 17 percent to 27 percent in the same time frame.

DACC can point to a number of successful programs that have resulted in improved student-success metrics. One way of these is an initiative called “Operation Graduation.” The Admissions and Records Department tracks all first-time, full-time fall-semester students to ensure that they are on target to achieve their graduation goals. To get new fall students off on the right foot, the Counseling and Advisement office engages in “intrusive intervention,” which involves regular contact with this cohort of students throughout a semester and prior to registering for the next semester’s classes. For students who are experiencing difficulty with their studies or are facing struggles in their life, advisers “intrude” where possible, providing help that has ranged from tutoring for a difficult class to financial and social-service support either through the College Foundation or the College-managed American Job Center.

Two other successful programs are the Mandatory Advisement project and the “How Close Are You?” initiative. The former ensures that part-time students as well as full-time students are on track toward achieving their goals. The program requires new, part-time students to meet with an advisor to create an academic plan before their first semester at DACC. The latter program identifies both current and former students who have completed a significant number of credits toward achieving a degree and yet have not achieved their academic goals. DACC advisers contact these students to develop action plans to help these students achieve their original or revised goals.

STUDENT SUCCESS – HIGH SCHOOL INITIATIVES

Middle College: Middle College is a collaborative effort with local High Schools which provides select students alternative learning opportunities on Campus including mentoring support. Transfer and career courses are included in this program that is designed for juniors and seniors with a history of academic success who have barriers to high school completion.

College Express: College Express, now in its fourteenth year, experienced continued growth in FY18, enrolling a record number of high-school students (nearly 470). This program provides high school students with career specific dual enrollment opportunities, typically vocational in nature, at the College. Students enrolled in one of these programs can expect to earn up to sixteen (16) credit hours toward an associate degree or certificate. This program is successful due to the strong partnership with the Regional Office of Education, high schools in our district, Vermilion Vocational Educational Delivery System, and the College.

Traditional Dual Credit: In the traditional dual credit program, both university transfer and career courses are included. There is no limit on the number of credit hours a student may earn. Courses are either at the High School, at the College, or online. Enrollment in this has increased by nearly 10 percent in the past year, as high school students and their parents are increasingly coming to understand the value of earning college credits during their final two high-school years.

Project Lead the Way: This program is comprised of four courses taken in sequence that satisfy some transfer and some career degree requirements. Students may earn up to fourteen (14) credit hours in pre-engineering courses designed to encourage interest in the engineering field.

STUDENT SUCCESS – OTHER LEARNING OPPORTUNITIES

The College also provides life-long learning through our Adult Education and Corporate and Community Education Divisions. Adult Education provides literacy training, basic education, GED review, English as a second language, American citizenship and basic skills for Math, English and Reading.

Corporate Education serves the business community by providing customized training for incumbent workers or job seekers either on-site or on the DACC campus. In the past year, Corporate Education received nearly \$600,000 in federal and State grants to provide assessment of prospective manufacturing employees in support of more than 20 local manufacturing businesses.

Community Education is dedicated to enhancing and improving the lives of community members by offering courses, workshops, seminars, tours, conferences, and other activities that expand their area of knowledge. Community Education is focused on providing experiences, knowledge, and information to the general public at an affordable cost and is geared toward all ages and educational levels. The goal of Community Education is to provide opportunities for individuals to explore new areas of interest, brush up on skills, and to develop employable skills that are needed and desired by employers.

WORKFORCE DEVELOPMENT AND THE AMERICAN JOB CENTER

The College is the One-Stop Operator for the Local Workforce Area's American Job Center, serving job seekers by managing partner agencies that provide other "wrap around" services and providing the public with seamless services ranging from basic-skills instruction and occupational training to job preparation and placement. Examples of partner agencies include Vermilion County Works, Illinois Department of Employment Security, Department of Human Services, Department of Rehabilitation Services, and the Housing Authority of the City of Danville. As part of this initiative, the College will undergo a merging of services to share resources in adult education and literacy, high-school equivalency, career services, civics and citizenship, and corporate education.

DANVILLE CORRECTIONAL CENTER VOCATIONAL PROGRAM

Due to the State budget impasse in FY15 and FY16, the vocational program at the State of Illinois Department of Correction's (DOC) Danville Correctional Center (DCC) was suspended. With the recent passing of State budgets for FY18 and FY19, an agreement between the College and the DOC was reached to reinstate vocational programs at the DCC beginning with the Spring 2019 semester. Initial programming will include Auto Technology, Construction Occupations, Custodial Maintenance and Career Technology. Vocational training in prisons is believed to impact recidivism by providing inmates with specific skills needed to find employment after release. This programming will also help to increase enrollment.

STRATEGIC INITIATIVES

Other initiatives and program enhancements completed and/or planned for the future are:

- Expanded the 3 + 1 program with the addition of an articulation agreement with Greenville University and a 3 + 1 + 1 ½ program with Franklin University so accounting students have a pathway to achieve a bachelor's degree, a master's degree and the hours needed to take the CPA exam
- Expanded the "bonus course" program to offer select classes free-of-charge for students who register for at least 12 credit hours by increasing the number of course sections from 20 for Fall 2017 to over 140 for Fall 2018; over 170 students enrolled in a bonus course in Fall 2018.
- Plans to enhance the Student Learning Laboratory on the 5.5 acres of land for use by students in Agriculture, Horticulture, and Biology through a \$20,000 grant received from

a local company that will provide a beehive observation structure, various types of bee hives, a weather station, an agricultural drone, and a utility vehicle; the land is accessible through a no cost lease between the College and the property owners

- Investigate alternatives to the current developmental education structure
- Implement a Nursing Simulation Lab
- Investigate the feasibility of a “Promise Scholars” program
- Commenced governance forums to engage Faculty and Staff in a participatory system for College-wide voting on issues of importance to all College employees
- Revived the DACC Alumni Association
- Implementation of the M-SWIFT program to help boost the success of African-American males
- Continued the Second Chance Scholarship Program (a retroactive scholarship) to provide a path for students with past due balances to attend the College
- Partnered with East Central Illinois Community Action Agency to continue the operation of the Volunteer Income Tax Assistance (VITA) program
- Continued emphasis on institutional effectiveness and assessment activities, specifically co-curricular assessment
- A strategic plan matrix for FY19 was created
- Review Bookstore operations and the existing contract with Follett
- Addition of the Ellucian Colleague Self-Service Financial Aid module to assist our students when applying and verifying their financial aid information
- Implementation of the NextGen scholarship management software which will streamline the application process for DACC Foundation scholarships and enhance recruitment efforts for the College; in the future it will integrate with Ellucian Colleague and provide for an automated update to the student’s account
- Preparation and planning for our next accreditation visit (2018-2019) by the Higher Learning Commission
- Completed the HLC Quality Initiative Report on our Mandatory Advising Program
- Continued “Essential Spending Guidelines” and other cost saving measures
- Issued \$1,000,000 General Obligation Bonds to fund deferred maintenance projects and technology and instructional equipment

These programs, projects, and initiative are examples of the College’s emphasis on meeting the needs of the community, ensuring quality of student learning, attempting to maintain enrollment levels, and improving student retention and success.

FACILITIES

To continue to meet the increasing demand for hire-ready students in high-demand fields, the College’s Master Plan was updated and adopted by the Board of Trustees in February, 2012. It includes over \$11 million of building additions, remodeling, parking lot repairs, roof repairs, building maintenance and the construction of a new storage facility.

Several projects were completed with the utilization of bond proceeds including repaving Circle Drive, resealing parking lots throughout the campus, exterior painting on Vermilion, Lincoln, and Cannon Halls, and new carpeting on the second floor of Clock Tower.

Upcoming projects include a Protection, Health, and Safety project to replace the 50-ton chiller located on the roof of the Technology Center; an Illinois Capital Development Board project to replace four, fifty year old heating units serving the Mary Miller Gymnasium with two energy efficient heating and cooling units, and other projects included on the deferred maintenance list that will be funded through bond proceeds.

OTHER INFORMATION

Independent Audit:

State statutes require an annual audit by independent certified public accountants. The accounting firm of CliftonLarsonAllen LLP was selected by the College's Board of Trustees. CliftonLarsonAllen LLP, Certified Public Accountants, have issued an unqualified (clean) opinion on Danville Area Community College, Community College District No. 507's CAFR for the year ended June 30, 2018. The independent auditors' report on the financial statements and schedules is included in the financial section of this report.

The College was also subject to the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). CliftonLarsonAllen LLP, Certified Public Accountants, have issued unqualified (clean) opinions on both "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" and "Compliance for Each Major Program and on Internal Control Over Compliance required by the Uniform Guidance." The required auditors' reports on compliance are included in the federal reporting section of this report.

Awards for Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Danville Area Community College for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the sixth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual report continues to meet the stringent program requirements for the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements: Thanks are to be extended to the Board of Trustees for its continued interest and support in planning and conducting the financial operations of the College with fiscal integrity. In addition, the timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the Business Office led by the College's Controller, Mrs. Debra Knight. Each member of the Business Office has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

/s/Dr. Stephen Nacco

Dr. Stephen Nacco
President

/s/Tammy L. Betancourt

Tammy L. Betancourt
Vice President of Finance and Chief Financial Officer/Treasurer

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
LIST OF PRINCIPAL OFFICIALS**

BOARD OF TRUSTEES

<u>Name</u>	<u>Position</u>	<u>Term Ends</u>
Mr. David W. Harby	Chair	2023
Dr. Ronald E. Serfoss	Vice-chair	2019
Mr. William B. Black	Trustee	2021
Mr. Terry T. Hill	Trustee	2023
Ms. Tracy Cherry	Trustee	2019
Mr. John Spezia	Trustee	2023
Mr. Greg Wolfe	Trustee	2019
Ms. Addison Wise	Student Trustee	2019

OFFICERS OF THE COLLEGE

<u>Name</u>	<u>Position</u>
Dr. Stephen Nacco	President
Mrs. Tammy L. Betancourt	Board Treasurer/Vice President of Finance and Chief Financial Officer
Mrs. Kerri Thurman	Board Secretary/Executive Assistant to the President
Mr. Dave Kietzmann	Executive Vice President of Instruction and Student Services

OFFICIAL ISSUING REPORT

Mrs. Tammy L. Betancourt	Board Treasurer/Vice President of Finance and Chief Financial Officer
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DIVISION ISSUING REPORT

Finance and Administration



Government Finance Officers Association

**Certificate of
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Presented to

**Danville Area Community College
Community College District No. 507
Illinois**

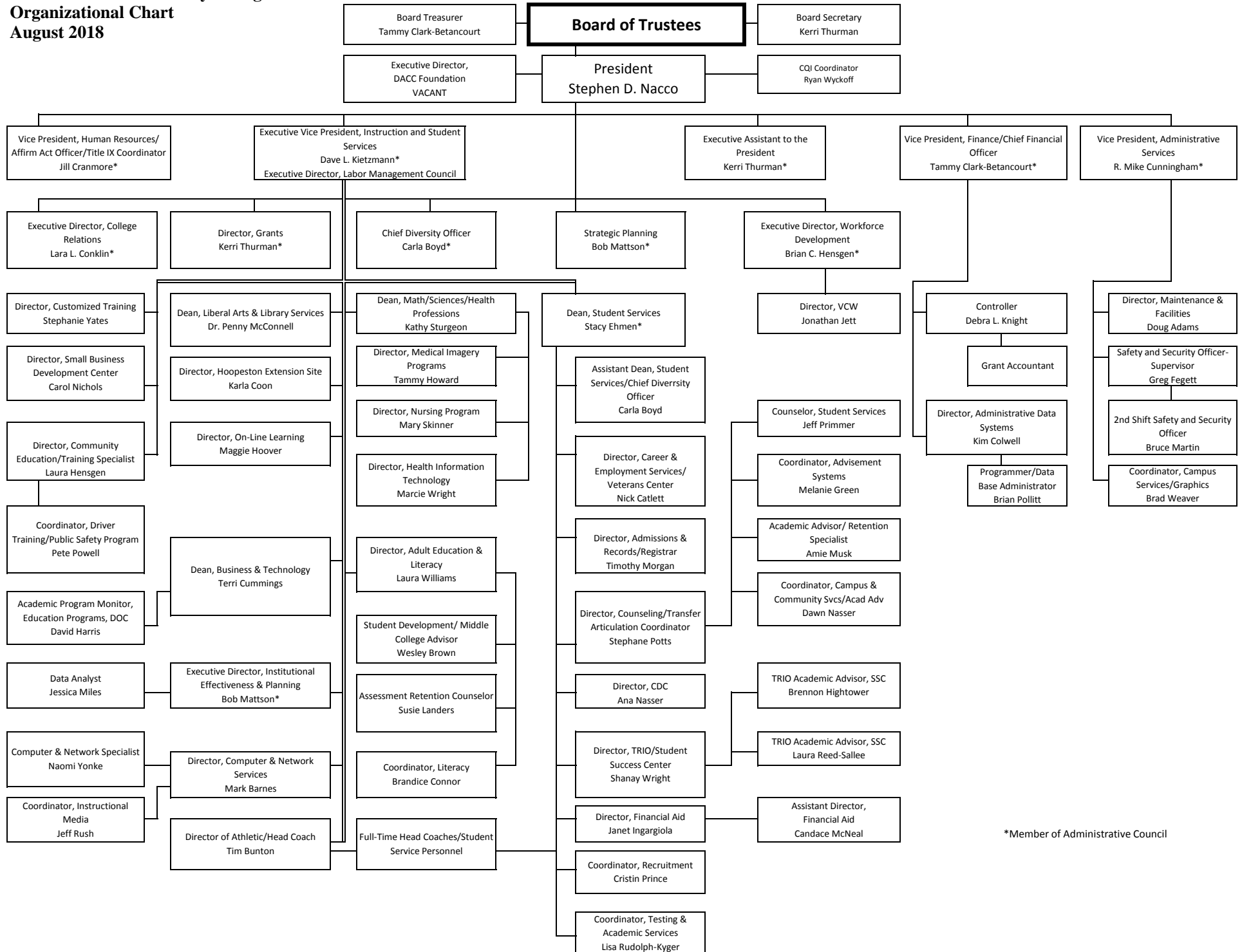
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrell

Executive Director/CEO

Danville Area Community College
Organizational Chart
August 2018



*Member of Administrative Council

FINANCIAL SECTION

Independent Auditors' Report

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

Report on the Financial Statements

We have audited the accompanying basic financial statements of the business-type activities and discretely presented component unit of Danville Area Community College, Community College District No. 507 (College) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Danville Area Community College as of June 30, 2018 and 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 on pages 18 through 26, the defined benefit pension plan information on page 67 and other postemployment benefit plan information on pages 68 through 70 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary financial information on pages 97 through 103 and the Uniform Financial Statements on pages 104 through 110 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Board of Trustees
Danville Area Community College
Community College District No. 507

The introductory section and statistical section listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 17, 2018 on our consideration of the Danville Area Community College, Community College District No. 507's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Danville Area Community College, Community College District No. 507's 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 Danville Area Community College, Community College District No. 507's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This section of Danville Area Community College's Audit Report presents the College's financial information in a condensed financial presentation format for the current and previous two fiscal years. It is designed to provide an overview about the changes in financial activities over a three-year period. This discussion should be read in conjunction with the transmittal letter (pages 1 - 11) and the College's basic financial statements (pages 27-34). Responsibility for the completeness and fairness of this information rests with the College.

The discussion and analysis contains financial activities of Danville Area Community College. The component unit, Danville Area Community College Foundation, has separately issued audited financial statements which should be referenced for detailed information.

The three financial statements discussed are: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements are designed to emulate corporate presentation models whereby all College financial activities are consolidated into one total.

Financial Highlights

The College's financial position at June 30, 2018 shows assets at \$58.3 million, deferred outflows at \$.2 million, liabilities at \$18.3 million, deferred inflows at \$.9 million and net position at \$39.3 million. Net position represents the balance in the College's assets and deferred outflows after liabilities and deferred inflows are deducted.

For the year ended June 30, 2018, the College recorded total operating revenue of \$5.2 million which is defined as net tuition and fees, and auxiliary revenues. The total operating expenses are \$31.8 million. This difference produced an operating loss of \$26.5 million. Net non-operating revenue is \$26.8 million, which includes the major categories of government grants and contracts, and local property taxes. Including capital contributions of \$.2 million, the resulting overall increase in net position was \$.5 million.

This \$.5 million increase is a combination of increase in state appropriations of \$3.7 million due to a portion of the FY17 state appropriations recognized in FY18 and an additional \$0.9 million in OPEB expense recognized in FY18 as a result of GASB 75 implementation.

Operating revenue accounted for 16.6% of the College's total revenue, while non-operating revenues, including capital contributions, accounted for the remaining 83.4% of the College's total revenue. Operating revenue consisted of tuition and fees, net of scholarships, which totaled \$4.3 million and auxiliary enterprise and miscellaneous revenues which totaled \$0.9 million. Non-operating revenue included local property taxes and personal property replacement taxes of \$7.0 million, state appropriations of \$5.9 million, federal grants and local contracts of \$5.7 million, and other miscellaneous revenue of \$8.4 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Net Position

The Statement of Net Position presents the assets and deferred outflows, liabilities and deferred inflows and net position of the College at fiscal year-end, June 30, 2018. The purpose of this statement is to present a snapshot of the financial condition of the College and classifies assets and liabilities into current and non-current categories. Total net position, which is the difference between total assets and deferred outflows and total liabilities and deferred inflows, is one of the indicators of the current financial condition of the College.

The assets and liabilities are categorized between current and non-current. The difference is current assets and liabilities mature or become payable within the 12 month accounting or operating cycle as compared to non-current which mature or become payable after 12 months. The College's current assets consist primarily of cash, property taxes receivable, and student accounts receivable. Non-current assets consist of capital assets, which are the property, plant, and equipment owned by the College, net of any related accumulated depreciation.

Net position is presented in three major categories. The first is net investment in capital assets, which is a \$31.5 million net investment in property, plant, and equipment after deducting the outstanding technology and equipment funding bond principal obligations and capital lease obligations. This represents approximately 80.2% of the total net position. The College uses these capital assets to provide services to students; consequently, these assets are not available for future spending.

The second category is restricted net position. These assets, \$9.6 million, are funds that are limited in terms of the purpose and time for which they can be spent. Restricted net position is further categorized between expendable and non-expendable. Restricted expendable net position is available to be spent by the College with adherence to externally imposed rules and regulations. This category includes the funds restricted for the 25% matching share of implementing the Campus Master Plan; the Protection, Health, Safety Projects; the principal and interest payments for the Technology/Equipment Bonds and Construction Bonds; the various federal and state grants awarded to the College; the Working Cash principal; the funds provided for the annual audit; and the Tort Liability Settlement Fund.

The third category is unrestricted net position. These assets of (\$1.8), comprises of assets of \$9.9 million available for any lawful purpose that supports the mission of the College and (\$11.7) related to Other Postretirement Benefits (OPEB). Included in this amount are internal Board Restricted Funds reserved for specific purposes in the amount of \$4.7 million. The major accounts in the reserves provide additional funding support for one-time future expenditures such as the support for the Campus Master Plan, support for the Management Information System, building and grounds repair and maintenance, SURS/Retirement cost support, and equipment replacement. The net position related to OPEB is the result of recording the College's proportionate share of the collective OPEB amounts for OPEB benefits provided to members through the Community College Health Insurance Security Fund (CCHISF) as required under GASB Statement No. 75.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following chart is a summary of the College's net position at June 30, 2018, 2017 and 2016.

	(In Millions)		
	FY2018	FY2017	FY2016
Current Assets	\$ 22.0	\$ 18.9	\$ 20.9
Noncurrent Assets			
Capital Assets, net of depreciation	36.3	37.5	39.1
Total Assets	58.3	56.4	60.0
Deferred Outflows	0.2	0.0	0.0
Current Liabilities	3.3	2.1	2.3
Noncurrent Liabilities	15.0	4.9	5.6
Total Liabilities	18.3	6.9	7.9
Deferred Inflows	0.9	0.0	0.0
Net investment in capital assets	31.5	31.9	33.0
Restricted:			
Expendable	9.6	9.9	9.8
Unrestricted	(1.8)	7.7	9.3
Total Net Position	\$ 39.3	\$ 49.5	\$ 52.1

Fiscal Year 2018 compared to 2017

The value of net position was \$10.2 million less at the end of FY18 as compared to the prior year. Of this \$10.2 million decrease, a decrease of \$11.7 million is a result of the implementation of GASB Statement No. 75 and the recognition of the proportionate OPEB liabilities, deferred inflows and deferred outflows. The remaining \$1.5 million increase is due to the increase in current assets, specifically cash.

Fiscal Year 2017 compared to 2016

The value of net position was \$2.6 million less at the end of FY17 as compared to the prior year. Of this \$2.6 million decrease, \$2.0 million was planned through the budgeting process for FY17 to utilize reserves as a result of the budget impasse at the state level. The remaining \$.6 million decrease is due to the reduction of capital assets net of depreciation.

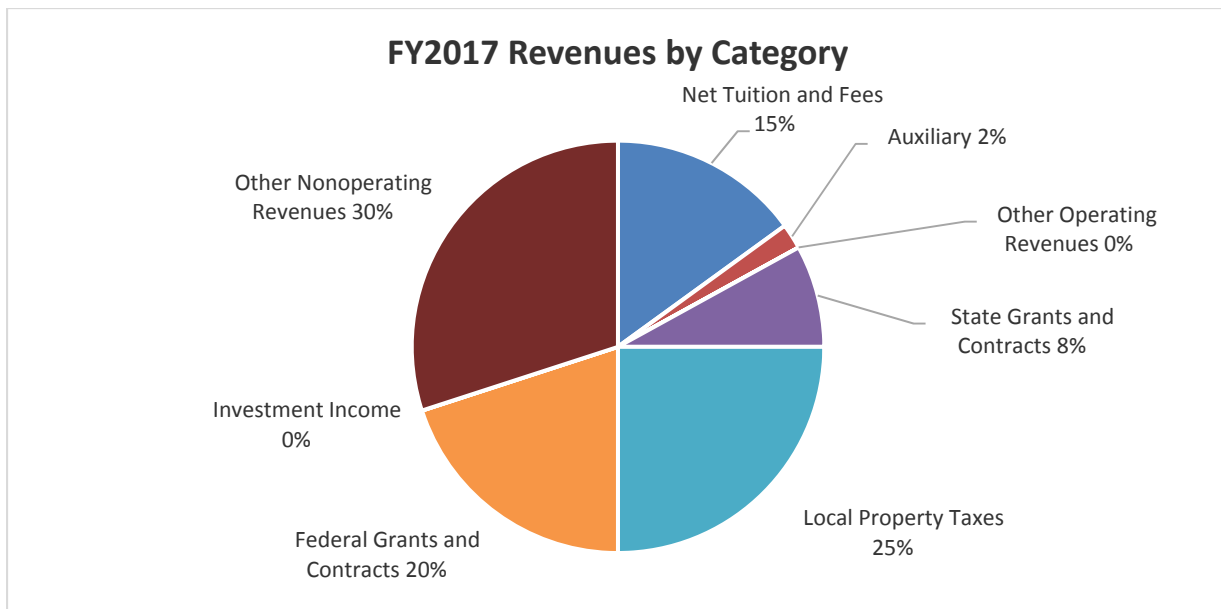
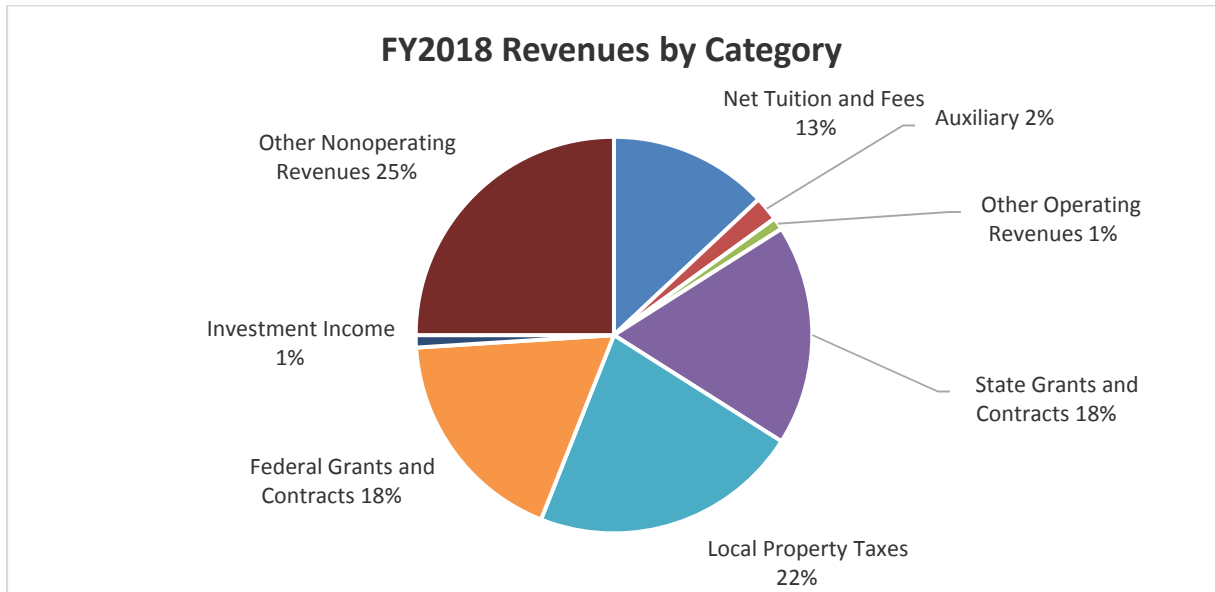
Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Position presents the revenue earned and expense incurred during the year. Activities are reported as either operating or nonoperating.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The primary operating revenues are tuition and fees, which are stated net of scholarship waivers, and auxiliary revenues. The auxiliary revenues are commissions from the externally operated bookstore operations and service fees charged by the Child Development Center.

The major components of *nonoperating* revenues include government grants and contracts, and local property tax revenues. The reporting model classifies these revenues as *nonoperating* since no direct exchange of goods and services are received by the government or local taxpayers, respectively. Therefore, the College's dependency on government grants and local property tax revenues, which are both classified as *nonoperating*, will result in operating deficits.



MANAGEMENT'S DISCUSSION AND ANALYSIS

The following schedule is a summary of the College's operating results for fiscal years 2018, 2017, and 2016.

Summary of Operating Results

	(In Millions)		
	FY2018	FY2017	FY2016
	8		
Operating Revenues			
Net Tuition and Fees	\$ 4.3	\$ 4.1	\$ 3.8
Auxiliary	0.7	0.6	0.6
Other	0.2	0.0	0.0
Total Operating Revenue	<u>5.2</u>	<u>4.7</u>	<u>4.4</u>
Less Operating Expenses (see detail in following chart)	<u>31.8</u>	<u>29.7</u>	<u>27.8</u>
Net Operating Loss	<u>(26.6)</u>	<u>(25.0)</u>	<u>(23.4)</u>
Nonoperating Revenue			
State Grants and Contracts	5.9	2.3	1.4
Local Property Taxes	7.0	6.8	6.7
Federal Grants and Contracts	5.7	5.4	5.6
Investment Income	0.2	0.1	0.0
Other	8.0	7.8	6.0
Total Nonoperating Revenue	<u>26.8</u>	<u>22.4</u>	<u>19.7</u>
Increase (decrease) in Net Position	.5	(2.6)	(3.7)
Net Position, Beginning of Year	49.5	52.1	55.8
Cumulative Effect of GASB 75 (OPEB)	(10.7)	0.0	0.0
Net Position, End of Year	<u>\$ 39.3</u>	<u>\$ 49.5</u>	<u>\$ 52.1</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Detail of Operating Expenditures by Classification and Function

	(In Millions)		
	FY2018	FY2017	FY2016
Operating Expenditures by Classification			
Salaries and benefits	\$ 23.7	\$ 22.2	\$ 20.4
Supplies and Other Services	4.0	3.4	3.4
Scholarships	1.5	1.4	1.2
Depreciation	1.8	1.9	2.0
Utilities	0.8	0.8	0.8
Other	0.0	0.0	0.0
Total Operating Expenditures	\$ 31.8	\$ 29.7	\$ 27.8
Operating Expenditures by Function			
Instruction	\$ 8.1	\$ 7.9	\$ 8.2
Academic Support	.8	1.0	1.1
Student Services	2.3	2.0	2.0
Public Service	1.1	1.1	1.0
Operation and Maintenance of Plant	2.4	2.2	2.2
Institutional Support	3.9	4.0	3.8
Scholarships	1.7	1.6	1.4
Auxiliary Expense	0.8	0.5	0.5
On-behalf Payments	7.9	7.5	5.7
Depreciation	1.8	1.9	2.0
Other	1.0	0.0	(0.1)
Total Operating Expenditures	\$ 31.8	\$ 29.7	\$ 27.8

The majority of the expenditures of the College are classified as operating expenses. The utilization of capital assets is reflected in the financial statements as depreciation, which amortizes the costs of an asset over its expected useful life. Therefore, the purchase cost of fixed assets which exceed the capitalization threshold policy is not included as an expense.

Fiscal Year 2018 compared to 2017

Nonoperating revenue reflects an increase of \$4.4 million, which is primarily due to receiving full state appropriations for FY18 as well as a portion of the FY17 appropriations were recognized in FY18. Other nonoperating revenue line items remained relatively stable.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Expenses increased \$2.1 million in FY2018. The primary reason for the increase was the addition of approximately \$2.0 million expense related to the implementation of GASB Statement No. 75 and the recognition of current year OPEB expense and on behalf payments from the state. While health insurance premiums decreased as a result of exiting the Community College Insurance Cooperative, salary increases were provided for all classes of employees. In addition, several positions that had previously been eliminated due to the state budget crises were re-instated. Supplies and other services increased primarily due to various construction projects. Essential spending guidelines remained in place.

The fluctuations previously discussed resulted in the College's net position decreasing from the prior year by \$10.2 million to a level of \$39.3 million at June 30, 2018.

Fiscal Year 2017 compared to 2016

Nonoperating Revenue reflects an increase of \$2.7 million, of which \$.9 million is the result of stopgap state funding. This funding was approximately 50% of FY15 state appropriations due the budget impasse at the state level. The remaining increase is due to an approximate \$1.8 increase in on-behalf payments from the State of Illinois retirement contributions. Other nonoperating revenue line items remained stable

Operating Expenses increased \$1.9 million in FY2017. The primary reason for the increase was an increase of \$1.9 million in on-behalf payments, net of the change in deferred outflows, from the State of Illinois for retirement contributions. Health insurance premiums also increased and an annual salary increase was provided for faculty. The out of state travel freeze and essential spending guidelines remained in place.

The fluctuations previously discussed resulted in the College's net position decreasing from the prior year by \$2.6 million to a level of \$49.5 million at June 30, 2017.

Statement of Cash Flows

The Statement of Cash Flows identifies the sources and uses of cash by the major categories of operating, noncapital financing, capital and related financing, and investing activities. This statement also emphasizes the College's dependence on government grants and local property taxes. The following is a summary of the statement of cash flows for the year ended June 2018, June 2017, and June 2016.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Statement of Cash Flows

	(In Millions)		
	FY2018	FY2017	FY2016
Cash provided (used) by:			
Operating activities	\$ (15.7)	\$ (15.8)	\$ (15.9)
Non-capital financing activities	19.0	15.2	14.6
Capital and related financing activities	(0.6)	(1.3)	(0.4)
Investing activities	0.2	0.1	0.0
Net Increase/(Decrease) in Cash	2.9	(1.8)	(1.7)
Cash, beginning of the year	10.5	12.3	14.0
Cash, end of the year	\$ 13.4	\$ 10.5	\$ 12.3

Fiscal Year 2018 compared to 2017

The \$2.9 million increase in cash and cash equivalents at the end of FY18 as compared to FY17 was due primarily to the issuance of \$1.0 million in debt certificates and the increase in state grants and contracts of \$3.5 million due to receiving full appropriations from the State of Illinois.

Fiscal Year 2017 compared to 2016

The \$1.8 million decrease in cash and cash equivalents at the end of FY17 as compared to FY16 was due primarily to the unplanned increases in health insurance and other benefits of approximately \$685,000. Additional decreases related to the decrease in governmental receivables of approximately \$400,000.

Capital Assets

FY2018

As of June 30, 2018, the College had recorded \$82.6 million invested in capital assets, \$46.3 million in accumulated depreciation and \$36.3 million in net capital assets. During FY2018, capital assets decreased by \$1.2 million. The decrease is due to less asset additions in the current year, along with a depreciation expense of \$1.8 million. See Note 3 for additional information.

FY2017

As of June 30, 2017, the College had recorded \$82.0 million invested in capital assets, \$44.5 million in accumulated depreciation and \$37.5 million in net capital assets. During FY2017, capital assets decreased by \$1.6 million. The decrease is due to less asset additions and more asset deletions in the current year, along with a depreciation expense of \$1.9 million. See Note 3 for additional information.

Additional information on capital assets can be found in Note 3 of the financial statements on pages 43-44.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Debt Administration

The total balance outstanding at June 30, 2018 for all of the College's various Working Cash, Technology/Equipment and Construction Bonds is \$4,800,000.

During fiscal year 2018 the College issued \$1,000,000 in Debt Certificates to provide continuing funding of the four to five year recycling plan of updating existing technology, new or updated instructional equipment and funds for deferred maintenance capital projects. On July 12, 2018 the College issued General Obligation Funding Bonds to pay off these debt certificates.

In previous fiscal years the College issued two separate Working Cash bond issues for a total of \$2,000,000, increasing the Working Cash Fund to almost \$5.5 million, which should provide sufficient cash balances to weather the state's current negative financial status.

The College's rating of "A1" with a negative outlook from Moody's Investor Services for bonds issued in fiscal year 2013 was reviewed in January of 2018 and affirmed the rating with the outlook remaining negative. The rating action, according to the Moody's report, *"reflects the college's large tax base with a below average demographic profile, sound reserves, limited financial flexibility with above average exposure to state operating aid, and a low debt burden. The negative outlook reflects above average exposure to state operating aid, which coupled with the college's limited flexibility to raise revenues or reduce expenditures, leaves the district vulnerable to negative budgetary variances."*

Additional information on long-term debt activity can be found in Note 4 of the financial statements on pages 45-48.

Contacting the College's Financial Management

This financial report is designed to provide our constituents and other interested parties with a general overview of the College's finances and to demonstrate accountability for the resources we receive, both financial and those non-financial in nature. For further information regarding this report contact Tammy L. Betancourt, Vice President of Finance and Chief Finance Officer/Treasurer, at Danville Area Community College, Community College No. 507, 2000 East Main Street, Danville, IL 61832.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATEMENTS OF NET POSITION
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS:		
Current assets:		
Cash	\$ 13,430,993	\$ 10,487,632
Property taxes receivable, net of allowance 2018 and 2017 \$-0-	6,329,395	6,098,808
Student tuition and fees, net of allowance 2018 \$1,877,451 and 2017 \$1,765,844	1,076,998	1,098,673
Government claims receivable	844,613	817,279
Other accounts receivable, net	144,424	251,859
Prepaid Expenses	<u>158,209</u>	<u>138,350</u>
Total current assets	21,984,632	18,892,601
Non-current assets:		
Capital assets, net of accumulated depreciation 2018 \$46,318,772 and 2017 \$44,469,104	<u>36,293,646</u>	<u>37,502,520</u>
Total assets	<u>58,278,278</u>	<u>56,395,121</u>
DEFERRED OUTFLOWS OF RESOURCES		
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	61,429	63,075
Subsequent year's other postemployment benefit expense related to contributions in the current year	<u>158,492</u>	<u>-</u>
Total deferred outflows of resources	<u>219,921</u>	<u>63,075</u>
LIABILITIES		
Current liabilities:		
Accounts payable	404,558	247,007
Accrued expenses	349,301	471,839
Deposits held in custody for others	143,246	1,547
Unearned tuition revenue	313,467	310,669
Unearned grant revenue	21,034	26,083
Debt certificates payable	1,000,000	-
Bonds payable, current maturities	765,000	715,000
Capital lease obligations, current maturities	11,150	53,144
Accrued compensated absences, current	<u>257,000</u>	<u>240,000</u>
Total current liabilities	<u>3,264,756</u>	<u>2,065,289</u>
Non-current liabilities:		
Bonds payable, less current maturities above	4,035,000	4,800,000
Capital lease obligations, less current maturities above	-	11,150
Net other postemployment benefit liabilities	10,923,478	-
Accrued compensated absences	<u>63,472</u>	<u>65,121</u>
Total noncurrent liabilities	<u>15,021,950</u>	<u>4,876,271</u>
Total liabilities	<u>18,286,706</u>	<u>6,941,560</u>
DEFERRED INFLOWS OF RESOURCES		
Other postemployment benefits	<u>940,948</u>	<u>-</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATEMENTS OF NET POSITION (CONTINUED)
June 30, 2018 and 2017**

NET POSITION

Net investment in capital assets	\$ 31,482,497	\$ 31,923,226
Restricted and expendable for:		
Capital projects	1,217,062	1,668,655
Working cash	5,429,723	5,429,723
Debt service	1,074,550	758,848
Grant purposes	843,372	1,073,262
Audit purposes	48,443	42,754
Liability insurance	957,415	939,510
Unrestricted	<u>(1,782,517)</u>	<u>7,680,658</u>
Total net position	<u>\$ 39,270,545</u>	<u>\$ 49,516,636</u>

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
OPERATING REVENUES		
Student tuition and fees, net of scholarship allowance 2018 \$2,889,972 and 2017 \$2,784,432	\$ 4,307,077	\$ 4,123,692
Auxiliary enterprises revenues	730,402	554,770
Other operating revenues	158,239	36,450
Total operating revenues	<u>5,195,718</u>	<u>4,714,912</u>
OPERATING EXPENSES		
Instruction	8,149,799	7,891,261
Academic support	786,882	968,749
Student services	2,278,768	2,029,366
Public service	1,067,489	1,099,860
Operation and maintenance of plant	2,404,679	2,176,316
Institutional support	3,878,478	4,004,006
Scholarships	1,701,431	1,610,882
Auxiliary enterprises expenses	752,014	461,973
On-behalf payments	7,915,506	7,544,386
Other postemployment benefits	983,559	-
Depreciation	1,849,668	1,879,881
Total operating expenses	<u>31,768,273</u>	<u>29,666,680</u>
Operating loss	<u>(26,572,555)</u>	<u>(24,951,768)</u>
NON-OPERATING REVENUES (EXPENSES)		
State grants and contracts	5,946,734	2,267,118
Local property tax revenues	6,444,604	6,215,639
Personal property replacement tax	513,965	622,143
Federal grants and contracts	5,690,901	5,433,046
Local grants and contracts	40,705	13,922
Investment income earned	216,908	110,319
Interest expense	(180,737)	(206,395)
On-behalf payments	7,913,860	7,542,793
Other non-operating revenues	224,899	409,688
Total non-operating revenues	<u>26,811,839</u>	<u>22,408,273</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	<u>237,000</u>	<u>-</u>
Total capital contributions	<u>237,000</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	476,284	(2,543,495)
NET POSITION, BEGINNING OF YEAR	49,516,636	52,060,131
Cumulative Effect of Adoption of GASB 75 for OPEB	<u>(10,722,375)</u>	<u>-</u>
NET POSITION, BEGINNING OF YEAR AS RESTATED	<u>38,794,261</u>	<u>52,060,131</u>
NET POSITION, END OF YEAR	<u>\$ 39,270,545</u>	<u>\$ 49,516,636</u>

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES		
Student tuition and fees	\$ 4,331,550	\$ 4,096,076
Payments to suppliers	(4,250,104)	(4,016,045)
Payments to employees and benefits paid	(14,789,529)	(14,850,010)
Payments for financial aid and scholarships	(1,701,431)	(1,610,882)
Auxiliary enterprise charges:		
Bookstore and childcare	<u>730,402</u>	<u>554,770</u>
Net cash used in operating activities	<u>(15,679,112)</u>	<u>(15,826,091)</u>
CASH FLOWS FROM (USED IN) NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	6,214,015	6,128,891
State grants and contracts	7,317,816	3,456,579
Federal grants and contracts	5,495,834	5,621,921
Direct lending receipts	869,968	982,392
Direct lending payments	<u>(869,968)</u>	<u>(982,392)</u>
Net cash provided by noncapital financing activities	<u>19,027,665</u>	<u>15,207,391</u>
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets	(640,794)	(291,560)
Principal paid on bonds payable/capital debt	(715,000)	(755,000)
Principal paid on capital lease obligations	(53,144)	(51,700)
Interest paid on bonds payable/capital debt	(213,162)	(206,395)
Proceeds from bonds issued	<u>1,000,000</u>	<u>-</u>
Net cash used in capital and related financing activities	<u>(622,100)</u>	<u>(1,304,655)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>216,908</u>	<u>110,321</u>
NET INCREASE (DECREASE) IN CASH	2,943,361	(1,813,034)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>10,487,632</u>	<u>12,300,666</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 13,430,993</u>	<u>\$ 10,487,632</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES		
Operating loss	\$(26,572,555)	\$(24,951,768)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	1,849,668	1,879,881
State on-behalf payments	7,913,860	7,542,793
Changes in deferred outflows and inflows of resources	784,102	1,593
Changes in assets and liabilities:		
Receivables	21,675	(34,389)
Other assets	(19,859)	(65,669)
Accounts payable	157,551	8,611
Accrued liabilities	34,512	(213,916)
Net other postemployment benefit liabilities	149,136	-
Unearned revenue	<u>2,798</u>	<u>6,773</u>
Net cash used in operating activities	<u>\$ (15,679,112)</u>	<u>\$ 15,826,091</u>

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
COMPONENT UNIT
STATEMENTS OF FINANCIAL POSITION
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 321,733	\$ 329,371
Investments	11,564,502	10,982,295
Beneficial interests in trusts	1,121,106	1,084,067
Land held for investment	2,851,509	2,851,509
Building, net	<u>-</u>	<u>50,000</u>
TOTAL ASSETS	<u>\$ 15,858,850</u>	<u>\$ 15,297,242</u>
LIABILITIES		
Accounts payable and accrued expenses	<u>\$ 21,746</u>	<u>\$ 25,172</u>
NET ASSETS		
Unrestricted:		
General Operating	440,514	472,696
Board Designated	<u>2,000,007</u>	<u>1,933,900</u>
Total Unrestricted	<u>2,440,521</u>	<u>2,361,596</u>
Temporarily restricted:		
Scholarship	5,755,820	5,464,460
Library	961,996	956,609
Frontline 2000	<u>62,966</u>	<u>121,046</u>
Total Temporarily Restricted	<u>6,780,782</u>	<u>6,542,115</u>
Permanently restricted		
Faculty	307,845	307,845
Scholarship	5,186,850	4,976,447
Trust	<u>1,121,106</u>	<u>1,084,067</u>
Total Permanently Restricted	<u>6,615,801</u>	<u>6,368,359</u>
Total net assets	<u>15,837,104</u>	<u>15,272,070</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 15,858,850</u>	<u>\$ 15,297,242</u>

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
COMPONENT UNIT
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
CHANGES IN UNRESTRICTED NET ASSETS		
Revenues, gains and other support:		
Contributions	\$ 28,082	\$ 46,842
Investment income	116,996	204,004
Net assets released from prior year's restrictions	<u>1,231,350</u>	<u>1,112,096</u>
Total unrestricted revenue, gains, and other support	<u>1,376,428</u>	<u>1,362,942</u>
Expenses and losses:		
Program services expenses:		
Scholarships, awards and projects	776,558	723,205
Other program services	<u>312,849</u>	<u>254,980</u>
Total program services expenses	<u>1,089,407</u>	<u>978,185</u>
Supporting services:		
Management and general	145,288	147,606
Fundraising	<u>62,808</u>	<u>65,601</u>
Total supporting services	<u>208,096</u>	<u>213,207</u>
Total expenses	<u>1,297,503</u>	<u>1,191,392</u>
Increase in unrestricted net assets	<u>78,925</u>	<u>171,550</u>
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS		
Contributions	704,266	464,492
Investment income	677,027	964,370
Other income	88,724	88,162
Net assets released from prior year's restrictions	<u>(1,231,350)</u>	<u>(1,112,096)</u>
Increase in temporarily restricted net assets	<u>238,667</u>	<u>404,928</u>
CHANGES IN PERMANENTLY RESTRICTED NET ASSETS		
Contributions	210,403	230,767
Investment income	<u>37,039</u>	<u>39,298</u>
Increase in permanently restricted net assets	<u>247,442</u>	<u>270,065</u>
INCREASE IN NET ASSETS	565,034	846,543
NET ASSETS, BEGINNING OF YEAR	<u>15,272,070</u>	<u>14,425,527</u>
NET ASSETS, END OF YEAR	<u>\$ 15,837,104</u>	<u>\$ 15,272,070</u>

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Danville Area Community College, Community College District No. 507 (College) is an accredited public two-year community college providing higher education opportunities for youth and adults in East Central Illinois. Established initially as an extension center of the University of Illinois in 1946, the College became a public junior college named Danville Community College under Danville Public Schools in 1949. In 1951, the name was changed to Danville Junior College. In June of 1966, the College separated from Danville School District No. 118 under provisions of the Public Junior College Act and became an independent two-year area college under the control of the Board of Trustees of Junior College District No. 507. The name Danville Junior College was changed to Danville Area Community College on July 1, 1979, to be more reflective of the services rendered. The College district encompasses high school districts in Vermilion, Edgar, Iroquois, Ford, and Champaign counties with an estimated population of 85,000.

The Board of Trustees is the College's ruling body which establishes the policies and procedures by which the College is governed.

REPORTING ENTITY

Danville Area Community College, Community College District No. 507 is governed by an elected eight-member Board of Trustees. As required by generally accepted accounting principles, these basic financial statements present the financial position and results of operations of Danville Area Community College, Community College District No. 507 (the primary government).

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Danville Area Community College Foundation (Foundation).

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The board of the Foundation is self-perpetuating and consists of local professionals and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

REPORTING ENTITY (Continued)

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard's Board (FASB) Accounting Standards Codification (ASC). Most significant to the Foundation's operations and reporting models is FASB ASC 958 related to accounting for contributions received and financial reporting for not-for-profit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences. However, significant note disclosures (See Note 10) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements. Financial statements for the Foundation can be obtained by calling the Foundation at (217) 443-8843.

The economic resources held by the College do not directly benefit any organizations which would be considered a primary government. The College is not financially integrated or closely related to another governmental entity. In addition, the College is not aware of any entity which would be financially accountable for the College. Based on this criteria, the College is not considered to be a component entity of another entity.

BASIS OF ACCOUNTING

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's basic financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund 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 the use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

BASIS OF ACCOUNTING (Continued)

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. The following is a summary of the more significant policies.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash includes deposits held at banks plus small amounts maintained for change funds. Cash equivalents are defined as short-term highly liquid investments readily converted to cash.

INVESTMENTS

Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Bank deposits are recorded at cost. Investment income consists of interest earned on bank deposits.

ACCOUNTS RECEIVABLE

Accounts receivable includes uncollateralized student obligations, which generally require payment by the first day of class. Accounts receivable are stated at the invoice amount.

Account balances that are not on a payment plan and are unpaid at the end of the term are considered delinquent. Collection costs may be applied to account balances still outstanding thirty days following the end of the semester. Payments of accounts receivable are applied to the specific invoices identified on the student's remittance advise or, if unspecified, to the earliest unpaid invoices.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

ACCOUNTS RECEIVABLE (Continued)

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

Accounts receivable also includes outstanding balances due from federal and state funding sources and other miscellaneous items.

PREPAID EXPENSES

Prepaid expenses represent current expenditures which benefit future periods.

PROPERTY TAXES

The College's property taxes are levied each calendar year on all taxable real property located in the District. Pursuant to Board of Trustees resolution, property tax levies passed in December 2017 were allocated to fiscal year 2018. Property taxes and personal property replacement tax are recorded on the accrual basis.

Property taxes are certified on or before the last Tuesday in December and attach as an enforceable lien on the property as of the preceding January 1. These taxes become due and collectible in the following calendar year and are collected by the county collectors in the District who, in turn, remit to the College its respective share. Collection dates vary according to the schedules of the individual counties with disbursements to the College normally made within thirty days of collection.

The College is permitted, by the Illinois Community College Board, to levy up to \$.75 per \$100 of equalized assessed valuation for educational purposes, and \$.10 per \$100 of equalized assessed valuation for operations, building and maintenance purposes. However, a local referendum allows a maximum total of only \$0.45 per \$100 of equalized assessed valuations for these two purposes. The statutory maximum tax rates and the respective rates for the December 31, 2017 and 2016 tax levies, per \$100 of assessed valuation, are reflected in the following table.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

PROPERTY TAXES (Continued)

	Statutory Maximum	2018 Rate	2017 Rate
Education	\$0.3729	\$0.3729	\$0.3705
Operations and maintenance	0.0750	0.0745	0.0745
Workers compensation	-	0.0078	0.0089
Social security	-	0.0162	0.0158
Tort liability, protection	-	0.0576	0.0543
Audit	0.0050	0.0048	0.0050
Operations and maintenance (Restricted)			
Protection, Health and Safety	0.0500	0.0076	0.0071
Bond and interest	-	<u>0.0836</u>	<u>0.0791</u>
		<u>\$0.6255</u>	<u>\$0.6152</u>

CAPITAL ASSETS

Capital assets include property, movable equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition cost at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives (See Note 3 for further detail).

<u>Assets</u>	<u>Years</u>
Land improvements	10 to 20
Buildings and improvements	40 to 60
Equipment	5 to 10
Technology equipment	3 to 5
Vehicles	3 to 5

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

IMPAIRMENT OF ASSETS

The College reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

DEFERRED OUTFLOWS OF RESOURCES

The College reports decrease in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. The College has two types of items, one of which occurs related to pension expense and the other which occurs related to other postemployment benefits other than pensions. Employer paid contribution made subsequent to the liability measurement date are recorded as deferred outflows of resources.

UNEARNED REVENUE

Unearned revenue includes amounts received which represents payment for services to be provided in future periods for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. These amounts consist primarily of: 1) amounts received or accrued for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year, and 2) amounts received from grant and contract sponsors that have not been earned.

NON-CURRENT LIABILITIES

Non-current liabilities include: estimated amounts of accrued compensated absences; and bond and capital lease obligations that will not be paid within the next fiscal year.

The College records a liability for employees' vacation leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. The College has no commitment for accumulated sick leave and no liability is recorded. Employees who retire are given credit of up to one year for unused sick leave towards years of service in the State Universities Retirement System pension plan.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

DEFERRED INFLOWS

The College's financial statements report a separate section for deferred inflows of resources. These financial statement elements reflect an increase in net position or fund equity that applies to a future period. The College will not recognize the related revenue until a future event occurs. The District has one type of item which occurs related to the difference between expected and actual results and changes in assumptions related to postemployment benefits other than pensions.

PENSIONS

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

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

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

NET POSITION

The College's net position is classified as follows:

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

NET POSITION (Continued)

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, 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.

CLASSIFICATION OF REVENUES AND EXPENSES

The College has classified its revenues and expenses as either Operating or Non-Operating. Operating revenue and expenses include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, net of scholarship discounts and allowances (b) sales and services of auxiliary enterprises, (c) salaries and benefits and (d) materials and supplies. Non-operating revenue and expenses include activities that have the characteristics of non-exchange transactions, such as (a) local property taxes, (b) state appropriations, (c) most Federal, state, and local grants and contracts and Federal appropriations, and (d) gifts and contributions.

FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Student Support Services and Federal Direct Student Loan programs. Federal programs are audited in accordance with Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 2 – CASH AND DEPOSITS

The Board of Trustees has authorized the College to invest funds in accordance with the Illinois Community College Act and the Public Funds Investment Act. In general, the College may invest in obligations of the United States of America or its agencies (or guaranteed by the full faith and credit of same) and certain time deposits and short-term obligations as defined in the Public Fund Investment Act. The carrying amount of the College's unrestricted cash and deposits was \$13,429,494 at June 30, 2018 and \$10,486,132 at June 30, 2017. Not included in that number was cash on hand of \$1,500 at 2018 and 2017.

Interest Rate Risk. The College does not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The College's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity and, in general, avoid speculative instruments.

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 deposit policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement and held at an independent, third-party institution in the name of the College. As of June 30, 2018 and 2017, deposits were collateralized with securities held by the pledging financial institution. Therefore, none of the College's bank balance was exposed to custodial risk.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 3 – CAPITAL ASSETS

The following tables present the changes in various capital asset categories for fiscal years 2018 and 2017.

	<u>Balance June 30, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated:				
Construction in process	\$ 142,008	\$ 85,400	\$ 142,008	\$ 85,400
Land	<u>891,384</u>	<u>20,547</u>	<u>-</u>	<u>911,931</u>
Total capital assets not being depreciated	<u>1,033,392</u>	<u>105,947</u>	<u>142,008</u>	<u>997,331</u>
Capital assets being depreciated:				
Land improvements	5,255,197	239,754	-	5,494,951
Buildings	18,288,110	-	-	18,288,110
Building improvements	41,797,872	-	-	41,797,872
Campus lighting	40,955	-	-	40,955
Equipment	<u>15,556,098</u>	<u>437,101</u>	<u>-</u>	<u>15,993,199</u>
Total capital assets being depreciated	<u>80,938,232</u>	<u>676,855</u>	<u>-</u>	<u>81,615,087</u>
Less accumulated depreciation:				
Land improvements	2,782,336	156,290	-	2,938,626
Buildings	9,256,873	369,455	-	9,626,328
Building improvements	17,423,433	882,975	-	18,306,408
Campus lighting	39,604	450	-	40,054
Equipment	<u>14,966,858</u>	<u>440,498</u>	<u>-</u>	<u>15,407,356</u>
Total accumulated depreciation	<u>44,469,104</u>	<u>1,849,668</u>	<u>-</u>	<u>46,318,272</u>
Net capital assets	<u>\$37,502,520</u>	<u>\$(1,066,866)</u>	<u>\$ 142,008</u>	<u>\$ 36,293,646</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 3 – CAPITAL ASSETS (CONTINUED)

	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets not being depreciated:				
Construction in process	\$ 100,393	\$ 41,615	\$ -	\$ 142,008
Land	<u>884,259</u>	<u>7,125</u>	<u>-</u>	<u>891,384</u>
Total capital assets not being depreciated	<u>984,652</u>	<u>48,740</u>	<u>-</u>	<u>1,033,392</u>
Capital assets being depreciated:				
Land improvements	5,210,079	45,118	-	5,255,197
Buildings	18,288,110	-	-	18,288,110
Building improvements	41,697,872	100,000	-	41,797,872
Campus lighting	40,955	-	-	40,955
Equipment	<u>15,493,323</u>	<u>97,702</u>	<u>34,927</u>	<u>15,556,098</u>
Total capital assets being depreciated	<u>80,730,339</u>	<u>242,820</u>	<u>34,927</u>	<u>80,938,232</u>
Less accumulated depreciation:				
Land improvements	2,650,021	132,315	-	2,782,336
Buildings	8,887,366	369,507	-	9,256,873
Building improvements	16,527,169	896,264	-	17,423,433
Campus lighting	39,154	450	-	39,604
Equipment	<u>14,520,440</u>	<u>481,345</u>	<u>34,927</u>	<u>14,966,858</u>
Total accumulated depreciation	<u>42,624,150</u>	<u>1,879,881</u>	<u>34,927</u>	<u>44,469,104</u>
Net capital assets	<u>\$39,090,841</u>	<u>\$(1,588,321)</u>	<u>\$ -</u>	<u>\$ 37,502,520</u>

At June 30, 2018 and 2017, the College had several uncompleted construction contracts in the Capital Projects Fund. The remaining commitment on these construction contracts was approximately \$38,400 and \$4,000, respectively.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
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June 30, 2018 and 2017**

NOTE 4 – LONG-TERM DEBT

At June 30, 2018 and 2017, the College's long-term debt consisted of bond issues, capital lease obligations, and accrued compensated absences. Changes in long-term debt for the years ended June 30, 2018 and 2017 are as follows:

	Balance 6/30/17	Additional Obligations	Retirements	Balance 6/30/18	Due Within One Year
2010 Technology Bonds	\$ 350,000	\$ -	\$ 350,000	\$ -	\$ -
2013 Technology Bonds	395,000	-	165,000	230,000	230,000
2013 Construction Bonds	2,995,000	-	-	2,995,000	-
2015 Technology Bonds	775,000	-	105,000	670,000	410,000
2016 Technology and Maintenance Bond	1,000,000	-	95,000	905,000	125,000
Debt certificate	-	1,000,000	-	1,000,000	1,000,000
Accrued compensated absences	305,121	272,069	256,718	320,472	257,000
Capital lease obligations	64,294	-	53,144	11,150	11,150
Total	<u>\$ 5,884,415</u>	<u>\$ 1,272,069</u>	<u>\$ 1,021,862</u>	<u>\$ 6,131,622</u>	<u>\$ 2,033,150</u>

	Balance 6/30/16	Additional Obligations	Retirements	Balance 6/30/17	Due Within One Year
2010 Working Cash Bonds	\$ 250,000	\$ -	\$ 250,000	\$ -	\$ -
2010 Technology Bonds	500,000	-	150,000	350,000	350,000
2013 Technology Bonds	645,000	-	250,000	395,000	165,000
2013 Construction Bonds	2,995,000	-	-	2,995,000	-
2015 Technology Bonds	880,000	-	105,000	775,000	105,000
2016 Technology and Maintenance Bond	1,000,000	-	-	1,000,000	95,000
Accrued compensated absences	298,167	248,671	241,717	305,121	240,000
Capital lease obligations	115,994	-	51,700	64,294	53,145
Total	<u>\$ 6,684,161</u>	<u>\$ 248,671</u>	<u>\$ 1,048,417</u>	<u>\$ 5,884,415</u>	<u>\$ 1,008,145</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

General Obligation Bonds

Series 2010 Technology Bonds: On December 1, 2010 the College issued bonds in the amount of \$500,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the purchase of technological and instructional equipment. Serial retirement of principal and interest began on December 1, 2011, with interest payable semiannually at 3.80% - 3.90%. Maturity date was December 1, 2017.

Series 2013 Technology Bonds: On January 1, 2013 the College issued bonds in the amount of \$1,000,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the purchase of technological and instructional equipment. Serial retirement of principal and interest began on December 1, 2013, with interest payable semiannually at 0.50% - 2.50%. Maturity date is December 1, 2018. Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 230,000	\$ 2,875	\$ 232,875

Series 2013 Construction Bonds: On October 11, 2013 the College issued bonds in the amount of \$2,995,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the construction and equipment of a 10,000 square foot addition to the Technology Center (the "Project"). Serial retirement interest began on July 1, 2014, with interest payable semiannually at 4.25%. A lump sum principal payment will be due upon maturity. Maturity date is January 1, 2028. A donor has committed to contribute \$3,000,000, within 60 days of his death, to the Foundation to be used for the Project. The College expects to use such contribution, if and when received, to pay the bonds. In addition, the donor has committed to contribute to the Foundation \$100,000 per year after the date the construction started. The College will use such money to pay a portion of the yearly interest on the Bonds and to abate annually at a minimum a portion of the pledged taxes attributable to the donor's contribution. Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ -	\$ 127,288	\$ 127,288
2020	-	127,288	127,288
2021	-	127,288	127,288
2022	-	127,288	127,288
2023	-	127,288	127,288
2024-2028	<u>2,995,000</u>	<u>636,435</u>	<u>3,631,435</u>
	<u>\$ 2,995,000</u>	<u>\$ 1,272,875</u>	<u>\$ 4,267,875</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Series 2015 Technology Bonds: On January 8, 2015 the College issued bonds in the amount of \$1,000,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the purchase of technological and instructional equipment. Serial retirement of principal and interest began on December 1, 2015, with interest payable semiannually at 2.30%. Maturity date is June 1, 2020. Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 410,000	\$ 10,695	\$ 420,695
2020	<u>260,000</u>	<u>2,990</u>	<u>262,990</u>
	<u>\$ 670,000</u>	<u>\$ 13,685</u>	<u>\$ 683,685</u>

Series 2016 Technology and Maintenance Bonds: On February 11, 2017 the College issued bonds in the amount of \$1,000,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the purchase of deferred maintenance projects and technological and instructional equipment. Serial retirement of principal and interest begins on December 1, 2018, with interest payable semiannually at 2.35%. Maturity date is December 1, 2020. Remaining principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 125,000	\$ 25,800	\$ 150,800
2020	255,000	20,731	275,731
2021	<u>525,000</u>	<u>8,613</u>	<u>533,613</u>
	<u>\$ 905,000</u>	<u>\$ 55,144</u>	<u>\$ 960,144</u>

Debt Certificate: On March 29, 2018 the College issued a debt certificate in the amount of \$1,000,000. The proceeds of the debt certificate were used to pay off purchases of deferred maintenance projects and technological and instructional equipment. The debt certificate matures in July 2018 with the issuance of the Series 2018 Bonds.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,000,000	\$ 5,764	\$ 1,005,764

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 4 – LONG-TERM DEBT (CONTINUED)

Capital Lease Obligations

Copiers: The College is leasing copy machines under capital leases which expired June 2018. The equipment is capitalized and depreciated over its estimated productive life. Total cost on the equipment was \$126,633. Accumulated depreciation on the equipment as of June 30, 2018 and 2017 was \$126,633 and \$101,306, respectively.

Tractor: The College is leasing a sleeper tractor under a capital lease that expires December, 2018. The equipment is capitalized and depreciated over its estimated productive life. Total cost of the tractor was \$121,937. Accumulated depreciation on the equipment as of June 30, 2018 and 2017 was \$121,937 and \$97,550, respectively.

Future minimum lease payments under these leases are as follows:

2019	\$ 11,265
Less amount representing interest	<u>(115)</u>
Present value of minimum lease payments	<u>\$ 11,150</u>

NOTE 5 – CONTINGENCIES

Grant Contingencies

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. College management believes disallowances, if any, will be immaterial.

Litigation

As of June 30, 2018, the College is involved in various litigated issues. Possible judgments in these cases cannot be predicted at this time nor any damages, if any, reasonably estimated.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
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NOTE 6 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters, for which the College carries commercial insurance.

Until January 1, 2018, the College was a member of the Community College Insurance Cooperative (CCIC), a public entity risk pool currently operating as a common risk management and insurance program for independent organizations. CCIC was dissolved on December 31, 2017. While a member, the College paid an annual premium to CCIC for its medical insurance coverage under a retrospectively rated policy (the initial premium is adjusted based on actual experience of the group during the period of coverage). The Agreement for Formation of CCIC provides that CCIC will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$300,000 for each insured individual.

Effective January 1, 2018, the College became fully insured for its health, dental and vision benefits, utilizing the services of various commercial providers.

The College continues to carry commercial insurance for all other risks of loss, including general liability, property and workers' compensation insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past fiscal years.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

General Information about the Pension Plan

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

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

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

General Information about the Pension Plan (Continued)

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2018 and 2017 respectively, was 12.46% and 12.53% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

Net Pension Liability

The net pension liability was measured as of June 30, 2017 and 2016, respectively. SURS reported a net pension liability (NPL) of \$25,481,105,995 at June 30, 2017 and \$25,965,271,744 at June 30, 2016.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for Danville Area Community College at both fiscal years ended June 30, 2018 and 2017 was \$-0-. The proportionate share of the State's net pension liability associated with Danville Area Community College at June 30, 2017 and 2016 was \$73,512,990 or 0.2885% and \$76,320,380 or 0.2939%, respectively. These amounts should not be recognized in the financial statements. The net pension liability and total pension liability as of June 30, 2017 and June 30, 2016 were determined based on the June 30, 2016 and 2015 actuarial valuations rolled forward, respectively. The basis of allocation used in the proportionate share of net pension liability for each year is the actual reported pensionable contributions made to SURS during fiscal years 2017 and 2016, respectively.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

Pension Expense

For the years ended June 30, 2017 and 2016, SURS reported a collective net pension expense of \$2,412,918,129 and \$2,566,164,865, respectively.

Employer Proportionate Share of Pension Expense

The College's 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 years 2017 and 2016, respectively. As a result, Danville Area Community College recognized on-behalf revenue and pension expense of \$6,961,269 and \$7,542,793, respectively, for the fiscal years ended June 30, 2018 and 2017.

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

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources

Fiscal Year Ended June 30, 2017	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
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	<u>94,620,827</u>	<u>-</u>
Total	<u>\$ 438,818,369</u>	<u>\$ 260,828,348</u>
Fiscal Year Ended June 30, 2016	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 14,215,882	\$ 2,298,574
Changes in assumption	655,463,758	-
Net difference between projected and actual earnings on pension plan investments	<u>1,431,081,306</u>	<u>635,552,976</u>
Total	<u>\$ 2,100,760,946</u>	<u>\$ 637,851,550</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
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June 30, 2018 and 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

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

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

Year Ending June 30	Net Deferred Outflows of Resources
2018	\$ 55,589,850
2019	187,874,279
2020	90,475,551
2021	(155,949,656)
2022	-
Thereafter	-
Total	<u>\$ 177,990,024</u>

Employer Deferral of Fiscal Year 2018 Pension Expense

The College paid \$61,429 and \$63,075 in federal, trust or grant contributions for the fiscal years ended June 30, 2018 and 2017, respectively. These contributions were made subsequent to the pension liability measurement date of June 30, 2017 and 2016, and are recognized as Deferred Outflows of Resources as of June 30, 2018 and 2017.

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:

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Assumptions and Other Inputs (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%
Treasury-Inflation Protected Securities	4%	1.17%
Emerging Market Debt	3%	4.14%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	3.95%
Opportunity Fund	<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% and 7.01% at June 30, 2017 and 2016, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.25% at June 30, 2017 and 2016, and a municipal bond rate of 3.56% and 2.85% at June 30, 2017 and 2016, respectively (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.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Assumptions and Other Inputs (Continued)

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09% and 7.01% for June 30, 2017 and 2016, respectively, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

June 30, 2017		
1% Decrease	Current Single Discount	1% Increase
<u>6.09%</u>	Rate Assumption	<u>8.09%</u>
<u>7.09%</u>		
\$ 30,885,146,279	\$ 25,481,105,995	\$ 20,997,457,586
June 30, 2016		
1% Decrease	Current Single Discount	1% Increase
<u>6.01%</u>	Rate Assumption	<u>8.01%</u>
<u>7.01%</u>		
\$ 31,348,831,631	\$ 25,965,271,744	\$ 21,502,421,700

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

Changes of Benefit Terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2017.

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

- Mortality rates. Change from the RP2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 7 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Assumptions and Other Inputs (Continued)

- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Maintain the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB)

General Information about the OPEB Plan

Plan administration

The College participates in the State of Illinois Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). CIP is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole benefit of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the state of Illinois, excluding the City Colleges of Chicago. The Department of Central Management Services (Department) administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts. Separate financial statements, including required supplementary information, may be obtained from the Department at 715 Stratton Office Building, Springfield, Illinois, 62706.

Plan membership

All members receiving benefits from the State Universities Retirement System (SURS) who have been full-time employees of a community college district or an association of a community who have paid the required active member CIP contributions prior to retirement are eligible to participate in CIP. Survivors of an annuitant or benefit recipient eligible for CIP coverage are also eligible for coverage under CIP.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Benefits provided

CIP health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (Act) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

Contributions

The Act requires every active contributor (employee) of SURS to contribute .5% of covered payroll and every community college district to contribute .5% of covered payroll. Retirees pay a premium for coverage that is also determined by ILCS. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires a special funding situation whereby the State of Illinois to make an annual appropriation to the CIP to cover any expected expenditures in excess of the contributions by active employees, employers, and retirees. The result is pay as you go financing of the plan. The employer contributions made by the state of Illinois on behalf of the District to CIP and the College's contributions for the years ended June 30, 2018 and 2017 were \$52,595 and \$50,493, respectively.

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

The District reported a liability of \$10,923,478 as of June 30, 2018. This amount is the District's proportional share of the net OPEB liability. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Illinois' proportionate share of the net OPEB liability associated with the District totaled \$10,779,607. The net OPEB liability was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016, with procedures performed to roll forward the total OPEB liability to the June 30, 2017 measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers and the State of Illinois. At June 30, 2017, the District's proportion was 0.598994%.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

For the year ended June 30, 2018, the District recognized OPEB expense of \$983,559 for its proportionate share of the OPEB expense. In addition, the District recognized an additional \$952,591 as OPEB expense (and revenue) for its proportionate share of the State of Illinois' contribution to the plan.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Deferred Amounts Related to OPEB</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Deferred Amounts to be Recognized in OPEB Expense in Future Periods</i>		
Differences between Expected and Actual Experience	\$ -	\$ 30,916
Changes of Assumptions	-	909,917
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments	-	115
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	<u>105,897</u>	<u>-</u>
 Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	 105,897	 940,948
 <i>OPEB Contributions Made Subsequent to the Measurement Date</i>	 <u>52,595</u>	 <u>-</u>
 Total Deferred Amounts Related to OPEB	 <u>\$ 158,492</u>	 <u>\$ 940,948</u>

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

<u>Year ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 21,181	\$ 188,190
2019	21,179	188,190
2020	21,179	188,190
2021	21,179	188,189
2022	<u>21,179</u>	<u>188,189</u>
	<u>\$ 105,897</u>	<u>\$ 940,948</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Actuarial assumptions and other inputs.

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

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

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

The actuarial assumptions used in the June 20, 2017 valuation were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017.

Sensitivity of the Colleges proportionate share of the Net OPEB liability to changes in the Single Discount Rate.

The following presents the College’s proportionate share of the net OPEB liability, calculated using a Single Discount Rate of 3.56%, as well as what the College’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56%) or 1-percentage-point higher (4.56%) than the current discount rate:

Sensitivity of the District's Proportional Share of the Net OPEB Liability as of June 30, 2017 'to the Single Discount Rate Assumption			
	1% Decrease 2.56%	Current Single Discount Rate Assumption 3.56%	1% Increase 4.56%
Net OPEB Liability	\$ 12,492,756	\$ 10,923,478	\$ 9,570,551

Sensitivity of the College’s proportionate share of the Net OPEB liability to changes in the healthcare cost trend rates.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 8 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (OPEB) (Continued)

The following presents the Colleges proportionate share of the net OPEB liability, calculated using the healthcare cost trend rates as well as what the Colleges proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. The key trend rates are 8.00% in 2018 decreasing to an ultimate trend rate of 5.02% in 2025, for non-Medicare coverage, and 9.00% in 2018 decreasing to an ultimate trend rate of 4.5% in 2027 for Medicare coverage.

Sensitivity of the District's Proportional Share of the Net OPEB Liability
as of June 30, 2017 to the Healthcare Cost Trend Rate Assumption

	1% Decrease	Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB Liability	\$ 9,062,130	\$ 10,923,478	\$ 13,617,062

- One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.02% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.5% in 2027 for Medicare coverage.
- One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.02% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.5% in 2027 for Medicare coverage.

NOTE 9 – OPERATING LEASES

On July 1, 2014, the College entered into an agreement with Follett Higher Education Group, Inc. (Follett) to operate and provide services for the bookstore of the College. The agreement expires June 30, 2019, but will continue year-to-year unless terminated by either party pursuant to the terms of the agreement. Follett will receive all revenue generated from sales and will pay the College the applicable percentage of the bookstores' gross revenue. The percentage of gross revenue is 13.75% of all gross revenue up to \$1,000,000 and 14.25% of all gross sales over \$1,000,000. If in the first two full contract years during the term of the agreement, calculated commission payments are less than \$165,000 ("Guaranteed Annual Income"), Follett will pay the College an additional amount necessary to bring the total payments to the College for that year up to the Guaranteed Annual Income. Follett also agreed to spend up to \$228,000 in store improvements. If the contract is terminated, the College has the obligation to pay Follett the value of inventory on hand and the unamortized book value of the store improvements. During the years ended June 30, 2018 and 2017, the College received \$134,139 and \$140,541, respectively, from Follett which is included as operating revenue in the Auxiliary Enterprises Fund.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 9 – OPERATING LEASES (CONTINUED)

The College leases vehicles and building space for the American Job Center under operating leases expiring through 2022. Future minimum lease payments under these leases are as follows:

2019	\$	104,316
2020		95,261
2021		98,428
2022		84,498
2023		570
Total	\$	<u>383,073</u>

The College’s expense under operating leases was \$123,118 and \$122,285 for 2018 and 2017, respectively.

NOTE 10 – COMPONENT UNIT

Significant note disclosures to the Foundation’s financial statements are as follows:

Beneficial Interest in Trust

The Foundation is a partial beneficiary in a trust that was created under terms of a will. The interest is recorded at estimated fair value which is based on quoted market prices.

Net Assets – Component Unit

The financial statements of the College’s discretely presented component unit have been prepared in accordance with accounting standards relating to *Financial Statements of Not-for-Profit Organizations* on the income tax basis of accounting. The standards require, among other things, that the financial statements report the changes in and total of each of the net asset classes, based upon donor restrictions, as applicable. Net assets are to be classified as unrestricted, temporarily restricted, and permanently restricted. The following is a description of each class:

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 10 – COMPONENT UNIT (CONTINUED)

Unrestricted net assets

The unrestricted net asset class includes all net assets which are neither temporarily nor permanently restricted.

Temporarily restricted net assets

The temporarily restricted net asset class includes assets of the Foundation related to gifts with explicit donor-imposed restrictions that have not been met as to a specified purpose or to later periods of time or after specified dates.

Permanently restricted net assets

The permanently restricted net asset class includes assets of the Foundation for which the donor has stipulated that the contribution be maintained in perpetuity. Donor-imposed restrictions limiting the use of the assets or its economic benefit neither expire with the passage of time nor can be removed by satisfying a specific purpose.

Revenue – Component Unit

The College’s discretely presented component unit (Foundation) reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Investments and Beneficial Interest in Trusts – Component Unit

Investments

The following is a summary of the component unit investments at June 30:

	<u>2018</u> <u>Fair</u> <u>Value</u>	<u>2017</u> <u>Fair</u> <u>Value</u>
Equity securities and mutual funds	\$ 7,801,491	\$ 7,357,087
Corporate bonds	1,788,932	1,650,256
U.S. Government obligations	<u>1,974,079</u>	<u>1,974,952</u>
	11,564,502	10,982,295
Land held for investment	<u>2,851,509</u>	<u>2,851,509</u>
Total	<u>\$ 14,416,011</u>	<u>\$ 13,833,804</u>

Net realized gains totaled \$685,343 and \$421,435 and net unrealized gains (loss) totaled (\$1,746) and \$574,837 for the years ended June 30, 2018 and 2017, respectively.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 10 – COMPONENT UNIT (CONTINUED)

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the component unit has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for instruments measured at fair value and their classification in the valuation hierarchy. There have been no changes in the methodologies used at June 30, 2018 and 2017.

Equity securities and mutual funds listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified within Level 1 of the valuation hierarchy.

Debt securities consisting of corporate bonds and government agency debt obligations are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type. Debt securities are generally classified within Level 2 of the valuation hierarchy.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 10 – COMPONENT UNIT (CONTINUED)

Investments and Beneficial Interest in Trusts – Component Unit (Continued)

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the component unit believes their valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Following is a description of the nature of the categories of mutual funds by major security type.

Equity funds: This asset class is generally comprised of investment options that invest in shares of ownership in large to small companies.

The following tables set forth by level, within the fair value hierarchy, the component unit's assets at fair value as of June 30, 2018 and 2017:

	<u>Assets at Fair Value as of June 30, 2018</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 5,735,897	\$ -	\$ -	\$ 5,735,897
Equity securities	1,805,321	-	-	1,805,321
Fixed income mutual funds	-	260,273	-	260,273
Corporate bonds	-	1,788,932	-	1,788,932
U.S. Government obligations	-	1,974,079	-	1,974,079
	<u>-</u>	<u>1,974,079</u>	<u>-</u>	<u>1,974,079</u>
Total assets at fair value	<u>\$ 7,541,218</u>	<u>\$ 4,023,284</u>	<u>\$ -</u>	<u>\$ 11,564,502</u>
	<u>Assets at Fair Value as of June 30, 2017</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity mutual funds	\$ 3,833,937	\$ -	\$ -	\$ 3,833,937
Equity securities	2,523,150	-	-	3,523,150
Corporate bonds	-	1,650,256	-	1,650,256
U.S. Government obligations	-	1,974,952	-	1,974,952
	<u>-</u>	<u>1,974,952</u>	<u>-</u>	<u>1,974,952</u>
Total assets at fair value	<u>\$ 7,357,087</u>	<u>\$ 3,625,208</u>	<u>\$ -</u>	<u>\$ 10,982,295</u>

Credit Risk

Level 2 corporate bonds totaling \$1,713,931 and \$1,575,767 are rated between AAA to BB as of June 30, 2018 and 2017, respectively. The remaining level 2 corporate bonds of \$75,001 and \$74,489 are not rated as of June 30, 2018 and 2017, respectively.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 10 – COMPONENT UNIT (CONTINUED)

Investments and Beneficial Interest in Trusts – Component Unit (Continued)

Beneficial Interest in Trusts

The Foundation is a partial beneficiary of certain perpetual trusts that were created under terms of various wills. Terms of the trusts vary but generally require the principal to remain intact in perpetuity with the income distributed to the beneficiaries.

The beneficial interest trusts are valued based on the underlying assets of the trusts, in the same manner as noted above. The following table sets forth by level, within the fair value hierarchy, the Foundation's interest in the trusts at fair value as of June 30, 2018 and 2017.

Assets at Fair Value as of June 30, 2018				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Other Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Total
Beneficial interests in trusts	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,121,106</u>	\$ <u>1,121,106</u>

Assets at Fair Value as of June 30, 2017				
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Other Inputs (Level 2)	Significant Other Observable Inputs (Level 3)	Total
Beneficial interests in trusts	\$ <u>-</u>	\$ <u>-</u>	\$ <u>1,084,067</u>	\$ <u>1,084,067</u>

		Beneficial Interest In Trusts
Balance – July 1, 2016	\$	1,044,769
Unrealized Gain (Loss)		<u>39,298</u>
Balance – June 30, 2017	\$	<u>1,084,067</u>
Balance – July 1, 2017	\$	1,084,067
Unrealized Gain (Loss)		<u>37,039</u>
Balance – June 30, 2018	\$	<u>1,121,106</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017**

NOTE 11 – SUBSEQUENT EVENTS

On July 12, 2018 the College issued bonds in the amount of \$1,000,000. The proceeds of the bonds were used to pay off outstanding debt certificates previously issued to fund the purchase of deferred maintenance projects and technological and instructional equipment. Serial retirement of principal and interest begins on December 1, 2019, with interest payable semiannually at 3.75% - 4.00%. Maturity date is December 1, 2022. Principal and interest payments to maturity are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 199,000	\$ 67,582	\$ 266,582
2021	243,000	25,481	268,481
2022	274,000	15,788	289,788
2023	<u>284,000</u>	<u>5,325</u>	<u>289,325</u>
	<u>\$ 1,000,000</u>	<u>\$ 114,176</u>	<u>\$ 1,114,176</u>

This information is an integral part of the accompanying financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
REQUIRED SUPPLEMENTARY INFORMATION –
STATE UNIVERSITIES RETIREMENT SYSTEM OF ILLINOIS
Year Ended June 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

SCHEDULE OF SHARE OF THE NET PENSION LIABILITY

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
(a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Employer	73,512,991	76,320,380	68,062,674	63,586,595
Total (b) + (c)	73,512,991	76,320,380	68,062,674	63,586,595
Employer Covered-Employee Payroll	10,219,702	10,649,612	10,466,182	10,591,044
Proportion of Collective Net Pension Liability Associated with Employer as a Percentage of Covered Payroll	719.33%	716.65%	650.31%	600.38%
SURS Plan Net Position as a Percentage of Total Pension Liability	42.04%	39.57%	42.37%	44.39%

SCHEDULE OF CONTRIBUTIONS

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2015</u>	<u>Fiscal Year 2014</u>
Federal, Trust, Grant, and Other Contribution	\$ 61,429	\$ 63,075	\$ 64,668	\$ 63,187	\$ 61,599
Contribution in Relation to Required Contribution	61,429	63,075	64,668	63,187	61,599
Contribution Deficiency (Excess)	-	-	-	-	-
Employer Covered Payroll	11,728,913	10,219,702	10,649,612	10,466,182	10,591,044
Contributions as a Percentage of Covered Payroll	0.005	0.006	0.006	0.006	0.006

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF THE DISTRICT’S PROPORINATE SHARE
OF THE NET OPEB LIABILITY – COLLEGE INSURANCE PROGRAM
Year Ended June 30, 2018
(SEE INDEPENDENT AUDITORS’ REPORT)**

<u>Fiscal Year Ending June 30,</u>	<u>2017</u>
District’s Proportion of the Net OPEB Liability	0.598994%
District’s Proportionate Share of the Net OPEB Liability (Asset)	\$ 10,923,478
District’s Covered-Employee Payroll	\$ 10,219,702
District’s Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll	106.8865
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	-2.87%

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
REQUIRED SUPPLEMENTARY INFORMATION –
SCHEDULE OF THE DISTRICT’S CONTRIBUTIONS –
COLLEGE INSURANCE PROGRAM
Year Ended June 30, 2018
(SEE INDEPENDENT AUDITORS’ REPORT)**

<u>Fiscal Year Ending June 30,</u>	<u>2017</u>
Contractually Required Contribution	\$ 51,967
Contributions in Relation to the Contractually Required Contribution	<u>\$ (51,967)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>
District’s Covered-Employee Payroll	10,219,702
Contributions as a Percentage of Covered-Employee Payroll	0.51%

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
REQUIRED SUPPLEMENTARY INFORMATION –
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
COLLEGE INSURANCE PROGRAM
Year Ended June 30, 2018
(SEE INDEPENDENT AUDITORS' REPORT)**

NOTE 1 CHANGES IN BENEFIT TERMS

In the June 30, 2017 actuarial valuation, there were no changes of benefit terms.

NOTE 2 CHANGES OF ASSUMPTIONS

In the June 30, 2017 actuarial valuation, there were no changes of assumptions.

STATISTICAL SECTION

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATISTICAL SECTION**

This part of the College’s Statistical section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the College’s overall financial health.

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Financial Trends 72-74

These schedules contain trend information to help the reader understand how the College’s financial performance and well-being have changed over time.

Revenue Capacity 75-82

These schedules contain information to help the reader assess the College’s most significant local revenue source, the property tax, and tuition and fees data.

Debt Capacity 83-91

These schedules present information to help the reader assess the affordability of the College’s current levels of outstanding debt and the College’s ability to issue additional debt in the future.

Demographic and Economic Information 92-94

These schedules offer demographic and economic indicators to help the reader understand the environment within which the College’s financial activities take place.

Operating Information 95-96

These schedules contain service and infrastructure data to help the reader understand how the information in the College’s financial report relates to the services the College provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Danville Area Community College
Community College District No. 507

Net Position by Component
Last Ten Fiscal Years

	2018	2017	2016	2015
Business-type activities				
Net investment in capital assets	\$ 31,482,497	\$ 31,923,227	\$ 32,954,847	\$ 35,099,459
Restricted				
Capital projects	1,217,062	1,668,655	1,636,621	1,038,308
Working Cash	5,429,723	5,429,723	5,179,723	4,854,723
Debt Service	1,074,550	758,848	766,898	767,757
Grant purposes	843,372	1,073,262	1,194,007	1,023,344
Audit Purposes	48,443	42,754	35,348	29,726
Liability Insurance	957,415	939,510	1,015,161	1,054,830
Unrestricted	(1,782,517)	7,680,658	9,277,526	11,953,430
Total business-type activities net position	<u>\$ 39,270,545</u>	<u>\$ 49,516,637</u>	<u>\$ 52,060,131</u>	<u>\$ 55,821,577</u>

Source: College's Annual Financial Reports

	2014	2013	2012	2011	2010	2009
\$	35,944,120	\$ 37,411,102	\$ 36,990,036	\$ 34,407,305	\$ 34,535,138	\$ 34,941,176
	2,642,071	590,986	1,259,018	1,131,319	1,154,526	1,360,533
	4,119,723	3,824,723	3,588,091	5,432,211	4,432,604	3,431,905
	873,702	908,937	917,584	887,405	887,553	807,116
	359,153	463,566	398,368	364,321	304,985	327,209
	36,910	57,021	53,402	52,654	45,336	44,605
	1,183,036	1,293,686	1,308,966	1,317,034	1,306,283	1,311,679
	12,069,991	12,724,662	12,109,615	8,260,717	7,298,076	6,682,283
	-	-	-	-	-	-
\$	57,228,706	\$ 57,274,683	\$ 56,625,080	\$ 51,852,966	\$ 49,964,501	\$ 48,906,506

Danville Area Community College
Community College District No. 507

Changes in Net Position
Last Ten Fiscal Years

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Operating revenues										
Student tuition and fees, net of scholarship allowances	\$ 4,307,077	\$ 4,123,692	\$ 3,795,210	\$ 3,640,226	\$ 3,797,592	\$ 3,444,023	\$ 3,529,368	\$ 3,166,396	\$ 2,604,979	\$ 2,994,601
Auxiliary enterprise revenue	730,402	554,770	583,445	611,917	1,572,107	1,635,844	1,756,952	1,921,512	1,939,795	1,428,419
Other operating revenue	158,239	36,450	16,913	5,332	90,872	96,297	133,112	741,019	944,984	308,128
Total operating revenues	<u>5,195,718</u>	<u>4,714,912</u>	<u>4,395,568</u>	<u>4,257,475</u>	<u>5,460,571</u>	<u>5,176,164</u>	<u>5,419,432</u>	<u>5,828,927</u>	<u>5,489,758</u>	<u>4,731,148</u>
Operating expenses										
Instruction	8,149,799	7,891,261	8,153,578	8,282,774	8,172,747	7,677,960	7,639,489	7,467,535	7,403,529	6,503,984
Academic support	786,882	968,749	1,091,578	1,059,757	1,115,259	1,078,947	1,012,435	945,905	888,490	905,314
Student services	2,278,768	2,029,366	1,955,524	1,941,911	1,909,172	1,872,718	1,865,047	1,958,784	1,976,642	1,818,995
Public service	1,067,489	1,099,860	1,044,724	1,515,176	1,165,666	1,192,022	1,872,594	1,918,203	2,299,354	1,925,362
Operation and maintenance of plant and capital outlay	2,404,679	2,176,315	2,218,289	2,394,952	2,335,408	2,213,157	2,303,366	2,295,187	2,101,191	2,688,699
Institutional support	3,878,478	4,004,008	3,795,615	3,980,444	3,806,755	3,703,532	3,428,496	3,550,541	3,634,350	3,391,816
Scholarships	1,701,431	1,610,882	1,421,511	1,423,858	1,734,556	1,888,823	1,890,898	2,354,805	2,354,034	1,416,321
Auxiliary enterprise	752,014	461,973	507,939	527,600	1,411,733	1,544,480	1,637,358	1,706,388	1,737,761	1,363,206
On-behalf payments	7,915,506	7,544,386	5,658,291	4,752,538	3,869,867	3,502,084	2,434,534	1,952,143	1,712,963	1,047,208
Other postemployment benefits	983,559	-	-	-	-	-	-	-	-	-
Depreciation	1,849,668	1,879,879	1,974,482	2,117,550	1,897,870	1,773,702	1,671,260	1,684,228	1,708,656	1,796,800
Total operating expenses	<u>31,768,273</u>	<u>29,666,679</u>	<u>27,821,531</u>	<u>27,996,560</u>	<u>27,419,033</u>	<u>26,447,425</u>	<u>25,755,477</u>	<u>25,833,719</u>	<u>25,816,970</u>	<u>22,857,705</u>
Operating (loss)	<u>(26,572,555)</u>	<u>(24,951,767)</u>	<u>(23,425,963)</u>	<u>(23,739,085)</u>	<u>(21,958,462)</u>	<u>(21,271,261)</u>	<u>(20,336,045)</u>	<u>(20,004,792)</u>	<u>(20,327,212)</u>	<u>(18,126,557)</u>
Nonoperating revenues (expenses)										
State grants and contracts	5,946,734	2,267,118	1,438,607	4,998,816	5,064,905	5,876,838	8,824,366	5,164,358	4,699,816	4,548,102
Local property tax revenues	6,444,604	6,215,639	6,111,782	5,880,830	5,649,735	5,705,172	5,743,885	5,835,858	5,866,645	5,857,426
Personal property replacement tax	513,965	622,143	564,193	616,276	573,034	566,452	554,398	602,653	464,716	574,439
Federal grants and contracts	5,690,901	5,433,046	5,590,168	5,992,094	5,887,239	6,137,625	7,289,525	8,344,384	8,712,832	5,454,503
Local grants and contracts	40,705	13,922	68,183	5,500	70,374	65,400	65,000	-	-	-
Investment income earned	216,908	110,319	73,257	61,757	66,504	106,496	119,977	94,869	74,236	124,810
Interest expense	(180,737)	(206,395)	(214,816)	(223,646)	(205,334)	(126,848)	(147,387)	(148,234)	(145,501)	(64,408)
On-behalf payments	7,913,860	7,542,793	5,716,032	4,815,725	3,869,867	3,502,084	2,434,534	1,952,143	1,712,963	1,047,208
Loss on disposal of assets	-	-	7,000	-	-	-	(44,665)	(964)	-	-
Other nonoperating revenues (expenses)	224,899	409,688	310,111	184,604	449,161	14,349	12,875	(500)	(500)	(500)
Net nonoperating revenues	<u>26,811,839</u>	<u>22,408,273</u>	<u>19,664,517</u>	<u>22,331,956</u>	<u>21,425,485</u>	<u>21,847,568</u>	<u>24,852,508</u>	<u>21,844,567</u>	<u>21,385,207</u>	<u>17,541,580</u>
Capital contributions										
Capital contributions	237,000	-	-	-	487,000	73,296	255,651	48,690	-	-
Total capital contributions	<u>237,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>487,000</u>	<u>73,296</u>	<u>255,651</u>	<u>48,690</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>\$ 476,284</u>	<u>\$ (2,543,494)</u>	<u>\$ (3,761,446)</u>	<u>\$ (1,407,129)</u>	<u>\$ (45,977)</u>	<u>\$ 649,603</u>	<u>\$ 4,772,114</u>	<u>\$ 1,888,465</u>	<u>\$ 1,057,995</u>	<u>\$ (584,977)</u>

Source: College's Annual Financial Reports

Danville Area Community College
Community College District No. 507

Assessed Value and Estimated Actual Value of Taxable Property
Tax Levy Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Tax Levy Year	Fiscal year		Residential Property	Farm Property	Commercial Property	Industrial Property	Railroad Property		
	Ended June 30,								
2017	2018	\$	456,343,411	\$	324,656,986	\$	42,388,721	\$	17,372,077
2016	2017		448,435,619		306,362,629		167,583,423		41,146,758
2015	2016		439,319,200		289,791,685		164,119,648		40,813,423
2014	2015		433,762,886		297,447,603		168,042,132		40,933,844
2013	2014		436,829,009		278,541,423		161,675,354		41,564,120
2012	2013		451,283,044		238,494,724		162,443,020		41,140,807
2011	2012		466,219,117		221,309,760		171,295,781		49,576,083
2010	2011		487,878,257		207,929,367		184,385,440		52,861,063
2009	2010		505,530,753		195,406,987		191,621,902		56,779,351
2008	2009		523,188,149		183,333,913		210,829,303		53,229,136

Source: College's Business Office; County Clerk's Offices

	Mineral Property	Other Property	Unallocated TIF	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
\$	34,185,529	\$ -	\$ -	\$ 1,042,980,934	\$ 0.6255	\$ 3,160,548,285	33.00%
	34,834,496	-	-	1,016,037,986	0.6235	3,078,902,988	33.00%
	33,337,250	-	-	986,086,819	0.6185	2,988,141,876	33.00%
	1,046,825	11,764,747	-	958,251,948	0.6185	2,903,793,782	33.00%
	1,047,838	8,097,541	-	933,032,914	0.6127	2,827,372,467	33.00%
	1,048,813	12,190,641	-	911,509,553	0.6307	2,762,150,161	33.00%
	1,044,806	12,108,841	-	926,319,470	0.6233	2,807,028,697	33.00%
	2,446,380	10,829,212	-	950,508,048	0.6193	2,880,327,418	33.00%
	2,199,814	9,482,586	-	964,795,136	0.6122	2,923,621,624	33.00%
	2,199,814	8,031,414	(16,502,332)	966,728,656	0.6014	2,929,480,776	33.00%

Danville Area Community College
Community College District No. 507

Property Tax Rates
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Overlapping Property Tax Rates:										
Vermilion County										
Airport Authority	.10927	.11077	.11031	.10589	.10480	.09730	.09000	.10250	.11630	.11120
Catlin Cemetery	.07913	.08212	.08120	.08172	.08481	.08620	.08780	.08700	.08720	.08820
Georgetown Cemetery	.06559	.06718	.06754	.06252	.06071	.05820	.06070	.05750	.05590	.05450
Pilot Cemetery	.05411	.05211	.05009	.04539	.04835	.05030	.03510	.03350	.03120	.03160
Rossville/South Ross Cemetery	.19216	.19908	.19999	.14964	.14617	.14500	.15310	.15420	.15360	.14800
Vermilion County	1.40926	1.44450	1.48477	1.44616	1.47315	1.44860	1.41420	1.37220	1.34150	1.33130
Conservation District	.12846	.13167	.12344	.12058	.12132	.12420	.12130	.11680	.11420	.11310
Blount Water	.01030	.01039	.01051	.01158	.01172	.01230	.01200	.01150	.01190	.01190
South Ross Water	.03151	.03292	.03455	.03652	.03889	.04160	.04960	.05000	.05030	.05130
City of Alvin	1.01646	.02481	.47619	.26380	.25000	.24890	.25000	.25000	.25000	.23910
City of Belgium	.31819	.35800	.35800	.35800	.35800	.35730	.34420	.33340	.32750	.30010
City of Bismarck	.27767	.00000	.00000	.00000	.00000	.00000	.00000	.00000	.00000	.00000
City of Catlin	.07926	.79252	.71322	.73532	.74163	.73870	.71060	.71190	.68940	.65330
City of Danville	2.24598	2.04299	2.08259	2.05525	2.06604	1.99890	1.97950	1.97490	1.98560	1.88460
City of Fairmount	.79504	.75516	.73696	.67281	.62460	.59350	.62670	.57230	.55360	.51530
City of Fithian	.79929	.76927	.79817	.77158	.73980	.69050	.64300	.57770	.52410	.49130
City of Georgetown	1.07701	1.12495	1.13842	.94365	.92516	.85160	.84870	.77490	.72620	.67690
City of Henning	.33845	.32302	.31588	.31169	.29612	.31050	.56790	.52050	.48580	.45420
City of Hoopeston	2.75227	2.61117	2.51197	2.60635	2.44469	2.21840	2.03630	1.90970	1.93640	1.89370
City of Indianola	.32371	.30947	.34199	.36600	.36057	.35890	.36910	.34570	.32740	.32030
City of Muncie	.26307	.25628	.24873	.25000	.25000	.25000	.23720	.25000	.25000	.25000
City of Potomac	1.12091	1.07765	1.04390	1.04121	.95004	.88280	.90530	.83780	.76880	.69760
City of Rankin	.81109	.80693	.73564	.78472	.78117	.75900	.80200	.74910	.71160	.70390
City of Ridge Farm	2.76764	2.69661	2.69345	2.69383	2.57688	2.46490	2.41950	2.17590	2.01230	1.86740
City of Rossville	.25000	.25000	.25000	.25000	.25000	.25000	.25000	.25000	.25000	.25000
City of Sidell	.66362	.63572	.64228	.66453	.63396	.61600	.64050	.60990	.58380	.54650
City of Tilton	1.86187	.00000	.00000	.00000	.00000	.00000	.00000	.00000	.00000	.00000

Danville Area Community College
Community College District No. 507

Property Tax Rates (Continued)
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vermilion County (Continued)										
Allerton Fire	.26426	.26006	.25768	.25392	.26129	.26460	.26950	.28360	.28420	.28430
Bismarck Fire	.55464	.54901	.53528	.34508	.33638	.33840	.33400	.33070	.32750	.31220
Blue Grass Fire	.54118	.55213	.55605	.52767	.51590	.58480	.59480	.58470	.57700	.57490
Catlin Fire	.32808	.33015	.33457	.34069	.33804	.33650	.34070	.33930	.32930	.31900
Carroll Fire	.48169	.49734	.51229	.51759	.53011	.54350	.60600	.56440	.56740	.56510
FMC Fire	.15781	.15477	.15120	.14969	.10142	.15410	.15940	.16370	.16590	.17200
Georgetown Fire	.70810	.59571	.61354	.55809	.53746	.51290	.52740	.48470	.46840	.45020
Grant Township Fire	.08438	.00000	.40000	.10088	.10739	.11230	.11690	.11980	.12240	.12290
Homer Fire	.39646	.41247	.40788	.38831	.40104	.41200	.41520	.40230	.39750	.38670
Kickapoo Fire	.41997	.18747	.18522	.18667	.18021	.17940	.17290	.16550	.16400	.16270
Lynch Fire	.63574	.67156	.67976	.69074	.69286	.68800	.68330	.63790	.61370	.60960
Oakwood Fire	.30445	.29532	.30062	.30121	.31243	.33160	.25600	.24930	.23930	.23530
Ogden/Royal Fire	.15592	.15815	.16321	.16219	.16214	.20270	.21400	.22060	.23640	.24240
Rankin Fire	.43765	.44317	.44509	.46694	.46506	.42360	.56350	.53430	.54690	.56230
Ridge Farm Fire	.49151	.49733	.51004	.30661	.31937	.32030	.33640	.40020	.40670	.41080
Rossville Fire	.52723	.53735	.56219	.63496	.63286	.64990	.64620	.66120	.66800	.28000
Sidell Fire	.29428	.28602	.28275	.27791	.27605	.27410	.28370	.28120	.27460	.26970
Westville Fire	.39779	.41704	.42277	.41754	.42604	.40760	.40410	.39930	.37600	.35720
Catlin Library	.21827	.21798	.21635	.20950	.20746	.20630	.20500	.20350	.20110	.20430
Hoopston Library	.22524	.22439	.22661	.22663	.22668	.22580	.22620	.22380	.22010	.21560
Oakwood Library	.26386	.26851	.28072	.28989	.28593	.28390	.28070	.26450	.24760	.23610
Sidell Library	.17509	.17138	.17856	.18318	.18549	.21570	.22270	.21930	.21880	.21730
Westville Library	.27593	.28021	.28118	.27944	.27990	.26800	.26190	.25720	.25320	.25070

Danville Area Community College
Community College District No. 507

Property Tax Rates (Continued)
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vermilion County (Continued)										
Carroll/Elwood MTA	.06406	.06512	.06727	.06914	.07921	.08190	.08290	.07530	.07320	.07090
Grant/Butler MTA	.15031	.15600	.15634	.18076	.19350	.20280	.20040	.20750	.20430	.00000
Georgetown/Love/McKendree MTA	.03594	.03866	.04031	.03939	.03989	.03880	.04110	.03980	.03890	.03850
Jamaica/Vance MTA	.03316	.03222	.03147	.03157	.03335	.03470	.03560	.03530	.03750	.03710
Middlefork Pilot MTA	.04247	.04157	.04051	.03974	.04033	.04230	.03610	.03460	.03290	.03200
Rossville Park	.00000	.07995	.08456	.09133	.09295	.09410	.09700	.09820	.09960	.10000
Blount Road & Bridge	.43624	.43599	.43147	.44226	.44270	.44350	.42140	.40120	.38880	.37390
Butler Road & Bridge	.68314	.71180	.74745	.97631	.96020	.98390	1.02660	.99530	.97460	.95330
Carroll Road & Bridge	.53768	.51417	.51484	.51207	.47042	.47160	.47900	.45400	.45450	.45230
Catlin Road & Bridge	.42662	.42641	.43147	.43307	.44052	.43710	.44700	.43120	.44580	.39380
Danville Road & Bridge	.47859	.47506	.47373	.47257	.45748	.45200	.43350	.41110	.39010	.37890
Elwood Road & Bridge	.44950	.44607	.45101	.45768	.45547	.45320	.45460	.43990	.42780	.41740
Georgetown Road & Bridge	.33674	.36049	.36966	.35965	.35528	.34200	.35600	.27980	.33380	.31760
Grant Road & Bridge	.46422	.53057	.55321	.48408	.48541	.48060	.46970	.46280	.46340	.45550
Jamaica Road & Bridge	.82876	.82822	.82724	.78550	.79253	.79690	.82490	.82610	.82370	.82980
Love Road & Bridge	.49280	.52124	.51901	.50251	.50861	.50570	.52110	.52980	.52860	.52160
Mc Kendree Road & Bridge	.51323	.52412	.52363	.50211	.49129	.47670	.48510	.46060	.44090	.42930
Middlefork Road & Bridge	.58721	.58644	.59343	.62755	.62340	.63070	.64710	.63540	.62900	.62730
Newell Road & Bridge	.27144	.26106	.25824	.24558	.24226	.25000	.25000	.24600	.24200	.23780
Oakwood Road & Bridge	.46931	.44544	.45000	.45000	.45000	.45000	.45000	.45000	.44810	.44050
Pilot Road & Bridge	.31057	.31088	.31047	.29775	.30014	.32560	.31880	.31880	.31750	.31190
Rossville Road & Bridge	.20893	.21451	.22482	.24603	.24673	.24710	.25000	.25000	.25000	.25000
Sidell Road & Bridge	.52997	.53355	.53803	.53750	.54315	.54430	.56140	.57120	.57770	.56930
South Ross Road & Bridge	.20930	.20824	.20816	.20950	.20603	.20990	.24840	.24840	.24530	.23950
Vance Road & Bridge	.44650	.41917	.41667	.40329	.40865	.40450	.41150	.40460	.39910	.39520
Westville/Belgium Sanitary	.07731	.08056	.08217	.08133	.08021	.07540	.07760	.07440	.07140	.06910

Danville Area Community College
Community College District No. 507

Property Tax Rates (Continued)
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vermilion County (Continued)										
Danville Special Service	1.50581	1.53153	1.54626	1.54947	1.54883	1.47640	1.77520	1.63960	1.77350	1.68410
Grant Special Service	.02012	.02123	.02303	.02408	.02500	.02500	.02500	.02500	.02500	.02500
North Fork Special Service 01	.06765	.06991	.07332	.08245	.08534	.08780	.08870	.08810	.08400	.08010
North Fork Special Service 02	.06550	.06550	.06550	.06550	.06550	.06550	.06350	.06100	.05580	.05140
North Fork Special Service 03	.05270	.05260	.05277	.05199	.05070	.04890	.04840	.04770	.04490	.04390
Ross Special Service Amb 01	.12000	.12000	.12000	.12000	.12000	.12000	.11930	.11760	.11620	.11910
Ross Special Service Amb 02	.01130	.00038	.02500	.01674	.01763	.01850	.01950	.02000	.02080	.02060
Blount Township	.21769	.21320	.20906	.21759	.20813	.20560	.18750	.17070	.16970	.16060
Butler Township	.56133	.55888	.58147	.90106	.92612	.94830	.98260	.94510	.93750	.92960
Carroll Township	.61511	.59973	.61647	.61505	.62468	.63830	.65370	.58750	.58850	.58400
Catlin Township	.19411	.19648	.19886	.20015	.20187	.20870	.22180	.22070	.22830	.23130
Danville Township	.54842	.54173	.53552	.50618	.48114	.45140	.43260	.41110	.39280	.37930
Elwood Township	.51702	.54322	.52861	.55959	.54974	.53480	.54830	.51630	.48990	.46660
Georgetown Township	.30378	.31632	.32915	.30566	.30654	.29280	.39700	.29640	.28720	.27030
Grant Township	.29008	.30051	.33594	.32697	.31609	.32690	.30270	.28320	.28570	.38360
Jamaica Township	.36957	.36070	.35791	.35709	.38065	.38330	.42130	.42200	.41940	.42910
Love Township	.63479	.64059	.64295	.62311	.63442	.63080	.65070	.66190	.67000	.67590
Mc Kendree Township	.42264	.45224	.47557	.47728	.47853	.47660	.49530	.47100	.47100	.45760
Middlefork Township	.58288	.58002	.59386	.61798	.61089	.60530	.63780	.63620	.62530	.62230
Newell Township	.18798	.20764	.20801	.20749	.20468	.19170	.17400	.15720	.14380	.13170
Oakwood Township	.41407	.40495	.40684	.40539	.40002	.39940	.38450	.36510	.34600	.33200
Pilot Township	.27430	.27849	.27997	.26958	.27170	.37930	.33150	.31700	.29520	.28490
Rossville Township	.52080	.53456	.56508	.61863	.62225	.63540	.65260	.66060	.66310	.65930
Sidell Township	.43000	.42373	.41927	.41278	.41712	.41800	.42760	.43000	.42850	.42030
South Ross Township	.45214	.44988	.44973	.45265	.44515	.45350	.53310	.53350	.51160	.49700
Vance Township	.46511	.45075	.43569	.42367	.41908	.43060	.46450	.45210	.44430	.45250

Danville Area Community College
Community College District No. 507

Property Tax Rates (Continued)
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vermilion County (Continued)										
Bismarck-Henning Unit 1	5.34021	5.35163	5.35243	5.26859	5.19977	5.15800	5.06940	4.97860	4.89750	4.84130
Westville Unit 2	5.24065	5.44288	5.55050	5.17437	5.12624	4.95180	4.95320	4.76630	4.65790	4.52060
Georgetown/Ridge Farm Unit 4	5.24961	5.57670	5.72343	5.27308	5.26925	5.16130	4.89150	4.72190	4.69050	4.56010
Catlin Unit 5	.18639	.20249	.20145	5.17412	5.03047	5.12230	5.16410	5.15190	5.15120	5.13170
Rossville/Alvin Unit 7	5.55078	5.25738	5.54454	5.43387	5.45955	5.09560	5.07140	4.81340	4.79520	4.79780
Heritage Unit 8C	5.00157	5.36103	5.50138	5.24637	5.02058	4.98060	4.89090	4.87630	4.83370	4.53370
Potomac Unit 10	4.94754	4.96404	5.15587	4.64882	4.50827	4.62860	4.87080	4.78440	4.84180	4.93370
Paxton-Buckley-Loda Unit 10F	6.27163	6.23634	5.65804	5.46175	5.29721	5.19900	5.33900	5.26650	5.35410	5.32490
Hoopeston Unit 11	5.10082	5.13006	5.17614	4.66098	4.64282	4.64930	4.64180	4.63510	4.63740	4.62750
Jamaica Unit 12	.00000	.02774	.09692	5.15639	5.15076	5.11960	5.22490	5.09530	5.07670	5.12270
Armstrong Unit 61	2.50819	2.57496	2.77210	2.49909	2.54712	3.02280	2.99110	2.97320	2.95940	3.02060
Oakwood Unit 76	5.27602	5.28734	5.35245	5.10057	5.15382	4.92270	4.55860	4.53140	4.52600	4.49430
Danville Unit 118	5.51422	5.70486	5.70722	5.28616	5.30868	5.12690	5.03080	4.97460	4.93800	4.89020
Prairieview-Ogden Unit 197	3.05012	3.05999	3.05506	2.82308	2.80997	2.80140	2.79050	2.74960	2.74840	2.72900
Armstrong High School 225	2.15195	2.12522	2.34039	2.23827	2.22711	2.53270	2.59390	2.92400	3.07500	3.09740
St. Joseph High School 305	1.99986	1.98993	2.00998	1.99897	1.97297	1.93330	1.97150	1.94760	2.00230	1.99240
Salt Fork Unit 512	5.13504	5.14255	5.16532	.00000	.00000	.00000	.00000	.00000	.00000	.00000
Total Overlapping Rate	113.77249	113.57023	115.53758	115.97495	114.69619	113.92360	114.49370	111.92790	111.29220	109.07910

Danville Area Community College
Community College District No. 507

Property Tax Rates (Continued)
Direct and Overlapping

Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Taxing Bodies	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Vermilion County (Continued)										
Direct Property Tax Rate:										
Danville Area Community College										
Education Fund	.37290	.37048	.37290	.37290	.36510	.37290	.37290	.37290	.37290	.37290
Building and Maintenance Fund	.07500	.07451	.07500	.07500	.07340	.07500	.07500	.07500	.07500	.07500
Worker's Compensation Fund	.00786	.00889	.00761	.01000	.01010	.01040	.01020	.00710	.00630	.00570
Audit Fund	.00477	.00500	.00500	.00370	.00220	.00500	.00500	.00500	.00420	.00490
Tort Liability Fund	.05758	.05433	.05578	.04500	.04300	.04900	.04670	.04790	.05090	.05270
Medicare Fund	.01623	.01581	.01623	.01730	.01930	.01980	.01950	.01900	.01410	.01350
Protection, Health and Safety Fund	.00761	.00721	.00894	.00980	.01070	.00800	.00490	.00530	.00470	.00490
Bond and Interest Fund	.08357	.07894	.08200	.08480	.08890	.09060	.08910	.08710	.08410	.07180
Total Direct Rate	.62552	.61517	.62346	.61850	.61270	.63070	.62330	.61930	.61220	.60140
Total Rate	114.39801	114.18540	116.16104	116.59345	115.30889	114.55430	115.11700	112.54720	111.90440	109.68050

Source: College's Business Office; County Clerk's Office

Notes:

- (1) The direct tax rates reported for the College are those of Vermilion County, as it comprises approximately 90% of the District.
- (2) Tax rates for property within the District are expressed in dollars per hundred dollars of equalized assessed value.

Danville Area Community College
Community College District No. 507

Computation of Direct and Overlapping Bond Debt
General Obligation Bonds
June 30, 2018

ISSUER (Overlapping)	Bonds Outstanding	Percent	Amount
Vermilion County			
City of Danville	\$ 4,730,000	100.00%	\$ 4,730,000
City of Georgetown	410,000	100.00%	410,000
Village of Tilton	2,685,000	100.00%	2,685,000
Kickapoo Fire	400,000	100.00%	400,000
Rankin Fire	275,000	99.88%	274,670
Rossville Fire	1,160,000	100.00%	1,160,000
Westville Fire	25,000	100.00%	25,000
Bismarck-Henning Unit 1	2,225,000	100.00%	2,225,000
Westville Unit 2	3,530,000	100.00%	3,530,000
Georgetown/Ridge Farm Unit 4	4,185,000	100.00%	4,185,000
Catlin Unit 5	715,000	100.00%	715,000
Rossville/Alvin Unit 7	3,100,000	100.00%	3,100,000
Heritage Unit 8C	4,905,000	80.84%	3,965,203
Potomac Unit 10	350,000	100.00%	350,000
Paxton-Buckley-Loda Unit 10F	32,870,000	99.98%	32,863,426
Hoopeston Unit 11	305,000	99.97%	304,909
Armstrong Unit 61	350,000	100.00%	350,000
Oakwood Unit 76	7,185,000	99.96%	7,182,126
Danville Unit 118	30,365,000	100.00%	30,365,000
Prairieview-Ogden Unit 197	763,000	98.15%	748,885
Armstrong High School 225	300,000	100.00%	300,000
St. Joseph High School 305	5,810,000	99.26%	5,767,006
Vermilion County Conservation District	1,000,000	97.91%	979,100
Vermilion County	3,240,000	97.91%	3,172,284
Total Vermilion County	<u>110,883,000</u>		<u>109,787,608</u>
Danville Area Community College District No. 507	<u>4,800,000</u>	100.00%	<u>4,800,000</u>
TOTAL	<u>\$ 115,683,000</u>		<u>\$ 114,587,608</u>

Source: County Clerk Office

Notes:

- (1) Overlapping debt is reported for Vermilion County, as it comprises approximately 90% of the District.
- (2) Percent of overlap was calculated by dividing the taxable value of the taxing entity in the District by the total taxable value of the entity in Vermilion County.

Danville Area Community College
Community College District No. 507

Principal Property Taxpayers
Current and Ten Years Ago

Taxpayer	Taxable Assessed		Percentage of Total District Taxable		Taxable Assessed		Percentage of Total District Taxable	
	Value	Rank	Assessed Value		Value	Rank	Assessed Value	
Vermilion County		2017				2007		
California Ridge Wind Energy	\$ 20,193,126	1	1.9361%		\$ -		0.0000%	
Apex Clean Energy	12,996,507	2	1.2461%		-		0.0000%	
Lauhoff Grain and Bungee Milling	4,496,957	3	0.4312%		1,760,975		0.1873%	
Hanson Aggregate, Inc.	4,478,954	4	0.4294%		-		0.0000%	
Aqua Illinois/Consumer IL Water	4,338,415	5	0.4160%		2,039,791		0.2170%	
Meijer Stores Limited Partnership	3,814,645	6	0.3657%		-		0.0000%	
Mc Lane Company Inc.	3,802,408	7	0.3646%		5,979,729	2	0.6361%	
Farmland Reserves	2,998,299	8	0.2875%		-		0.0000%	
Wal Mart Stores Inc.	2,949,791	9	0.2828%		3,420,094	5	0.3638%	
Quaker Manufacturing, LLC	2,948,015	10	0.2827%		2,153,323		0.2291%	
Dynegy Property Tax	-		0.0000%		8,759,489	1	0.9318%	
T Danville Mall LLC/Village Mall Center	-		0.0000%		4,281,134	3	0.4554%	
Danville Towne Centre LLC	2,216,826		0.2125%		3,507,791	4	0.3732%	
Carle Foundation	-		0.0000%		3,212,290	6	0.3417%	
Thyssen Krupp Presta Danville, LLC	2,218,566		0.2127%		2,688,702	7	0.2860%	
Danville Polyclinic	1,713,845		0.1643%		2,519,219	8	0.2680%	
Devonshire Village LLC	2,148,260		0.2060%		2,286,236	9	0.2432%	
Autozone	1,654,780		0.1587%		2,204,642	10	0.2345%	
	<u>\$ 72,969,394</u>		<u>6.9962%</u>		<u>\$ 44,813,415</u>		<u>4.7673%</u>	

Source: County Clerk Office

Notes:

- (1) Principal taxpayers are reported for Vermilion County, as it comprises approximately 90% of the District.
- (2) Every effort has been made to seek out and report the largest taxpayers. However, many of the taxpayers listed contain multiple parcels and it is possible that some parcels and their valuations have been overlooked. The 2006 assessed valuation is the earliest year available.

Danville Area Community College
Community College District No. 507

Schedule of Property Tax Rates, Extensions and Collections
Tax Levy Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Tax Levy Year	2018	2017	2015	2014
Fiscal Year	2017	2016	2016	2015
Assessed valuation				
Vermillion	\$ 876,737,120	\$ 855,410,106	\$ 832,322,839	\$ 812,473,213
Edgar	94,401,730	91,114,490	87,460,426	83,277,719
Iroquois	51,696,217	49,372,504	46,902,425	44,360,394
Champaign	19,961,867	19,957,266	19,230,839	18,000,822
Ford	184,000	183,620	170,290	139,800
	<u>\$ 1,042,980,934</u>	<u>\$ 1,016,037,986</u>	<u>\$ 986,086,819</u>	<u>\$ 958,251,948</u>
Tax rates (per \$100 of assessed valuation):				
Education Fund	0.3729	0.3705	0.3729	0.3729
Building and Maintenance Fund	0.0750	0.0745	0.0750	0.0750
Worker's Compensation Fund	0.0078	0.0090	0.0076	0.0100
Audit Fund	0.0048	0.0050	0.0050	0.0037
Tort Liability Fund	0.0576	0.0543	0.0558	0.0451
Medicare Fund	0.0162	0.0158	0.0162	0.0173
Protection, Health and Safety Fund	0.0076	0.0072	0.0089	0.0098
Bond and Interest Fund	0.0836	0.0789	0.0821	0.0848
	<u>0.6255</u>	<u>0.6152</u>	<u>0.6235</u>	<u>0.6185</u>
Tax extensions:				
Education Fund	\$ 3,882,414	\$ 3,765,942	\$ 3,676,762	\$ 3,569,147
Building and Maintenance Fund	781,752	757,802	739,550	718,689
Worker's Compensation Fund	81,082	90,585	75,286	95,447
Audit Fund	49,098	50,801	49,303	35,183
Tort Liability Fund	594,064	553,652	551,811	431,749
Medicare Fund	167,443	161,116	160,553	165,693
Protection, Health and Safety Fund	78,408	73,451	88,427	93,907
Bond and Interest Fund	863,454	805,661	812,308	813,990
	<u>\$ 6,497,715</u>	<u>\$ 6,259,010</u>	<u>\$ 6,154,000</u>	<u>\$ 5,923,805</u>
Total tax extensions	<u>\$ 6,497,715</u>	<u>\$ 6,259,010</u>	<u>\$ 6,154,000</u>	<u>\$ 5,923,805</u>

Source: College's Business Office

	2013	2012	2011	2010	2009	2008
	2014	2013	2012	2011	2010	2009
\$	794,698,498	\$ 784,487,938	\$ 805,521,378	\$ 835,462,404	\$ 855,504,867	\$ 864,226,867
	77,310,479	73,076,011	69,215,168	64,963,358	61,403,001	56,857,322
	43,361,728	41,968,744	40,353,823	39,232,856	37,553,293	35,575,588
	17,523,109	11,843,380	11,100,541	10,727,380	10,216,065	9,951,199
	139,100	133,480	128,560	122,050	117,910	117,680
\$	933,032,914	\$ 911,509,553	\$ 926,319,470	\$ 950,508,048	\$ 964,795,136	\$ 966,728,656
	0.3651	0.3729	0.3729	0.3729	0.3729	0.3729
	0.0734	0.0750	0.0750	0.0750	0.0750	0.0750
	0.0101	0.0104	0.0102	0.0071	0.0063	0.0057
	0.0022	0.0050	0.0050	0.0050	0.0042	0.0049
	0.0430	0.0490	0.0467	0.0479	0.0509	0.0527
	0.0193	0.0198	0.0195	0.0190	0.0141	0.0135
	0.0107	0.0080	0.0049	0.0053	0.0047	0.0049
	0.0889	0.0906	0.0891	0.0871	0.0841	0.0718
	0.6127	0.6307	0.6233	0.6193	0.6122	0.6014
\$	3,409,054	\$ 3,400,883	\$ 3,454,000	\$ 3,544,651	\$ 3,598,682	\$ 3,611,948
	685,533	683,632	694,738	712,923	723,790	726,458
	94,299	94,652	94,327	67,457	60,798	55,211
	20,082	45,575	46,316	47,528	40,532	47,462
	401,158	446,239	432,031	455,126	491,212	510,458
	180,559	180,350	180,353	180,585	136,072	130,762
	100,347	72,761	45,294	50,353	43,358	47,462
	830,865	826,387	825,346	828,588	811,609	695,462
\$	5,721,897	\$ 5,750,479	\$ 5,772,405	\$ 5,887,211	\$ 5,906,053	\$ 5,825,223

Danville Area Community College
Community College District No. 507

Property Tax Levies and Collections

Tax Levy Years Ended December 31, 2017, 2016, 2015, 2014, 2013, 2012, 2011, 2010, 2009, and 2008

Tax Levy Year	Fiscal year Ended June 30,	Tax Levy	Collected within the Fiscal Year of the Levy		Collections Subsequent to the Fiscal Year of the Levy	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2018	\$ 6,338,380	\$ 70,853	1.12%	\$ -	\$ 70,853	1.12%
2016	2017	6,232,412	66,318	1.06%	6,143,162	6,209,480	99.63%
2015	2016	6,157,744	49,631	0.81%	6,062,573	6,112,204	99.26%
2014	2015	5,932,547	61,734	1.04%	5,823,306	5,885,040	99.20%
2013	2014	5,703,979	76,949	1.35%	5,591,122	5,668,071	99.37%
2012	2013	5,936,261	42,103	0.71%	5,627,828	5,669,931	95.51%
2011	2012	6,102,587	39,708	0.65%	5,678,235	5,717,943	93.70%
2010	2011	6,152,517	36,805	0.60%	5,782,523	5,819,328	94.58%
2009	2010	6,183,300	34,127	0.55%	5,801,784	5,835,911	94.38%
2008	2009	5,944,877	32,237	0.54%	5,746,765	5,779,002	97.21%

Source: College's Business Office

Danville Area Community College
Community College District No. 507

Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated
Last Ten Fiscal Years

Fiscal Year	Fall Term Enrollment		Tuition and Fee Rates				Tuition and Fee Revenues		
	Credit Headcount	Full-Time Equivalent	In District Tuition and Fees per Credit Hour	Out of District Tuition and Fees per Credit Hour	Out of State Tuition and Fees per Credit Hour	Total Credit Hours Generated	Tuition	Fees	Total
2018	3,813	1,602	\$ 150.00	\$ 250.00	\$ 250.00	41,427.0	\$ 5,416,663	\$ 1,545,374	6,962,037
2017	3,872	1,620	140.00	235.00	235.00	44,383.5	5,047,363	1,575,116	6,622,479
2016	4,300	1,880	130.00	205.00	205.00	48,164.5	5,100,658	1,588,651	6,689,309
2015	4,614	1,884	125.00	205.00	205.00	51,588.5	4,749,004	1,543,734	6,292,738
2014	4,981	2,011	120.00	202.00	202.00	54,674.0	5,059,679	1,499,697	6,559,376
2013	5,348	2,031	110.00	202.00	202.00	55,998.5	4,562,071	1,582,115	6,144,186
2012	5,714	2,193	107.00	197.00	197.00	60,858.0	4,852,690	1,590,044	6,442,734
2011	5,094	2,364	101.00	187.00	187.00	65,347.0	5,021,362	1,739,766	6,761,128
2010	5,254	2,382	91.00	162.00	162.00	67,180.0	4,249,472	1,662,221	5,911,693
2009	4,552	1,846	84.00	160.00	160.00	53,736.0	3,344,862	1,072,690	4,417,552

Source: College's Annual Financial Reports; College's Business Office

Note: Tuition and Fee Revenues may differ from the Statement of Revenues, Expenses, and Changes in Net Assets as they are shown on this Schedule before adjustment for scholarship allowance.

Danville Area Community College
Community College District No. 507

Legal Debt Margin Information
Last Ten Fiscal Years

Tax Levy Year	Fiscal Year	Assessed Value	Debt Limit Rate	Debt Limit (Assessed Value x Debt Limit Rate)	Net Debt Applicable to Debt Limit (1)(2)	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit
2017	2018	\$ 1,042,980,934	2.875%	\$ 29,985,702	\$ 3,725,450	26,260,252	12.42%
2016	2017	1,016,037,986	2.875%	29,211,092	4,756,152	24,454,940	16.28%
2015	2016	986,086,819	2.875%	28,349,996	5,503,102	22,846,894	19.41%
2014	2015	958,251,948	2.875%	27,549,744	5,227,243	22,322,501	18.97%
2013	2014	933,032,914	2.875%	26,824,696	4,871,298	21,953,398	18.16%
2012	2013	911,509,553	2.875%	26,205,900	2,551,063	23,654,837	9.73%
2011	2012	926,319,470	2.875%	26,631,685	2,247,416	24,384,269	8.44%
2010	2011	950,508,048	2.875%	27,327,106	2,922,595	24,404,511	10.69%
2009	2010	964,795,136	2.875%	27,737,860	2,102,447	25,635,413	7.58%
2008	2009	966,728,656	2.875%	27,793,449	1,762,884	26,030,565	6.34%
2007	2008	940,012,257	2.875%	27,025,352	1,399,993	25,625,359	5.18%

Source: College's Annual Financial Reports

Notes:

- (1) Balances include current and non-current portions of non-general obligation debt outstanding, less net assets restricted for debt service.
- (2) Details of the College's outstanding debt can be found in the notes to the financial statements.

Danville Area Community College
Community College District No. 507

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Tax Levy Year	Fiscal Year	Assessed Value	General Obligation Bonds	Capital Leases	Total	Ratio of Outstanding Debt to Assessed Value	Per Capita	Percentage of Personal Income
2017	2018	\$ 1,042,980,934	\$ 4,800,000	\$ 11,150	\$ 4,811,150	0.4613%	\$ 56.48	DNA
2016	2017	1,016,037,986	5,515,000	64,294	5,579,294	0.5491%	65.50	51.46%
2015	2016	986,086,819	6,270,000	115,994	6,385,994	0.6476%	74.97	44.23%
2014	2015	958,251,948	5,995,000	165,383	6,160,383	0.6429%	71.39	45.31%
2013	2014	933,032,914	5,745,000	212,566	5,957,566	0.6385%	69.04	48.40%
2012	2013	911,509,553	3,460,000	-	3,460,000	0.3796%	39.89	79.18%
2011	2012	926,319,470	3,165,000	51,964	3,216,964	0.3473%	36.73	82.65%
2010	2011	950,508,048	3,810,000	101,735	3,911,735	0.4115%	44.74	65.74%
2009	2010	964,795,136	2,990,000	149,549	3,139,549	0.3254%	35.91	78.33%
2008	2009	966,728,656	2,570,000	210,660	2,780,660	0.2876%	32.21	88.47%

Source: College's Business Office

DNA - Data not available

Danville Area Community College
Community College District No. 507

Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Tax Levy Year	Fiscal Year	Estimated Population	Assessed Value	Gross Bonded Debt	Less Debt Service Funds	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2017	2018	85,178	\$ 1,042,980,934	\$ 4,800,000	\$ 1,074,550	\$ 3,725,450	0.35719%	43.74
2016	2017	85,178	1,016,037,986	5,515,000	758,848	4,756,152	0.46811%	55.84
2015	2016	85,178	986,086,819	6,270,000	766,898	5,503,102	0.55807%	64.61
2014	2015	86,288	958,251,948	5,995,000	767,757	5,227,243	0.54550%	60.58
2013	2014	86,288	933,032,914	5,745,000	873,702	4,871,298	0.52209%	56.45
2012	2013	86,744	911,509,553	3,460,000	908,937	2,551,063	0.27987%	29.41
2011	2012	87,574	926,319,470	3,165,000	917,584	2,247,416	0.24262%	25.66
2010	2011	87,438	950,508,048	3,810,000	887,405	2,922,595	0.30748%	33.42
2009	2010	87,438	964,795,136	2,990,000	887,553	2,102,447	0.21792%	24.05
2008	2009	86,342	966,728,656	2,570,000	807,116	1,762,884	0.18236%	20.42

Source: College's Business Office (population from Illinois Community College Board)

Danville Area Community College
Community College District No. 507

Demographic and Economic Statistics
Last Ten Fiscal Years

Tax Levy Year	Fiscal Year	District Population	District Assessed Value	District Per Capita Assessed Value	Danville, IL Metropolitan Statistical Area		
					Personal Income (in thousands)	Per Capita Personal Income	Unemployment Rate
2017	2018	85,178	\$ 1,042,980,934	\$ 12,244.72	\$ DNA	\$ DNA	6.30 %
2016	2017	85,178	1,016,037,986	11,928.41	2,871,000	36,760	7.20 %
2015	2016	85,178	986,086,819	11,576.78	2,824,827	35,630	7.10 %
2014	2015	86,288	958,251,948	11,105.27	2,791,196	35,009	8.60 %
2013	2014	86,288	933,032,914	10,813.01	2,883,170	35,892	10.70 %
2012	2013	86,744	911,509,553	10,508.04	2,739,650	33,937	9.90 %
2011	2012	87,574	926,319,470	10,577.56	2,658,710	32,619	10.60 %
2010	2011	87,438	950,508,048	10,870.65	2,571,636	31,520	12.10 %
2009	2010	87,438	964,795,136	11,034.05	2,459,067	30,713	11.40 %
2008	2009	86,342	966,728,656	11,196.51	2,459,916	30,576	7.90 %
2007	2008	87,032	940,012,257	10,800.77	2,278,831	28,165	6.50 %

Source: College's Business Office (population from Illinois Community College Board); Regional Economic Information System, Bureau of Economic Analysis, U.S. Department of Commerce; Illinois Department of Employment Security

DNA - Data not available

Danville Area Community College
Community College District No. 507

Principal Employers
Current and Eight Years Ago

Taxpayer	2018			2010		
	Employees	Rank	Percentage to Total	Employees	Rank	Percentage to Total
Vermilion County						
Vermilion County Public Schools	1,197	1	4.8797%	1,197	1	4.9269%
ThyssenKrupp (Crankshaft & Presta)	897	2	3.6567%	631	6	2.5972%
Dept. of Veterans Affairs Illiana Healthcare System	854	3	3.4815%	1,333	2	5.4867%
Danville District #118	834	4	3.3999%	666	4	2.7413%
McLane Midwest Company	743	5	3.0289%	660	5	2.7166%
Blue Cross/Blue Shield of Illinois	589	6	2.4011%	382		1.5723%
Vermilion County Government	586	7	2.3889%	586	9	2.4120%
OSF Healthcare Sacred Heart Medical Center/Provena	520	8	2.1199%	746	3	3.0706%
KIK Custom Products (formerly CCL Custom)	509	9	2.0750%	600	4	2.4696%
Quaker Foods & Beverages	498	10	2.0302%	600	4	2.4696%
GenPact	346		1.4105%	512	10	2.1074%
	<u>7,573</u>		<u>30.8724%</u>	<u>7,913</u>		<u>32.5705%</u>
Total number of employees	<u>24,530</u>			<u>24,295</u>		

Source: Vermilion Advantage

Notes:

- (1) Every effort has been made to seek out and report the principal employers of the District. There are five counties in the District and Vermilion County represents approximately 90% of the total taxable Estimated Assessed Valuation (EAV) of the District. Therefore, this schedule was limited to this county and includes the major taxpayers in that county in our district.
- (2) Data was unable to be obtained for the period ten years prior to the current year, therefore, what is available is what is being reported, which is eight years ago.
- (3) The total number of employees represents the total number of employees in Vermilion county as a whole.

Danville Area Community College
Community College District No. 507

Capital Asset Statistics
Last Ten Fiscal Years

Facilities Data	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Size of campus (acres)	72	71	71	71	71	71	71	71	71	71
	466,950	466,950	466,950	466,950	456,365	456,365	445,553	445,553	445,553	445,553
Number of classrooms	98	98	103	103	98	98	92	92	92	92
Number of laboratories (including computer labs)	70	70	70	70	62	62	63	63	63	63

Source: Administrative Services Department

Danville Area Community College
Community College District No. 507

Operating Information and Employees
Last Ten Fiscal Years

Fiscal Year	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Enrollment (Fall Unduplicated Headcount)	3,813	3,872	4,300	4,614	4,981	5,348	5,714	5,094	5,254	4,552
Degrees awarded										
Associate in Applied Science (AAS)	165	183	167	140	131	133	109	115	101	110
Associate in Engineering Studies (AES)	148	145	167	132	162	129	169	147	130	127
Associate in Fine Arts (AFA)	2	1	2	2	2	3	3	0	1	4
Associate in General Studies (AGS)	1	0	1	-	-	-	-	-	-	-
	57	66	77	32	43	58	26	26	18	19
	<u>373</u>	<u>395</u>	<u>414</u>	<u>306</u>	<u>338</u>	<u>323</u>	<u>307</u>	<u>288</u>	<u>250</u>	<u>260</u>
Certificates awarded	<u>315</u>	<u>339</u>	<u>370</u>	<u>328</u>	<u>320</u>	<u>328</u>	<u>396</u>	<u>497</u>	<u>335</u>	<u>430</u>
Faculty										
Full-time	59	65	63	68	68	61	58	59	56	54
Part-time	60	63	63	61	79	85	96	97	96	96
	<u>119</u>	<u>128</u>	<u>126</u>	<u>129</u>	<u>147</u>	<u>146</u>	<u>154</u>	<u>156</u>	<u>152</u>	<u>150</u>
Faculty and Staff										
Full-time	181	177	173	193	197	180	170	184	174	174
Part-time	62	66	69	76	91	92	101	104	104	104
	<u>243</u>	<u>243</u>	<u>242</u>	<u>269</u>	<u>288</u>	<u>272</u>	<u>271</u>	<u>288</u>	<u>278</u>	<u>278</u>
Full-Time Employees by Classification										
Admin/Mgr/Prof	64	60	57	67	71	63	58	61	54	54
Faculty	59	63	63	68	68	61	58	59	56	54
Support Staff	58	54	53	58	58	56	54	64	64	66
Total	<u>181</u>	<u>177</u>	<u>173</u>	<u>193</u>	<u>197</u>	<u>180</u>	<u>170</u>	<u>184</u>	<u>174</u>	<u>174</u>
Students/Faculty										
Full-time	65	60	68	68	73	88	99	86	94	84
Part-time	64	61	68	76	63	63	60	53	55	47
Total	32	30	34	36	34	37	37	33	35	30

Source: College's Office of Institutional Effectiveness; College Administrative Data Management Systems

DNA - Data not available

Danville Area Community College
Community College District No. 507

Operating Statistics
Last Ten Fiscal Years

Fiscal Year	Instructional Expenses	Enrollment	Cost Per Student	Percentage Change	Faculty	Student/Faculty Ratio
2018 \$	8,149,799	3,813 \$	2,137	4.87%	119	32
2017	7,891,261	3,872	2,038	7.48%	128	30
2016	8,153,578	4,300	1,896	5.63%	126	34
2015	8,282,774	4,614	1,795	9.41%	129	36
2014	8,172,747	4,981	1,641	14.29%	147	34
2013	7,677,960	5,348	1,436	7.38%	146	37
2012	7,639,489	5,714	1,337	-8.80%	154	37
2011	7,467,535	5,094	1,466	4.03%	156	33
2010	7,403,529	5,254	1,409	-1.38%	152	35
2009	6,503,984	4,552	1,429	8.10%	150	30

Source: College's Business Office; College's Annual Financial Reports; College's Human Resources Office

DNA - Data not available

SPECIAL REPORTS SECTION

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
SUPPLEMENTAL FINANCIAL INFORMATION SECTION
June 30, 2018**

MANAGEMENT INFORMATION STATEMENTS

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UNIFORM FINANCIAL STATEMENTS

The Uniform Financial Statements are required by the Illinois Community College Board (ICCB) for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a College’s Statement of Net Assets, Statement of Revenues, Expenses, and Changes in Net Assets, the Uniform Financial Statements are completed using the accrual basis of accounting and a total financial resource measurement focus prescribed by ICCB. The Uniform Financial Statements include the following:

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**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
SUPPLEMENTAL FINANCIAL INFORMATION SECTION
June 30, 2018**

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DANVILLE AREA COMMUNITY COLLEGE
COMBINING SCHEDULE OF NET POSITION, BY SUBFUND
Year Ended June 30, 2018

	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest	Auxiliary Enterprises	Restricted Purposes
ASSETS						
Current Assets						
Cash	\$ 42,853	\$ 409,099	\$ 1,558,422	\$ 237,000	\$ 1,481,339	\$ 698,058
Receivables (net of allowance for uncollectibles):						
Property taxes, net	3,781,844	761,501	76,377	841,086	-	-
Student tuition and fees, net	3,418,425	-	-	-	8,009	51,312
Government claims	61,181	26,221	-	-	13,010	744,201
Other	11,080	30,458	82,263	-	20,623	-
Prepaid expenses	158,209	-	-	-	-	-
Due from other funds	-	-	-	-	95,000	-
Inventories	-	-	-	-	-	-
Total Current Assets	<u>7,473,592</u>	<u>1,227,279</u>	<u>1,717,062</u>	<u>1,078,086</u>	<u>1,617,981</u>	<u>1,493,571</u>
Noncurrent Assets						
Capital assets, net of accumulated depreciation	-	-	-	-	568,776	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>568,776</u>	<u>-</u>
TOTAL ASSETS	<u>7,473,592</u>	<u>1,227,279</u>	<u>1,717,062</u>	<u>1,078,086</u>	<u>2,186,757</u>	<u>1,493,571</u>
DEFERRED OUTFLOWS OF RESOURCES						
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	-	-	-	-	-	-
Subsequent year's other postemployment benefit expense related to contributions in the current year	-	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES						
Current Liabilities						
Accounts payable	346,315	-	-	-	58,243	-
Accrued expenses	305,524	2,093	-	3,536	3,983	34,165
Due to other funds	1,400,000	-	-	-	-	95,000
Due to student groups	-	-	-	-	-	-
Deposits held in custody for others	-	-	-	-	-	-
Unearned tuition revenue	3,030,510	-	-	-	-	-
Other unearned revenue	-	-	-	-	-	21,034
Debt certificates payable	-	-	500,000	-	-	500,000
Capital lease obligations, current maturities	-	-	-	-	-	-
Bonds payable, current maturities	-	-	-	-	-	-
Accrued compensated absences, current maturities	-	-	-	-	-	-
Total Current Liabilities	<u>5,082,349</u>	<u>2,093</u>	<u>500,000</u>	<u>3,536</u>	<u>62,226</u>	<u>650,199</u>
Bonds payable, less current maturities						
Accrued compensated absences	-	-	-	-	-	-
Net other postemployment benefit liabilities	-	-	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>5,082,349</u>	<u>2,093</u>	<u>500,000</u>	<u>3,536</u>	<u>62,226</u>	<u>650,199</u>
DEFERRED INFLOWS OF RESOURCES						
Other Postemployment benefits	-	-	-	-	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION						
Investment in capital assets, net of related debt	-	-	-	-	568,776	-
Restricted for:						
Capital projects	-	-	1,217,062	-	-	-
Debt service	-	-	-	1,074,550	-	-
Grant purposes	-	-	-	-	-	843,372
Working cash	-	-	-	-	-	-
Audit purposes	-	-	-	-	-	-
Liability insurance	-	-	-	-	-	-
Unrestricted	2,391,243	1,225,186	-	-	1,555,755	-
TOTAL NET POSITION	<u>\$ 2,391,243</u>	<u>\$ 1,225,186</u>	<u>\$ 1,217,062</u>	<u>\$ 1,074,550</u>	<u>\$ 2,124,531</u>	<u>\$ 843,372</u>

Note 1: This schedule is supplemental information and is maintained for management.

Note 2: The accompanying notes are an integral part of these statements.

Working Cash	Agency	Audit	Liability Protection and Settlement	Board Restricted	Long-Term Obligations	Capital Assets	Eliminations	Total
\$ 4,029,723	\$ 143,246	\$ 617	\$ 136,654	\$ 4,693,982	\$ -	\$ -	\$ -	\$ 13,430,993
-	-	47,826	820,761	-	-	-	-	6,329,395
-	-	-	-	-	-	-	(2,400,748)	1,076,998
-	-	-	-	-	-	-	-	844,613
-	-	-	-	-	-	-	-	144,424
-	-	-	-	-	-	-	-	158,209
1,400,000	-	-	-	-	-	-	(1,495,000)	-
-	-	-	-	-	-	-	-	-
5,429,723	143,246	48,443	957,415	4,693,982	-	-	(3,895,748)	21,984,632
-	-	-	-	-	-	35,724,870	-	36,293,646
-	-	-	-	-	-	35,724,870	-	36,293,646
5,429,723	143,246	48,443	957,415	4,693,982	-	35,724,870	(3,895,748)	58,278,278
-	-	-	-	-	-	-	61,429	61,429
-	-	-	-	-	-	-	158,492	158,492
-	-	-	-	-	-	-	219,921	219,921
-	-	-	-	-	-	-	-	404,558
-	-	-	-	-	-	-	-	349,301
-	-	-	-	-	-	-	(1,495,000)	-
-	143,246	-	-	-	-	-	-	143,246
-	-	-	-	-	-	-	(2,717,043)	313,467
-	-	-	-	-	-	-	-	21,034
-	-	-	-	-	-	-	-	1,000,000
-	-	-	-	-	11,150	-	-	11,150
-	-	-	-	-	765,000	-	-	765,000
-	-	-	-	-	257,000	-	-	257,000
-	143,246	-	-	-	1,033,150	-	(4,212,043)	3,264,756
-	-	-	-	-	4,035,000	-	-	4,035,000
-	-	-	-	-	63,472	-	-	63,472
-	-	-	-	-	10,923,478	-	-	10,923,478
-	-	-	-	-	15,021,950	-	-	15,021,950
-	143,246	-	-	-	16,055,100	-	(4,212,043)	18,286,706
-	-	-	-	-	-	-	940,948	940,948
-	-	-	-	-	-	-	940,948	940,948
-	-	-	-	-	(4,811,149)	35,724,870	-	31,482,497
-	-	-	-	-	-	-	-	1,217,062
-	-	-	-	-	-	-	-	1,074,550
-	-	-	-	-	-	-	-	843,372
5,429,723	-	-	-	-	-	-	-	5,429,723
-	-	48,443	-	-	-	-	-	48,443
-	-	-	957,415	-	-	-	-	957,415
-	-	-	-	4,693,982	(11,243,951)	-	(404,732)	(1,782,517)
\$ 5,429,723	\$ -	\$ 48,443	\$ 957,415	\$ 4,693,982	\$ (16,055,100)	\$ 35,724,870	\$ (404,732)	\$ 39,270,545

DANVILLE AREA COMMUNITY COLLEGE
COMBINING SCHEDULE OF CHANGES IN NET POSITION, BY SUBFUND
Year Ended June 30, 2018

	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest	Auxiliary Enterprises
REVENUES					
Operating Revenues:					
Student tuition and fees, net	\$ 6,281,312	\$ 650,000	\$ -	\$ -	\$ -
Auxiliary revenues	-	-	-	-	821,129
Other operating revenues	62,952	93,958	-	-	-
Total operating revenues	6,344,264	743,958	-	-	821,129
EXPENSES					
Operating Expenses:					
Instruction	7,739,473	-	-	-	-
Academic support	1,018,882	-	-	-	-
Student services	1,936,618	-	-	-	-
Public services	361,242	-	-	-	-
Auxiliary enterprises	-	-	-	-	746,566
Operations and maintenance of plant	-	2,291,177	344,885	-	-
Institutional support	2,843,078	-	-	-	-
SURS & OPEB contribution provided by State	-	-	-	-	-
Other postemployment benefits	-	-	-	-	-
Scholarships, grants and waivers	-	-	-	-	-
Depreciation expense	-	-	-	-	20,304
Total operating expenses	13,899,293	2,291,177	344,885	-	766,870
Operating income (loss)	(7,555,029)	(1,547,219)	(344,885)	-	54,259
NON-OPERATING REVENUES (EXPENSES)					
State grants and contracts	4,480,364	1,200,173	-	-	-
Property taxes	3,850,867	775,396	77,752	856,211	-
Personal property replacement tax	359,075	154,890	-	-	-
Federal grants and contracts	6,064	-	-	-	-
Local grants and contracts	4,974	1,000	97	1,064	-
SURS & OPEB contribution provided by State	-	-	-	-	-
Investment income earned	801	11,174	26,798	5,355	-
Other non-operating revenues	67,184	13,852	-	100,000	-
Debt Service					
Principal	-	-	-	(715,000)	-
Interest	-	-	-	(178,972)	-
Non-operating revenues (expenses), net	8,769,329	2,156,485	104,647	68,658	-
CAPITAL CONTRIBUTIONS					
Capital contributions	237,000	-	-	-	-
Total capital contributions	237,000	-	-	-	-
OTHER FINANCING SOURCES (USES)					
Transfer in	576,583	-	477,118	247,044	60,000
Transfer out	(34,997)	-	(688,473)	-	(360,000)
Total financing sources (uses)	541,586	-	(211,355)	247,044	(300,000)
NET CHANGE IN NET POSITION	1,992,886	609,266	(451,593)	315,702	(245,741)
NET POSITION, BEGINNING OF YEAR	398,357	615,920	1,668,655	758,848	2,370,272
Cumulative effect of Adoption of GASB 75 for OPEB	-	-	-	-	-
NET POSITION, BEGINNING OF YEAR AS RESTATED	398,357	615,920	1,668,655	758,848	2,370,272
NET POSITION, END OF YEAR	\$ 2,391,243	\$ 1,225,186	\$ 1,217,062	\$ 1,074,550	\$ 2,124,531

Note 1: This schedule is supplemental information and is maintained for management.

Note 2: The accompanying notes are an integral part of these statements.

Restricted Purposes	Working Cash	Audit	Liability Protection and Settlement	Board Restricted	Long-Term Obligations	Capital Assets	Eliminations	Total
\$ 284,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (2,908,560)	\$ 4,307,077
-	-	-	-	-	-	-	(90,727)	730,402
1,329	-	-	-	-	-	-	-	158,239
285,654	-	-	-	-	-	-	(2,999,287)	5,195,718
559,710	-	-	-	-	-	(143,792)	(5,592)	8,149,799
-	-	-	-	-	-	(232,000)	-	786,882
351,161	-	-	-	-	-	-	(9,011)	2,278,768
969,643	-	-	-	-	-	-	(263,396)	1,067,489
5,448	-	-	-	-	-	-	-	752,014
-	-	-	-	-	-	(231,383)	-	2,404,679
247,898	-	43,100	819,779	-	15,351	(33,619)	(57,109)	3,878,478
7,913,860	-	-	-	-	-	-	1,646	7,915,506
-	-	-	-	-	149,136	-	834,423	983,559
5,284,644	-	-	-	-	-	-	(3,583,213)	1,701,431
-	-	-	-	-	-	1,829,364	-	1,849,668
15,332,364	-	43,100	819,779	-	164,487	1,188,570	(3,082,252)	31,768,273
(15,046,710)	-	(43,100)	(819,779)	-	(164,487)	(1,188,570)	82,965	(26,572,555)
266,197	-	-	-	-	-	-	-	5,946,734
-	-	48,722	835,656	-	-	-	-	6,444,604
-	-	-	-	-	-	-	-	513,965
6,554,805	-	-	-	-	-	-	(869,968)	5,690,901
32,439	-	67	1,064	-	-	-	-	40,705
7,913,860	-	-	-	-	-	-	-	7,913,860
11,806	87,891	-	964	72,119	-	-	-	216,908
41,408	-	-	-	15,200	-	-	(12,745)	224,899
-	-	-	-	-	768,144	-	(53,144)	-
-	-	-	-	-	-	-	(1,765)	(180,737)
14,820,515	87,891	48,789	837,684	87,319	768,144	-	(937,622)	26,811,839
-	-	-	-	-	-	-	-	237,000
-	-	-	-	-	-	-	-	237,000
131,720	-	-	-	-	-	-	-	1,492,465
(135,415)	(87,891)	-	-	(185,689)	-	-	-	(1,492,465)
(3,695)	(87,891)	-	-	(185,689)	-	-	-	-
(229,890)	-	5,689	17,905	(98,370)	603,657	(1,188,570)	(854,657)	476,284
1,073,262	5,429,723	42,754	939,510	4,792,352	(5,884,415)	36,913,440	397,958	49,516,636
-	-	-	-	-	(10,774,342)	-	51,967	(10,722,375)
1,073,262	5,429,723	42,754	939,510	4,792,352	(16,658,757)	36,913,440	449,925	38,794,261
\$ 843,372	\$ 5,429,723	\$ 48,443	\$ 957,415	\$ 4,693,982	\$ (16,055,100)	\$ 35,724,870	\$ (404,732)	\$ 39,270,545

DANVILLE AREA COMMUNITY COLLEGE
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE
(BUDGETARY BASIS)
BUDGET COMPARED TO ACTUAL
OPERATING FUNDS (EDUCATION/OPERATIONS AND MAINTENANCE)
Year Ended June 30, 2018

	<u>Budget</u>	<u>Education</u>	<u>Operations and Maintenance</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
RECEIPTS					
Property taxes	\$ 4,577,000	\$ 3,850,867	\$ 775,396	\$ 4,626,263	\$ 49,263
Personal property replacement tax	622,100	359,075	154,890	513,965	(108,135)
State grants and contracts	5,657,372	4,480,364	1,200,173	5,680,537	23,165
Federal grants and contracts	6,000	6,064	-	6,064	64
Student tuition and fees, net	7,237,000	6,281,312	650,000	6,931,312	(305,688)
Investment income earned	5,500	801	11,174	11,975	6,475
Miscellaneous	207,750	372,110	108,810	480,920	273,170
Total receipts	<u>18,312,722</u>	<u>15,350,593</u>	<u>2,900,443</u>	<u>18,251,036</u>	<u>(61,686)</u>
DISBURSEMENTS					
Instruction	7,770,862	7,739,473	-	7,739,473	31,389
Academic support	1,064,962	1,018,882	-	1,018,882	46,080
Student services	1,795,178	1,936,618	-	1,936,618	(141,440)
Public services	368,431	361,242	-	361,242	7,189
Operations and maintenance of plant	2,264,891	-	2,291,177	2,291,177	(26,286)
Institutional support	2,745,862	2,843,078	-	2,843,078	(97,216)
Total disbursements	<u>16,010,186</u>	<u>13,899,293</u>	<u>2,291,177</u>	<u>16,190,470</u>	<u>(180,284)</u>
Excess of receipts over disbursements (Budgetary Basis)	<u>2,302,536</u>	<u>1,451,300</u>	<u>609,266</u>	<u>2,060,566</u>	<u>(241,970)</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	524,900	576,583	-	576,583	51,683
Transfer out	(40,500)	(34,997)	-	(34,997)	5,503
Total other financing sources (uses)	<u>484,400</u>	<u>541,586</u>	<u>-</u>	<u>541,586</u>	<u>57,186</u>
Excess of receipts over disbursements and other financing sources (uses)	<u>\$ 2,786,936</u>	<u>1,992,886</u>	<u>609,266</u>	<u>2,602,152</u>	<u>\$ (184,784)</u>
FUND BALANCE, BEGINNING OF YEAR		398,357	615,920	1,014,277	
FUND BALANCE, END OF YEAR		<u>\$ 2,391,243</u>	<u>\$ 1,225,186</u>	<u>\$ 3,616,429</u>	

**DANVILLE AREA COMMUNITY COLLEGE
ALL FUNDS SUMMARY
UNIFORM FINANCIAL STATEMENT NO. 1
Year Ended June 30, 2018**

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
FUND BALANCE JULY 1, 2017	\$ 3,403,521	\$ 2,403,108	\$ 1,668,655	\$ 758,848
Revenues				
Local tax revenue	3,850,867	775,396	77,752	856,211
All other local revenue	364,049	155,890	97	1,064
ICCB grants	4,480,364	1,200,173	-	-
All other state revenue (including SURS On-Behalf)	-	-	-	-
Federal revenue	6,064	-	-	-
Student tuition and fees	6,281,312	650,000	-	-
All other revenue	403,934	170,306	26,798	105,355
Total revenues	15,386,590	2,951,765	104,647	962,630
Expenditures by Program				
Instruction	7,739,473	-	-	-
Academic support	1,018,882	-	-	-
Student services	1,936,618	-	-	-
Public service/Continuing education	361,242	-	-	-
Auxiliary services	-	-	-	-
Operations and maintenance	-	2,291,177	344,885	-
Institutional support	2,843,078	-	-	893,972
Scholarships, student grants, waivers	-	-	-	-
Total expenditures	13,899,293	2,291,177	344,885	893,972
Net transfers	391,586	(35,689)	(211,355)	247,044
FUND BALANCE JUNE 30, 2018	\$ 5,282,404	\$ 3,028,007	\$ 1,217,062	\$ 1,074,550

Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Total All Funds	Total Current Funds Only
\$ 2,370,272	\$ 1,073,262	\$ 5,429,723	\$ 42,754	\$ 939,510	\$ 18,089,653	\$ 10,624,713
-	-	-	48,722	835,656	6,444,604	5,510,641
-	32,439	-	67	1,064	554,670	553,509
-	194,410	-	-	-	5,874,947	5,874,947
-	7,033,056	-	-	-	7,033,056	7,033,056
-	5,684,837	-	-	-	5,690,901	5,690,901
-	284,325	-	-	-	7,215,637	7,215,637
821,129	54,543	87,891	-	964	1,670,920	1,450,876
821,129	13,283,610	87,891	48,789	837,684	34,484,735	33,329,567
-	4,400,339	-	-	-	12,139,812	12,139,812
-	344,979	-	-	-	1,363,861	1,363,861
-	1,142,844	-	-	-	3,079,462	3,079,462
-	1,288,706	-	-	-	1,649,948	1,649,948
766,870	212,229	-	-	-	979,099	979,099
-	417,927	-	-	-	3,053,989	2,709,104
-	1,288,105	-	43,100	819,779	5,888,034	4,994,062
-	4,408,883	-	-	-	4,408,883	4,408,883
766,870	13,504,012	-	43,100	819,779	32,563,088	31,324,231
(300,000)	(3,695)	(87,891)	-	-	-	52,202
\$ 2,124,531	\$ 849,165	\$ 5,429,723	\$ 48,443	\$ 957,415	\$ 20,011,300	\$ 12,682,251

**DANVILLE AREA COMMUNITY COLLEGE
SUMMARY OF FIXED ASSETS AND DEBT
UNIFORM FINANCIAL STATEMENT NO. 2
June 30, 2018**

	Fixed Asset/Debt Account Groups			Fixed Asset/Debt Account Groups
	July 1, 2017	Additions	Deletions	June 30, 2018
FIXED ASSETS				
Land	\$ 891,384	\$ 20,547	\$ -	\$ 911,931
Land improvements	5,255,197	239,754	-	5,494,951
Buildings	18,288,110	-	-	18,288,110
Building improvements	41,797,872	-	-	41,797,872
Campus lighting	40,955	-	-	40,955
Equipment	15,556,098	437,101	-	15,993,199
Construction in progress	142,008	85,400	142,008	85,400
	<u>81,971,624</u>	<u>782,802</u>	<u>142,008</u>	<u>82,612,418</u>
Accumulated depreciation	44,469,104	1,849,668	-	46,318,772
NET FIXED ASSETS	<u><u>\$ 37,502,520</u></u>	<u><u>\$ (1,066,866)</u></u>	<u><u>\$ 142,008</u></u>	<u><u>\$ 36,293,646</u></u>
FIXED DEBT				
Bonds payable	\$ 5,515,000	\$ -	\$ 715,000	\$ 4,800,000
Debt certificate	-	1,000,000	-	1,000,000
Other fixed liabilities	369,415	15,351	53,144	331,622
Net other postemployment benefit liabilities	-	10,923,478	-	10,923,478
TOTAL FIXED DEBT	<u><u>\$ 5,884,415</u></u>	<u><u>\$ 11,938,829</u></u>	<u><u>\$ 768,144</u></u>	<u><u>\$ 17,055,100</u></u>

DANVILLE AREA COMMUNITY COLLEGE
OPERATING FUNDS REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT NO. 3
Year Ended June 30, 2018

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE			
Local Government Revenue			
Local taxes	\$ 3,850,867	\$ 775,396	\$ 4,626,263
CPPRT	359,075	154,890	513,965
Other local revenue	4,974	1,000	5,974
Total local government revenue	<u>4,214,916</u>	<u>931,286</u>	<u>5,146,202</u>
State Government			
ICCB Base Operating Grant	1,188,079	1,200,173	2,388,252
ICCB Equalization Grant	2,903,300	-	2,903,300
ICCB Career and Technical Education	385,480	-	385,480
ICCB Other	3,505	-	3,505
Total state government	<u>4,480,364</u>	<u>1,200,173</u>	<u>5,680,537</u>
Federal Government			
Department of Education	<u>6,064</u>	<u>-</u>	<u>6,064</u>
Student Tuition and Fees			
Tuition	6,467,586	650,000	7,117,586
Fees	1,514,649	-	1,514,649
Less waivers	(1,700,923)	-	(1,700,923)
Total student tuition and fees	<u>6,281,312</u>	<u>650,000</u>	<u>6,931,312</u>
Other Sources			
Facilities revenue	-	54,482	54,482
Investment revenue	26,798	57,296	84,094
Other	377,136	58,528	435,664
Total other sources	<u>403,934</u>	<u>170,306</u>	<u>574,240</u>
TOTAL REVENUE	<u><u>\$ 15,386,590</u></u>	<u><u>\$ 2,951,765</u></u>	<u><u>\$ 18,338,355</u></u>

**DANVILLE AREA COMMUNITY COLLEGE
OPERATING FUNDS REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT NO. 3 (Continued)
Year Ended June 30, 2018**

	<u>Education Fund</u>	<u>Operations and Maintenance Fund</u>	<u>Total Operating Funds</u>
OPERATING EXPENDITURES			
BY PROGRAM			
Instruction	\$ 7,739,473	\$ -	\$ 7,739,473
Academic support	1,018,882	-	1,018,882
Student services	1,936,618	-	1,936,618
Public service/Continuing education	361,242	-	361,242
Operations and maintenance	-	2,291,177	2,291,177
Institutional support	2,843,078	-	2,843,078
	<u>13,899,293</u>	<u>2,291,177</u>	<u>16,190,470</u>
Less: Nonoperating items			
Instructional service contracts	<u>-</u>	<u>-</u>	<u>-</u>
ADJUSTED EXPENDITURES	<u>\$ 13,899,293</u>	<u>\$ 2,291,177</u>	<u>\$ 16,190,470</u>
BY OBJECT			
Salaries	\$ 9,685,126	\$ 710,401	\$ 10,395,527
Employee benefits	2,137,675	257,329	2,395,004
Contractual services	272,337	208,682	481,019
General materials and supplies	1,226,281	143,871	1,370,152
Library materials*	104,484	-	104,484
Conference and meeting expenses	149,485	598	150,083
Fixed charges	122,902	120,997	243,899
Utilities	-	820,500	820,500
Capital outlay	232,000	28,799	260,799
Other	73,487	-	73,487
	<u>13,899,293</u>	<u>2,291,177</u>	<u>16,190,470</u>
Less: Nonoperating items			
Instructional service contracts	<u>-</u>	<u>-</u>	<u>-</u>
ADJUSTED EXPENDITURES	<u>\$ 13,899,293</u>	<u>\$ 2,291,177</u>	<u>\$ 16,190,470</u>

* Non-add line

**DANVILLE AREA COMMUNITY COLLEGE
RESTRICTED PURPOSES REVENUES AND EXPENDITURES
UNIFORM FINANCIAL STATEMENT NO. 4
Year Ended June 30, 2018**

REVENUE BY SOURCE

Total Local Government	\$ 32,439
State Government	
ICCB - Adult Education	194,410
SURS - On Behalf	6,961,269
Other	71,787
Total state government	<u>7,227,466</u>
Federal Government	
Department of Education	4,444,613
Department of Labor	1,226,412
Other	13,813
Total federal government	<u>5,684,838</u>
Other Sources	
Tuition and fees	284,325
Other	54,542
Total other sources	<u>338,867</u>
TOTAL RESTRICTED PURPOSES FUND REVENUE	<u><u>\$ 13,283,610</u></u>

EXPENDITURES BY PROGRAM

Instruction	\$ 4,400,339
Academic support	344,979
Student services	1,142,844
Public service/Continuing education	1,288,706
Auxiliary services	212,229
Operations and maintenance of plant	417,927
Institutional support	1,288,105
Scholarships, grants, and waivers	4,408,883
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 13,504,012</u></u>

EXPENDITURES BY OBJECT

Salaries	\$ 762,656
Employee benefits	7,203,974
Contractual services	359,271
Student financial aid	4,408,883
General materials and supplies	472,895
Library materials *	-
Travel and conference/Meeting expenses	12,973
Fixed charges	93,701
Utilities	495
Capital outlay	176,302
Other	12,862
Scholarships, grants, and waivers*	4,408,883
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	<u><u>\$ 13,504,012</u></u>

*Non-add line

**DANVILLE AREA COMMUNITY COLLEGE
CURRENT FUNDS EXPENDITURES BY ACTIVITY
UNIFORM FINANCIAL STATEMENT NO. 5
Year Ended June 30, 2018**

INSTRUCTION	
Instructional programs *	<u>\$ 12,139,812</u>
ACADEMIC SUPPORT	
Library center	434,828
Instructional materials center	48,685
Educational media services	31,130
Academic computing support	266,325
Other *	582,893
Total academic support	<u>1,363,861</u>
STUDENT SERVICES	
Admissions and records	365,474
Counseling and career guidance	841,812
Financial aid administration	248,945
Other *	1,623,231
Total student services	<u>3,079,462</u>
PUBLIC SERVICE/CONTINUING EDUCATION	
Community education	186,391
Customized training (Instructional)	757,506
Community services	131,044
Other *	575,007
Total public service/continuing education	<u>1,649,948</u>
AUXILIARY SERVICES (including SURS On-Behalf)	<u>979,001</u>
OPERATIONS AND MAINTENANCE OF PLANT	
Maintenance	501,266
Custodial services	608,895
Grounds	95,946
Campus security	2,189
Utilities	792,073
Administration	132,971
Other *	575,764
Total operations and maintenance of plant	<u>2,709,104</u>
INSTITUTIONAL SUPPORT	
Executive management	694,490
Fiscal operations	324,827
Community relations	338,983
Administrative support services	529,246
Board of trustees	22,952
General institution	1,438,409
Institutional research	165,170
Administrative data processing	439,778
Other *	1,040,207
Total institutional support	<u>4,994,062</u>
SCHOLARSHIPS, STUDENT GRANTS, AND WAIVERS	<u>4,408,883</u>
TOTAL CURRENT FUNDS EXPENDITURES	<u><u>\$ 31,324,133</u></u>

(1) Current funds include: Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection and Settlement; and Board Restricted.

* Includes SURS On-Behalf

Independent Auditors' Report on the Adult Education and Family Literacy Grants Program

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants Program of Danville Area Community College, Community College District No. 507 (the "District"), which comprise the statement of net position as of June 30, 2018, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy Grants Program of Danville Area Community College, Community College District No. 507 as of June 30, 2018, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter

The financial statements of the Adult Education and Family Literacy Grants Program are intended to present the net position and changes in net position of only that portion of the business-type activities of Danville Area Community College, Community College District No. 507 that is attributable to the Adult Education and Family Literacy Grants Program. These financial statements do not purport to, and do not, present fairly the statement of net position of Danville Area Community College, Community College District No. 507 as of June 30, 2018, or the revenues, expenses, and changes in net position, for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Adult Education and Family Literacy Grants basic financial statements. The supplementary schedule on page 113 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole



CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

Independent Auditors' Report on Compliance

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Adult Education and Family Literacy Grants Program, of Danville Area Community College, Community College District No. 507 (the "District"), which comprise the statement of net position as of June 30, 2018 and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that Danville Area Community College, Community College District No. 507 failed to comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the Districts noncompliance with the above-referenced terms or conditions of the grant policy guidelines of the Illinois Community College Board's Fiscal Management Manual, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Danville Area Community College, Community College District No. 507 and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

**DANVILLE AREA COMMUNITY COLLEGE
STATE ADULT EDUCATION RESTRICTED FUNDS
(STATE BASIC AND PERFORMANCE)
STATEMENT OF NET POSITION
Year Ended June 30, 2018**

ASSETS

Cash	\$	30,197
Intergovernmental receivables		64,803
		\$ 95,000

LIABILITIES AND NET POSITION

LIABILITIES

Due to other funds	\$	95,000
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NET POSITION

-

TOTAL LIABILITIES AND NET POSITION

\$ 95,000

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
STATE ADULT EDUCATION RESTRICTED FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN NET POSITION
Year Ended June 30, 2018**

	<u>State Basic</u>	<u>Performance</u>	<u>Total</u>
REVENUES			
ICCB Grant	\$ 130,705	\$ 63,705	\$ 194,410
EXPENDITURES			
Instruction	64,110	3,246	67,356
Social work services	9,705	7,071	16,776
Guidance services	11,398	7,071	18,469
Assessment and testing	6,780	4,414	11,194
Literacy services	11,197	7,795	18,992
Total instructional student services	103,190	29,597	132,787
Improvement of instructional services	-	650	650
General administration	19,464	18,929	38,393
Operation and maintenance of plant services	-	3,502	3,502
Workforce coordination	5,633	6,845	12,478
Data and information services	2,418	4,182	6,600
Total program support	27,515	34,108	61,623
Total expenditures	130,705	63,705	194,410
EXCESS OF REVENUES OVER EXPENDITURES			
	\$ -	\$ -	-
NET POSITION, BEGINNING OF YEAR			
			-
NET POSITION, END OF YEAR			
			\$ -

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
BACKGROUND INFORMATION ON STATE GRANT ACTIVITY**

RESTRICTED ADULT EDUCATION GRANTS

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 childcare facilities or provision.

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

This information is an integral part of the accompany financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
STATE ADULT EDUCATION RESTRICTED FUNDS
NOTES TO FINANCIAL STATEMENTS
June 30, 2018**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying statements relate to specific grants awarded by the Illinois Community College Board (ICCB) and include only those transactions resulting from Adult Education and Family Literacy. These transactions are accounted for in the Restricted Purposes Fund.

BASIS OF ACCOUNTING

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

This information is an integral part of the accompany financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
 ICCB COMPLIANCE STATEMENT FOR THE
 STATE ADULT EDUCATION RESTRICTED FUNDS
 EXPENDITURE AMOUNTS AND PERCENTAGES FOR ICCB GRANT FUNDS ONLY
 Year Ended June 30, 2018**

<u>State Basic</u>	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Instruction (45% minimum required)	\$ 64,110	49.05%
General Administration (15% maximum allowed)	\$ 19,464	14.89%

SUPPLEMENTARY ICCB SCHEDULES



**Independent Accountants' Report on Enrollment Data
and Other Bases Upon Which Claims are Filed**

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed and the Reconciliation of Semester Credit Hours of Danville Area Community College, Community College District No. 507 (the "District") for the year ended June 30, 2018. The College's management is responsible for the preparation and presentation of the schedules in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual. Our responsibility is to express an opinion on the schedules based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the schedules are in accordance with guidelines of the Illinois Community College Board's Fiscal Management Manual, in all material respects. An examination involves performing procedures to obtain evidence about the schedules. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the schedules, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination disclosed two (2) deviations from the Illinois Community College Board (ICCB) Fiscal Management Manual which states that students shall be certified by their instructors as being in attendance at midterm. The District reported three individuals as reimbursable to ICCB, however, the students had withdrawn from class before the mid-term cut-off. These deviations could lead to overstatement of the reimbursable credit hours, which could result in the College being over awarded by ICCB.

In our opinion, except for the deviations from the criteria described in the preceding paragraph, the schedules for the year ended June 30, 2018, are presented in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual, in an all material respects.

CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

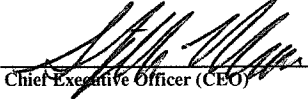
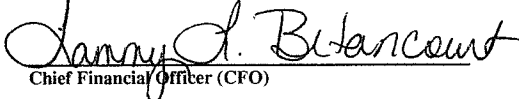
DANVILLE AREA COMMUNITY COLLEGE
 SCHEDULE OF ENROLLMENT DATA AND OTHER BASES
 UPON WHICH CLAIMS ARE FILED
 Year Ended June 30, 2018

Categories	Total Reimbursable Semester Credit Hours by Term							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	2,292.0	-	11,530.0	10.0	10,981.0	-	24,803.0	10.0
Business Occupational	254.0	-	1,531.0	-	1,414.5	-	3,199.5	-
Technical Occupational	339.0	-	2,654.0	-	2,822.0	14.0	5,815.0	14.0
Health Occupational	742.0	-	2,663.0	-	2,423.0	-	5,828.0	-
Remedial Developmental	148.0	-	1,033.5	-	568.0	-	1,749.5	-
Adult Basic Education/ Adult Secondary Education	-	350.0	4.0	814.0	18.0	991.0	22.0	2,155.0
TOTAL CREDIT HOURS CERTIFIED	3,775.0	350.0	19,415.5	824.0	18,226.5	1,005.0	41,417.0	2,179.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester Credit Hours	39,153.5	803.5	39,957.0
District 2017 Equalized Assessed Valuation	\$1,042,980,934		

	Total Reimbursable Dual Credit and Dual Enrollment Hours by Term			Total
	Summer	Fall	Spring	
Dual Credit Hours	385.0	3,275.0	3,280.0	6,940.0

Categories	Total Reimbursable Correctional Semester Credit Hours by Term				
	Summer	Fall	Spring	Total	
Baccalaureate		291.0	391.0	664.0	1,346.0
Business Occupational		-	-	-	-
Technical Occupational		-	-	-	-
Health Occupational		-	-	-	-
Remedial Developmental		-	-	-	-
Adult Basic Education/ Adult Secondary Education		-	-	-	-
TOTAL CREDIT HOURS CERTIFIED		291.0	391.0	664.0	1,346.0

Signatures:  10/5/18 

Chief Executive Officer (CEO) Chief Financial Officer (CFO)

**DANVILLE AREA COMMUNITY COLLEGE
RECONCILIATION OF TOTAL REIMBURSABLE
SEMESTER CREDIT HOURS
Year Ended June 30, 2018**

Categories	Total Reimbursable Credit Hours	Total Reimbursable Credit Hours Certified to the ICCB	Difference
Baccalaureate	24,813.0	24,813.0	-
Business Occupational	3,199.5	3,199.5	-
Technical Occupational	5,829.0	5,829.0	-
Health Occupational	5,828.0	5,828.0	-
Remedial Developmental	1,749.5	1,749.5	-
Adult Basic Education/ Adult Secondary Education	2,177.0	2,177.0	-
TOTAL CREDIT HOURS CERTIFIED	43,596.0	43,596.0	-

**RECONCILIATION OF IN-DISTRICT/CHARGEBACK
REIMBURSABLE CREDIT HOURS**

	Total Attending	Total Attending as Certified to the ICCB	Difference
Reimbursable In-District Residents	39,153.5	39,153.5	-
Reimbursable Out-of District on Chargeback or Contractual Agreement	803.5	803.5	-
Total	39,957.0	39,957.0	-

**RECONCILIATION OF TOTAL REIMBURSABLE CORRECTIONAL SEMESTER
CREDIT HOURS**

Categories	Total Reimbursable Correctional Credit Hours	Total Reimbursable Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	1,346.00	1,346.00	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-
TOTAL CREDIT HOURS CERTIFIED	1,346.00	1,346.00	-

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
VERIFICATION OF STUDENT RESIDENCY (UNAUDITED)
Year Ended June 30, 2018**

The following procedures detail the process for verifying the residency status of the students of Danville Area Community College, Community College District No. 507.

Applicants

The residency status on application forms is normally determined by the address the student uses on his application form for admission. If the address is an in-district address, then the student is tagged by the College's Admissions Office as "1" for in-district. Likewise, if there is an out-of-district or out-of-state address, then a code of "3" or "5" is used, respectively.

However, there are some exceptions to the above-mentioned procedures. If a student indicates an in-district address on the application but lists an out-of-district high school and the student is still in high school or a recent high school graduate, then the student will be tagged as an out-of-district student. The student will then have to provide residency proof, such as a copy of a driver's license, voter registration card, property tax statement, or other valid item providing verification of the student's address.

Students

If a student already in the College's computer system is changing an address from out-of-district to in-district, the College will change the address but not change the residency code. In order to change an out-of-district status to an in-district status, the student must complete the Request for Change of Residency paperwork and provide the required documentation. The request is then reviewed by the Director of Admissions and Records who makes the decision based upon pre-determined, allowable reasons.

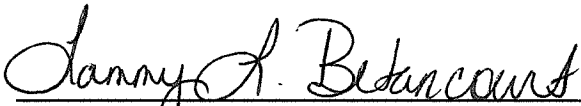
Returned Mail

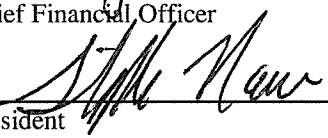
When any mail is returned to the College in which the post office has provided a label indicating the forwarding address is out-of-district or out-of-state, the College will correct the address in the computer system and change the residency code to the proper code.

**DANVILLE AREA COMMUNITY COLLEGE
 CERTIFICATE OF CHARGEBACK
 REIMBURSEMENT FOR FISCAL YEAR 2019
 Year Ended June 30, 2018**

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

Education	\$ 13,667,293
Operations and maintenance fund	2,262,378
Bond and interest fund	897,972
Restricted purposes fund	6,366,441
Audit fund	43,100
Liability, protection and settlement fund	<u>819,779</u>
 Total non-capital expenditures	 <u>23,825,296</u>
 Depreciation on capital outlay expenditures from sources other than state and federal funds	 <u>688,386</u>
 Total costs included	 <u>24,513,682</u>
 Total certified semester credit hours for FY 2018	 <u>43,596</u>
 Per capita cost	 <u>562.29</u>
 All FY 2018 state and federal operating grants for non-capital expenditures, except ICCB grants	 <u>6,366,441</u>
 Fiscal year state and federal grants per semester credit hour	 <u>146.03</u>
 District's average ICCB grant rate for fiscal year 2019	 <u>35.17</u>
 District's student tuition and fee rate per semester credit hour for fiscal year 2019	 <u>155.00</u>
 Chargeback reimbursement per semester credit hour	 <u><u>\$ 226.09</u></u>

Approved: 
 Chief Financial Officer

Approved: 
 President

**Independent Auditors' Report on
Illinois State Library Literacy Grant
Project AVL-18-004**

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

We have audited the accompanying financial statement of the Illinois State Library Literacy Grant Project AVL-18-004 of Danville Area Community College, Community College District No. 507 (the "District") which comprises the statement of revenues, expenditures and changes in fund balance – budget and actual for the year ended June 30, 2018, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the regulatory basis of accounting of the Illinois State Library Literacy Grant Project AVL-18-004; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines for the Illinois State Library Literacy Grant Project AVL-18-004 issued by the Illinois Secretary of State. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Illinois State Library Literacy Grant Project AVL-18-004 of Danville Area Community College Community College District No. 507 for the year ended June 30, 2018, in accordance with the regulatory basis of accounting of the Illinois State Library Literacy Grant Project AVL-18-004.

Basis of Accounting

We draw attention to the notes to financial statements, which describe the basis of accounting. The financial statement is prepared on the regulatory basis of accounting as required by the Illinois State Library Literacy Grant Project AVL-18-004, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois State Library Literacy Grant Project AVL-18-004. Our opinion is not modified with respect to that matter.

Restriction of Use

The accompanying statement of revenues, expenditures and changes in fund balance – budget and actual was prepared for the purpose of complying with the terms of the Illinois State Library Literacy Grant Project AVL-18-004 and is not intended to be a complete presentation of the District's revenues and expenditures in conformity with accounting principles generally accepted in the United States of America.



CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

**DANVILLE AREA COMMUNITY COLLEGE
ILLINOIS STATE LIBRARY LITERACY GRANT
PROJECT AVL-18-004
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2018**

	Budget	Actual	Variance
REVENUES			
Grant revenue	\$ 55,670	\$ 55,670	\$ -
EXPENDITURES			
Salaries	32,706	32,706	-
Employee benefits	20,984	20,174	810
Materials and supplies	1,980	1,986	(6)
Travel	-	804	(804)
Total expenditures	55,670	55,670	-
Excess of revenues over expenditures (Budgetary Basis)	\$ -	-	\$ -
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		\$ -	

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
ILLINOIS STATE LIBRARY LITERACY GRANT
PROJECT AVL-18-004
NOTE TO FINANCIAL STATEMENT
June 30, 2018**

The Illinois State Library Literacy Grant program of the District develops various reading programs as well as remedial reading programs as allowed by grant guidelines. Following is a summary of the more significant policies.

Fund accounting

The operations of the Illinois State Library Literacy Grant are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, revenues and expenditures.

Fixed assets

The Literacy Grant requires that written consent and approval be obtained before purchasing any equipment which exceeds a value of \$500. These purchases remain property of the State of Illinois.

Basis of accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements.

The accompanying financial statements are prepared on the modified accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when incurred or when obligations are established by executing purchase orders of firm contracts.

Budgets

Budgeted amounts used for comparison in this report were obtained from the approved grant and adjusted for any amendments.

This information is an integral part of the accompanying financial statement.



**Independent Auditors' Report on the
Illinois Cooperative Work Study Program Grant**

Board of Trustees
Danville Area Community College
Community College District No. 507 and
Illinois Board of Higher Education
Danville, Illinois

We have audited the accompanying financial statements of the Illinois Cooperative Work Study Program of Danville Area Community College, Community College District No. 507 (District) which comprise of the statement of revenues, expenditures and changes in fund balance – budget and actual for the grant period January 1, 2018 through August 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Cooperative Work Study Program Grant. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the guidelines for the Illinois Cooperative Work Study Program Grant issued by the Illinois Board of Higher Education. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statement 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 District'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 statement.

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 statement referred to above presents fairly, in all material respects, the revenues and expenditures of the Illinois Cooperative Work Study Program of Danville Area Community College, Community College District No. 507 for the grant period January 1, 2018 through August 31, 2018, in accordance with the regulatory basis of accounting of the Illinois Board of Higher Education Cooperative Work Study Program Grant.

Basis of Accounting

We draw attention to Note 3 of the financial statement, which describes the basis of accounting. The financial statements have been prepared on the regulatory basis of accounting as required by the Illinois Board of Higher Education Cooperative Work Study Program Grant, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Illinois Board of Higher Education Cooperative Work Study Program Grant. Our opinion is not modified with respect to that matter.

Restriction on Use

The accompanying statement of revenues, expenditures and changes in fund balance – budget and actual was prepared for the purpose of complying with the terms of the Illinois Cooperative Work Study Program Grant and is not intended to be a complete presentation of the District's revenues and expenditures in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Trustees and management of Danville Area Community College, Community College No. 507 and the Illinois Board of Higher Education and is not intended to be, and should not be, used by anyone other than these specified parties.



CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

Illinois Department of Professional Regulation
License Number 065031700



CliftonLarsonAllen

CliftonLarsonAllen LLP
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**Independent Auditors' Report on the
Illinois Cooperative Work Study Program
Grant Regulatory Compliance Requirements**

Board of Trustees
Danville Area Community College
Community College District No. 507
and Illinois Board of Higher Education
Danville, Illinois

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the Illinois Cooperative Work Study Program Grant of Danville Area Community College, Community College District No. 507 (the "District"), which comprises of the statement of revenues, expenditures and changes in fund balance – budget and actual for the grant period January 1, 2018 through August 31, 2018, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2018.

In connection with our audit, nothing came to our attention that caused us to believe that Danville Area Community College, Community College District No. 507 failed to comply with the grant agreement of the Illinois Cooperative Work Study Program Grant, inclusive, insofar as they relate to accounting matters. Pursuant to the terms of the grant referred to above, funds were expended for the project in the grant agreement and grant funds were not used for sectarian purposes. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the District's noncompliance with the above-referenced grant agreement, insofar as they relate to accounting matters.

This report is intended solely for the information and use of the board of trustees and management of Danville Area Community College, Community College District No. 507 and the Illinois Board of Higher Education and is not intended to be, and should not be, used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

**DANVILLE AREA COMMUNITY COLLEGE
ILLINOIS COOPERATIVE WORK STUDY PROGRAM
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Period January 1, 2018 through August 31, 2018**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES			
Cooperative Work Study Program Grant	\$ 21,655	\$ 21,655	\$ -
EXPENDITURES			
Student salaries and other expenses	21,655	21,655	-
Excess of revenues over expenditures	<u>\$ -</u>	-	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR		-	
FUND BALANCE, END OF YEAR		<u>\$ -</u>	

These financial statements should be read only in connection with the accompanying notes to the financial statements.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
ILLINOIS COOPERATIVE WORK STUDY PROGRAM GRANT
NOTES TO FINANCIAL STATEMENTS
GRANT PERIOD ENDING August 31, 2018**

NOTE 1 - PROGRAM BACKGROUND

The Illinois Cooperative Work Study Program is an internship program which provides undergraduate students from the College with opportunities to work with business and industry. The objective of the program is to recruit approximately 25 undergraduate students of the College into a Summer Internship Program and to place these students in businesses, government agencies, or community organizations which will agree to pay at least 50 percent of each intern's stipend.

NOTE 2 - ORGANIZATION

The Illinois Cooperative Work Study Program is funded by a grant from the Illinois Board of Higher Education and matching funds from businesses, government agencies and community organizations that participated in the program. The books and records are maintained as a separate fund of Danville Area Community College.

NOTE 3 - BASIS OF PRESENTATION

The financial statement is presented on the regulatory basis of accounting as required by the Illinois Board of Higher Education Cooperative Work Study Program. Grants are recorded as revenue when cash is received and expenditures are recorded when incurred or when obligations are established by executing purchase orders or firm contracts as of August 31, 2018. Expenditures must be paid or liquidated within 90 days after the close of the program year.

This information is an integral part of the accompanying financial statement.

FEDERAL REPORTING SECTION



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

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, 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 Danville Area Community College, Community College District No. 507 (College) and its discretely presented component unit, 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 17, 2018. The financial statements of the College's discretely presented component unit were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018



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

Board of Trustees
Danville Area Community College
Community College District No. 507
Danville, Illinois

Report on Compliance for Each Major Federal Program

We have audited Danville Area Community College, Community College District No. 507'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 auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for 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 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



CliftonLarsonAllen LLP

Danville, Illinois
October 17, 2018

DANVILLE AREA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2018

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
STUDENT FINANCIAL AID ASSISTANCE CLUSTER:				
Department of Education Direct Programs				
Federal Pell Grant Program	84.063*		\$ -	\$ 3,642,942
Federal Direct Student Loans	84.268*		-	869,968
Federal Supplemental Educational Opportunity Grants	84.007*		-	100,771
Federal Work-Study Program	84.033*		-	136,388
Total Department of Education Direct Programs			<u>-</u>	<u>4,750,069</u>
TRIO CLUSTER:				
Department of Education Direct Programs				
TRIO Student Support Services	84.042		-	264,941
Passed through Illinois Community College Board:				
VE - Perkins - Title II C - Post Secondary	84.048	684-00-0465	-	215,549
Adult Education - Basic	84.002	684-01-1625	-	100,305
Total ICCB			<u>-</u>	<u>315,854</u>
Passed through Champaign-Ford ROE:				
4300 Title I - School Improvement & Accountability	84.010		-	8,035
Total Champaign-Ford ROE			<u>-</u>	<u>8,035</u>
Total U.S. Department of Education			<u>-</u>	<u>5,338,899</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through Illinois State Board of Education:				
Child & Adult Care Food Program	10.558	N/A	-	36,808
Total U.S. Department of Agriculture			<u>-</u>	<u>36,808</u>
SMALL BUSINESS ADMINISTRATION				
Passed through Illinois Department of Commerce and Community Affairs:				
Small Business Development Center	59.037	420-35-0083	-	79,493
Total Small Business Administration			<u>-</u>	<u>79,493</u>
U.S. DEPARTMENT OF LABOR				
Passed through Illinois Department of Commerce and Economic Opportunities (DCEO):				
WIOA - 1E	17.278	16-661018	-	25,309
WIOA - Dislocated Worker	17.278	420-30-0076	-	367,242
WIOA - ICP Pipeline - Dislocated Worker	17.278	420-30-0075	-	47,388
Total WIOA Dislocated Worker			<u>-</u>	<u>439,939</u>
WIOA - TAA	17.245	16-651018	-	56,182
WIOA - Adult Program	17.258	420-30-0076	-	332,242
WIOA - ICP Pipeline - Adult Program	17.258	420-30-0075	-	33,698
Total WIOA Adult Program			<u>-</u>	<u>365,940</u>
WIOA - Youth Program	17.259	420-30-0076	144,605	304,377
WIOA - ICP Pipeline - Youth Program	17.259	420-30-0075	-	35,922
Total WIOA Youth Program			<u>144,605</u>	<u>340,299</u>
Total WIOA Cluster, DCEO and US Department of Labor			<u>144,605</u>	<u>1,202,360</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 144,605</u>	<u>\$ 6,657,560</u>

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrued basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 2 – FEDERAL NON-CASH ASSISTANCE

Danville Area Community College did not receive any federally provided insurance, or federal loan or loan guarantees.

NOTE 3 – INDIRECT COST RATE

Danville Area Community College has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

This information is an integral part of the accompanying financial schedule.

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: unmodified opinion

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiencies identified that are not considered to be material weakness? Yes None reported

Type of auditors’ report issued on compliance for major programs: unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with section 2CFR 200.516(a)?? Yes No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.063	Federal Student Financial Assistance Programs – PELL Grants
84.007	Federal Student Financial Assistance Programs – SEOG
84.033	Federal Student Financial Assistance Programs – Federal Work Study
84.268	Federal Student Financial Assistance Programs – Federal Direct Student Loans

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000
Auditee qualified as low-risk auditee? Yes No

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2018**

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

**DANVILLE AREA COMMUNITY COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 507
SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2017**

None