



Comprehensive Annual Financial Report

Fiscal Years Ended
June 30, 2017 &
June 30, 2018

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

River Grove, Illinois 60171

Comprehensive Annual Financial Report

Fiscal years ended June 30, 2018 and 2017

(With Independent Auditor's Report Thereon)

Prepared By

Business Services

Sean Sullivan

Vice President, Business Services

Garrick Abezetian

Associate Vice President of Finance and Business Services

James Reynolds

Executive Director, Finance

Sum Ming Lau

Assistant Director, Finance

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Table of Contents

	Page(s)
Introductory Section:	
Table of Contents	i-ii
Letter of Transmittal	iii-vii
Principal Officials	viii
Organizational Chart	ix
Certificate of Achievement for Excellence in Financial Reporting (GFOA)	x
Financial Section:	
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-17
Basic Financial Statements:	
Statements of Net Position	18
Statements of Revenues, Expenses, and Changes in Net Position	19
Statements of Cash Flows	20-21
Notes to Financial Statements	22-47
Required Supplementary Information:	
SURS Schedule of the College's Proportionate Share of the Net Pension Liability	48
SURS Schedule of College Contributions	49
SURS Notes to Required Supplementary Information	50
Schedule of the College's Proportionate Share of the Collective Net OPEB Liability and	
Schedule of the College's Contributions	51
Schedule of Changes in the College's Total OPEB Liability and Related Ratios	52
	Table
Statistical Section (Unaudited):	
Statistical Section Narrative	53
Net Position by Component	1 54
Changes in Net Position	2 55-56
Assessed Value and Actual Value of Taxable Property	3 57
Schedule of Property Taxes – Assessed Valuations, Rates, Extensions,	4 58
And Collections	
Property Tax Rates – Direct and Overlapping Governments	5 59
Principal Taxpayers	6 60-61
Property Tax Levies and Collections	7 62
Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues	
Generated	8 63
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net	
General Obligation Bonded Debt Per Capita	9 64
Pledged Revenue Coverage – Series 2014 and 2015 Bonds	10 65
Computation of Direct and Overlapping General Obligation Bonded Debt	11 66-67
Principal Employers	12 68
Legal Debt Margin Information	13 69
District Income	14 70
Employee Data	15 70
Student Enrollment Demographic Statistics:	
Head Count and Full Time Equivalents	16 71
Credit Hours	17 72
Building Data	18 73
Capital Asset Statistics	19 74

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Table of Contents

	Schedule	Page(s)
Special Reports Section:		
Uniform Financial Statements:		
All Funds Summary – Uniform Financial Statement Number 1	1	75
Summary of Capital Assets and Long-Term Debt – Uniform Financial Statement Number 2	2	76
Operating Funds Revenues and Expenditures – Uniform Financial Statement Number 3	3	77-78
Restricted Purpose Fund Revenues and Expenditures – Uniform Financial Statement Number 4	4	79-80
Current Funds Expenditures by Activity – Uniform Financial Statement Number 5	5	81-82
Fiscal Year 2019 Certificate of Chargeback Reimbursement	6	83
Illinois Community College Board – State Grant Financial – Compliance Section:		
Independent Auditor’s Report		84-85
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of State Grant Program Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		86-87
State Adult Education Grant Program:		
Balance Sheet		88
Statement of Revenues, Expenditures, and Changes in Fund Balance		89
ICCB Compliance Statement		90
Career and Technical Education – Program Improvement Grant:		
Balance Sheet		91
Statement of Revenues, Expenditures, and Changes in Fund Balance		92
Notes to ICCB State Grant Financial Statements		93
Independent Accountant’s Report		94
Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed		95
Reconciliation of Total Reimbursable Semester Credit Hours and Reconciliation of In-District/Chargeback Reimbursable Credit Hours		96
Summary of Assessed Valuations (Unaudited)		97
Residence Policy (Unaudited)		98

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Letter of Transmittal

October 5, 2018

To: President Mary-Rita Moore,
Members of the Board of Trustees, and
Citizens of Triton College District No. 504

The Comprehensive Annual Financial Report of Triton College, Community College District No. 504 (the College), County of Cook, State of Illinois, for the fiscal year ended June 30, 2018, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, 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 results of operations 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.



Financial Statements

This letter of transmittal should be read in conjunction with the Management's Discussion and Analysis (pages 3-17), which focuses on current activities, accounting changes, and currently known facts.

In 2002, the College elected an early implementation of a dramatic change in governmental financial reporting, Government Accounting Standards Nos. 34 and 35. The format and purpose of these changes are addressed in the notes to the financial statements and reflect on and explain the effects and results of these changes. In 2003, the College expanded this report to include the requirements of the Government Finance Officers Association guidelines for a Comprehensive Annual Financial Report (CAFR). We believe this presentation will provide more comprehensive information to the user as part of the College's effort toward increased accountability.

Mission Statement

Triton College is committed to student success through institutional and academic excellence, and providing a student-centered, lifelong learning environment for our diverse community.

Vision Statement

Triton College is a model of teaching excellence and student success. We are a community college that embraces the educational, training, and personal development needs of the diverse communities we serve through innovation in our programs and approach to learning.

Core Values

The Core Values of Triton College are Integrity, Communication, Excellence, Teamwork and Service.

General

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB), National Association of College and University Business Officers (NACUBO) and the Illinois Community College Board (ICCB). The ICCB requires accounting by funds in order 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

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Letter of Transmittal

been reduced to a legal obligation to pay. The notes to the financial statements expand and explain the financial statements and the accounting principles applied. The independent public accountants, Crowe LLP, have audited the College's financial statements. Their report is included as part of the financial presentation.

Economic Condition and Outlook

Triton College is a comprehensive community college that serves 25 towns in the near western suburbs of Chicago. The district encompasses 63 square miles and includes approximately 333,000 residents. The district is made up primarily of single-family residences, office buildings, hotels, regional and local shopping areas, light manufacturing and, therefore, is insulated from major changes in the economy. It is located just southeast of O'Hare airport.

Strategic Plan

Fiscal year 2018 marked the college's fourth year of its strategic plan, which is designed to drive holistic planning at the institution by integrating the college's governance, operations, and budgeting. Triton College's strategy for fulfilling its mission centers around three focus areas: increasing college readiness; improving completion; and closing skill gaps. This strategy aligns with the 21st-Century Commission on the Future of Community College report "Reclaiming the American Dream," and will guide our work through fiscal year 2021.

Increasing College Readiness

By 2020, Triton College aims for 80% of students to enter the college prepared for college-level work by placing in credit bearing course work in at least two of the following three areas: reading, writing, and math. To achieve this goal, we focused on six distinct actions in fiscal year 2018:

- Partner with in-district high schools to offer college readiness coursework to students prior to their graduation from high schools;
- Increase student-to-student mentorship opportunities through programs that target low-performing K-14 populations;
- Develop a comprehensive dual enrollment program;
- Improve and expand partnerships with local and regional educational institutions at the K-12 and university level;
- Improve service for internal and external constituents; and
- Implement and scale the Math Up program, a college readiness model designed to decrease the number of semesters that college-readiness students must spend in non-credit course work.

Each of these activities is designed to reach students prior to or immediately upon entering Triton College to ensure that they have the skills necessary to enroll in college-level course work and succeed. Through the implementation of these actions, Triton College seeks to lead a coalition of educational and community partnerships that create a collaborative educational footprint in the local community and address inhibitors that impact student access or equity.

The college's innovative efforts in this focus area include its iLaunch math program and lab for developmental math students. The impact of these efforts is reflected in its college readiness mathematics placement rate, which increased from 29 percent in fiscal year 2017 to 35 percent in fiscal year 2018. The college will continue to support the growth of the iLaunch program in fiscal year 2019.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Letter of Transmittal

Improving Completion

Triton College will improve college completion by identifying and scaling best practices and restructuring support services with an emphasis on at-risk and low-performing populations and first-year students. To achieve this goal, we focused on 7 completion-centered actions in fiscal year 2018:

- Improve graduate success tracking;
- Scale existing support programs;
- Research, develop, and implement pathways to completion for academic programs;
- Develop a research-based first year experience;
- Offer professional development regarding at-risk student needs;
- Enhance tutoring services; and
- Implement comprehensive academic planning.

Each of these activities is designed to provide our diverse student population with academic offerings and support services that help them complete their academic goals. Through the implementations of these actions, Triton College seeks to provide students with start-to-finish guidance and support from peers, faculty, and staff, implement strategies that offer accelerated timelines to obtain academic credentials, close the student achievement gap by identifying and meeting the needs of at risk and low performing populations, and redesign institutional processes to remove barriers to student completion.

The college's graduation rate, a long-term indicator, is beginning to reflect the effect of the college's completion efforts. Triton's graduation rate increased from 15 percent in fiscal year 2017 to 18 percent in fiscal year 2018, exceeding its benchmark goal. The college's retention rate, a shorter-term indicator, increased from 58 percent in fiscal year 2017 to 63 percent in fiscal year 2018. The college hopes to continue its improvement to these rates with retention and completion efforts such as first-year experience, academic planning, and guided pathways.

Closing Skill Gaps

Triton College will close skill gaps in the occupational workforce by aligning college programming and curriculum with regional and global workforce needs and by developing educational pathways that include accelerated and competency-based approaches. To achieve this goal, we focused on four actions in fiscal year 2018:

- Create opportunities for direct interaction with the business community to ensure consistent feedback on industry alignment and enhance collaboration with the local occupational community;
- Increase student internship opportunities;
- Identify gaps in career and technical education curriculum; and
- Enhance and expand online course offerings.

Each of these activities is designed to ensure that Triton College offers programming that both meets the needs of the regional and global workforce and positions its graduates to achieve their educational and occupational goals upon completion of their time at Triton. Through the implementation of these actions, Triton College seeks to engage employers and industry leaders in cooperative partnerships that create educational programming in alignment with workforce needs, coordinate a coalition of business, government, and industry leaders that drives regional economic development, and create stackable credentials, earn-and-learn models, and competency-based programming that meets regional and global workforce needs.

For the first time since the start of this strategic plan, the data reflects a decrease in credit headcount for online enrollment, as well as a decrease in the number of completers and number of degrees and certificates awarded

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Letter of Transmittal

between fiscal years 2017 and 2018. To rejuvenate work in this area, the college has added a new action to this focus area for fiscal year 2019 that will focus on imbedding soft skills training for students into program curricula.

In conclusion, Triton College's institutional strategy to increase college readiness, improve college completion, and close skill gaps will guide our work and produce measurable results that reflect ongoing improvement. This collaborative effort with our community drives the achievement of the college's mission by supporting student success through institutional and academic excellence and providing a student-centered, lifelong learning environment for our diverse community.

Long Term Financial Planning

In Fiscal Year 2018 the College issued \$3.7 million in Debt Certificates to purchase new land. In Fiscal Year 2015, the College issued \$53.5 million in general obligation bonds for a number of campus renewal projects. The College intends to use a portion of the Base operating grant for repayment of the bonds. The College has consequently reduced reliance on capital leases to purchase equipment.

Internal Control

Management of the College is responsible for establishing and maintaining an internal control structure. It is designed to protect the assets of the College, prevent loss from theft or misuse, and 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 control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a 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.

Activities of the following fund groups and individual funds are included in the annual budget.

<u>Fund Group</u>	<u>Fund</u>
Unrestricted	Education
	Operations and Maintenance of Plant
	Auxiliary Enterprises
	Liability, Protection, and Settlement
	Audit
	Social Security/Medicare
Restricted – Other	Restricted Purposes
	Working Cash
	Trust and Agency
	Loan
Restricted Capital Projects	Operations and Maintenance (Restricted)

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Letter of Transmittal

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 this report, the College continues to meet its responsibility for sound financial management.

Other Information

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of achievement for Excellence in Financial Reporting to Triton College for its comprehensive annual financial report for the fiscal year ended June 30, 2017. 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 financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Independent Audit

State statutes require an annual audit by independent certified public accountants. The College's board of trustees approved the accounting firm of Crowe, LLP. The independent auditor's report on the financial statements and schedules is included in the financial section of this report.

Acknowledgments

The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

/s/ Sean Sullivan

Sean Sullivan
Vice President Business Services

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Principal Officials

Year ended June 30, 2018

Board of Trustees

	<u>Position</u>	<u>Term expires</u>
Mark Stephens	Chairman	2021
Donna L. Peluso	Vice Chairwoman	2023
Diane Viverito	Secretary	2019
Luke Casson	Trustee	2021
Glover Johnson	Trustee	2019
Elizabeth Potter	Trustee	2023
Jay Reyes	Trustee	2019
Erendira Garcia	Student Trustee	2019

Officers of the College

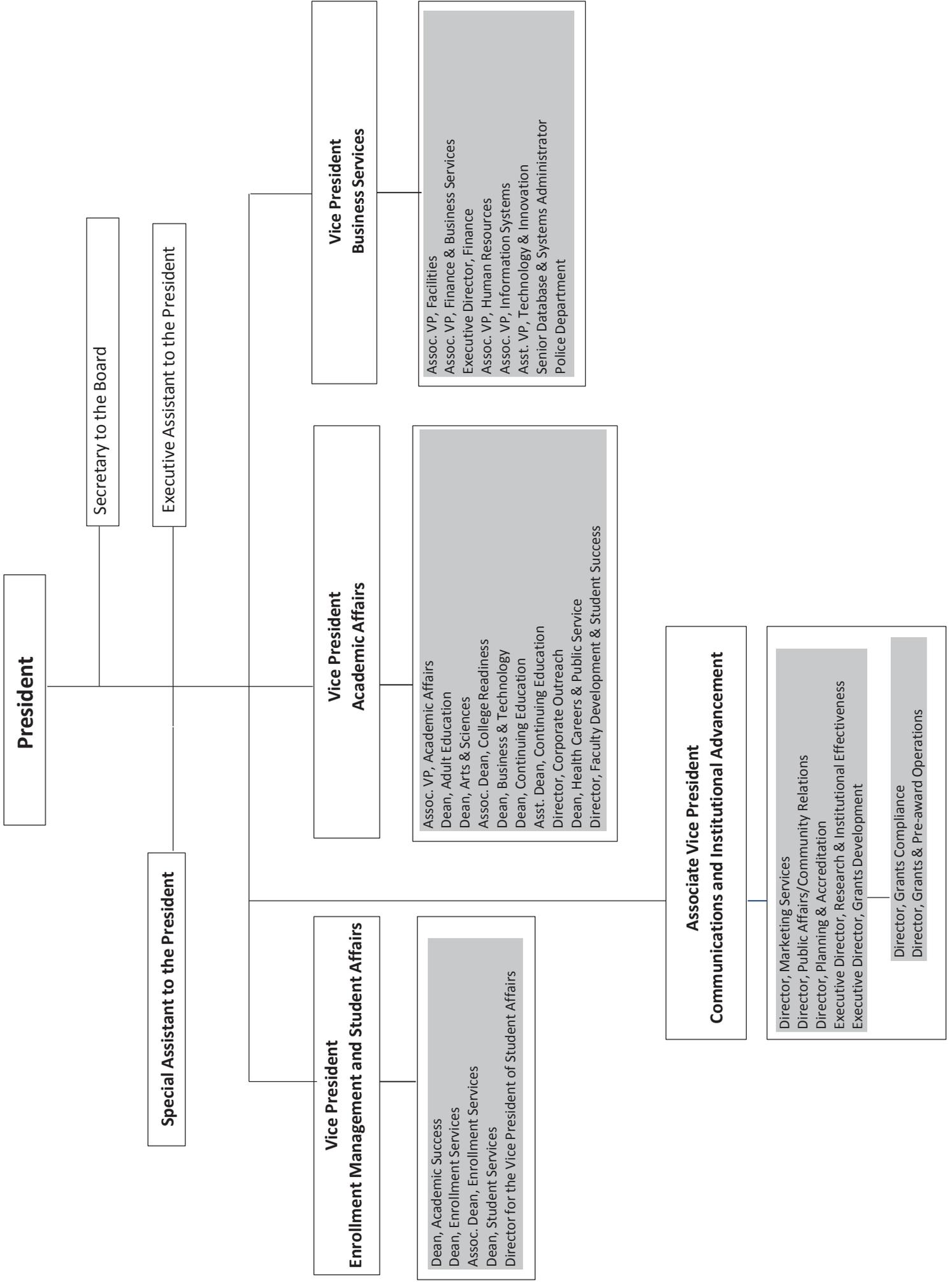
Mary-Rita Moore	President
Sean Sullivan	Vice President, Business Services
Vacant	Vice President, Enrollment Management and Student Affairs
Debra Baker	Vice President, Academic Affairs

Prepared By

Sean Sullivan	Vice President, Business Services
Garrick Abezetian	Associate Vice President of Finance and Business Services
James Reynolds	Executive Director, Finance
Sum Ming Lau	Assistant Director, Finance

Division Issuing Report

Business Services





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Triton Community College
District #504, Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morrill

Executive Director/CEO

Independent Auditor's Report

The Board of Trustees
Triton College – Community College District No. 504:

Report on the Financial Statements

We have audited the accompanying financial statements of Triton College – Community College District No. 504 (the 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 College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College'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 Triton College – Community College District No. 504, as of June 30, 2018 and 2017, and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 16 to the financial statements, in June 2015 the GASB issued GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." Statement 75 is effective for the College's fiscal year ending June 30, 2018. This Statement replaces the requirements of Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions". Statement 75 establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources and expenses as well as identified the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosures and required supplementary information requirements about defined benefit OPEB also are addressed. As a result, net position was restated as of July 1, 2017 by (\$30,056,413), for the cumulative effect of the application of this pronouncement. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The introductory section, statistical section, and the special reports section included as schedules 1 through 6 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The special reports section information included in schedules 1 through 6 is required by the Illinois Community College Board and is presented on the modified accrual basis of accounting.

The special reports section information included in schedules 1 through 5 is the responsibility of management and was derived from and relates 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 special reports section information included in schedules 1 through 5 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the statistical section, and the special reports section information included in schedule 6 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.

Report on Other Legal and Regulatory Requirements

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


Crowe LLP

October 5, 2018
Oak Brook, Illinois

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

This section of Triton College's annual financial report presents a discussion and analysis of the College's financial performance during the fiscal years ended June 30, 2018 and 2017. Please read management's discussion and analysis (MD&A) in conjunction with the College's financial statements, which follow this section.

Financial Highlights Fiscal Year 2018

Total operating revenues were \$18,666,347 and total operating expenses were \$100,560,544 for the year ended June 30, 2018. The difference resulted in an operating loss of \$81,894,197.

Net non-operating revenue of \$79,566,612 for the year ended June 30, 2018, partially offset the operating loss and resulted in an overall decrease in net position of \$2,327,585. Net non-operating revenue included local property taxes of \$27,594,211, state appropriations of \$38,549,691, federal grants and contracts of \$14,742,834, local grants and contracts of \$414,991, and net investment income of \$295,316, offset by interest expense of \$2,030,431.

Operating revenue accounted for 19% of the College's total revenue and non-operating revenue accounted for 81% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$16,629,194 and auxiliary enterprise revenues totaling \$2,037,153.

Overall, net position decreased \$2,327,585. Total net position decreased from the restated \$33,571,541 at beginning of the year to \$31,243,956 at the end of the year.

In fiscal year 2018 the College implemented Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, of the Governmental Accounting Standards Board. Also referred to as GASB 75. The most significant effect of the College's implementation of the standard was the reporting of net postemployment benefit liabilities in the government-wide statement of net position. Previously, in accordance with generally accepted accounting principles, the College reported roughly similar measures – unfunded actuarial accrued liabilities – as required supplementary information (i.e., not on the face of the government-wide statement of net position).

The recognition of net other post-employment benefit liabilities resulted in the net position at the beginning of fiscal year 2018 to be reduced from \$63,627,954 to 33,571,541. This is a \$30,056,413 decrease to the College's net position.

Financial Highlights Fiscal Year 2017

Total operating revenues were \$18,839,459 and total operating expenses were \$93,505,164 for the year ended June 30, 2017. The difference resulted in an operating loss of \$74,665,705.

Net non-operating revenue of \$68,003,474 for the year ended June 30, 2017, partially offset the operating loss and resulted in an overall decrease in net position of \$6,662,231. Net non-operating revenue included local property taxes of \$28,053,373, state appropriations of \$27,312,006, federal grants and contracts of \$13,321,997, local grants and contracts of \$584,872, and net investment income of \$296,276, offset by interest expense of \$1,565,050.

Operating revenue accounted for 21% of the College's total revenue and non-operating revenue accounted for 79% of the College's total revenue, which was a 1% shift from operating revenue to non-operating revenue compared to fiscal year 2016. Operating revenue consisted of tuition and fees net of scholarships totaling \$17,380,252 and auxiliary enterprise revenues totaling \$1,459,207.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Overall, net position decreased \$6,662,231. Total net position decreased from \$70,290,185 at the beginning of the year to \$63,627,954 at the end of the year.

Overview of the Financial Statements

This financial report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and the notes to the financial statements.

The financial statements provide both long-term and short-term information about the College's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of other supplementary information that further explains and supports the information in the financial statements.

The College's financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. Under this basis of accounting, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the statements of revenues, expenses, and changes in net position. All assets and liabilities associated with the operation of the College are included in the statements of net position.

The statement of net position reports the College's net position. Net position, the difference between the College's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the College's financial health or position. The change in the College's net position during 2018 and 2017 is an indicator of the change in assets acquired less assets consumed.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Net Position

The following table summarizes the College's assets, liabilities, deferred inflows of resources, and net position as of June 30, 2018, 2017, and 2016:

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease) '18 - '17</u>	<u>2016</u>	<u>Increase (decrease) '17 - '16</u>
	(Dollars in thousands)				
Current assets	\$ 50,031	\$ 44,905	\$ 5,126	\$ 37,455	\$ 7,450
Restricted assets	3,059	10,159	(7,100)	31,341	(21,182)
Other noncurrent assets	-	63	(63)	66	(3)
Capital assets	159,080	152,540	6,540	140,455	12,085
Less accumulated depreciation	(67,649)	(64,066)	(3,583)	(59,850)	(4,216)
Capital assets, net	<u>91,431</u>	<u>88,474</u>	<u>2,957</u>	<u>80,605</u>	<u>7,869</u>
Total assets	<u>144,521</u>	<u>143,601</u>	<u>920</u>	<u>149,467</u>	<u>(5,866)</u>
Deferred outflows: OPEB	<u>725</u>	-	<u>725</u>	<u>12,939</u>	<u>(12,939)</u>
Current liabilities	14,945	16,450	(1,505)	13,992	2,458
Long-term liabilities	<u>83,033</u>	<u>50,430</u>	<u>32,603</u>	<u>52,246</u>	<u>(1,816)</u>
Total liabilities	<u>97,978</u>	<u>66,880</u>	<u>31,098</u>	<u>66,238</u>	<u>642</u>
Deferred inflows: property taxes	<u>13,486</u>	<u>13,093</u>	<u>393</u>	<u>12,939</u>	<u>154</u>
Deferred inflows: OPEB	<u>2,538</u>	-	<u>2,538</u>	-	-
Net position:					
Net investment in capital assets	40,278	38,739		49,352	(10,613)
Restricted	16,262	16,394	(132)	17,089	(695)
Unrestricted	<u>(25,296)</u>	<u>8,495</u>	<u>(33,791)</u>	<u>3,849</u>	<u>4,646</u>
Total net position	<u>\$ 31,244</u>	<u>\$ 63,628</u>	<u>\$ (32,384)</u>	<u>\$ 70,290</u>	<u>\$ (6,662)</u>

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

The College had a current ratio of 3.35 and 2.73 times at June 30, 2018 and 2017, respectively. The current ratio is total current assets divided by total current liabilities. This means that for every dollar of current liabilities the College has \$3.35 in current assets. This ratio is one indicator of the College's ability to pay its debts as they become due. The increase in the current ratio in fiscal year 2018 compared to fiscal year 2017 is primarily due to the increase of investments in certificates of deposits, and less outstanding accounts payable at June 30, 2018.

The decrease in net position at June 30, 2018 was \$2.3 million. The loss was a direct result of recording \$2.6 million in expense in fiscal year 2018 for the State of Illinois College Insurance Plan.

Changes in Net Position - Revenues

The following table summarizes the College's revenues for the years ended June 30, 2018, 2017, and 2016:

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease) '18 - '17</u>	<u>2016</u>	<u>Increase (decrease) '17 - '16</u>
	(Dollars in thousands)				
Revenues:					
Operating:					
Student tuition and fees	\$ 28,049	\$ 27,517	\$ 532	\$ 27,850	\$ (333)
Less scholarships	(11,420)	(10,137)	(1,283)	(10,755)	618
Net tuition and fees	<u>16,629</u>	<u>17,380</u>	<u>(751)</u>	<u>17,095</u>	<u>285</u>
Auxiliary enterprise	<u>2,037</u>	<u>1,459</u>	<u>578</u>	<u>1,299</u>	<u>160</u>
Total operating revenues	<u>18,666</u>	<u>18,839</u>	<u>(173)</u>	<u>18,394</u>	<u>445</u>
Nonoperating:					
Local property taxes	27,594	28,053	(459)	27,012	1,041
State appropriations	38,550	27,312	11,238	24,049	3,263
Federal and local grants	15,158	13,908	1,250	14,268	(360)
Interest, net	<u>(1,735)</u>	<u>(1,269)</u>	<u>(466)</u>	<u>329</u>	<u>(1,598)</u>
Total nonoperating revenues	<u>79,567</u>	<u>68,004</u>	<u>11,563</u>	<u>65,658</u>	<u>2,346</u>
Total revenues	<u>\$ 98,233</u>	<u>\$ 86,843</u>	<u>\$ 11,390</u>	<u>\$ 84,052</u>	<u>\$ 2,791</u>

Year ended June 30, 2018

Total operating and non-operating revenues for fiscal year 2018 was \$98.2 million. This was \$11.4 million more than fiscal year 2017. Significant variances include the following:

Student tuition and fees totaled \$28 million which is \$532 thousand more than the prior year. The increase is primarily due to a \$5 increase in tuition and increased continuing education revenue.

Tuition and Fees paid by scholarships is reported as non-operating revenue from the source from which it is received. Therefore, scholarships are recognized as a reduction of tuition and fees to eliminate the duplication of revenues. Scholarship allowances totaled \$11.4 million, which was \$1.3 million more than fiscal year 2017. The increase in scholarship allowance is primarily due to deferred revenue from fiscal year 2017 for Monetary Award Program (MAP) grants totaling \$1,278,867 that were not recognized until fiscal year 2018 because the State of Illinois not funding MAP grants on a timely basis.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Auxiliary enterprise revenues totaled \$2 million, which was a \$578 thousand increase. Field rentals of the new athletic facilities and indirect cost revenue contributed to the increase in revenue.

Local property taxes totaled \$27,594,211 which was \$459 thousand less than the prior fiscal year. An increase in property tax appeals, decreased Corporate Personal Property Replacement Tax (CCPPRT), and the lack of chargeback revenue all contributed to the decrease in revenue.

State appropriations totaled \$38,549,691 which was \$11.2 million more than fiscal year 2017.

\$5 million of the increase was attributable to an appropriation for fiscal year 2017 that was not received until fiscal year 2018 which was recorded as deferred revenue in fiscal year 2017. Fiscal year 2017 deferred revenue included \$2,712,957 base operating grant, \$1,278,867 MAP funds, \$421,940 CTE grant, \$264,760 performance grant, \$284,972 State basic grant, and \$19,530 Illinois Veterans grant.

State University Retirement System (SURS) appropriations totaled \$23.2 million. The Base operating grant for fiscal year 2018 (excluding the deferred revenue from 2017 that was recognized in fiscal year 2018) was \$4 million, MAP was \$1.9 million, Adult Ed grants totaled \$1.2 million, and other state grants accounted for the balance.

Federal grants and contracts totaled \$14.7 million. Federal grants included Department of Education grants of \$14.1 million, Department of Labor Grants of \$193 thousand, Title III Stem grants totaled \$466 thousand, and other grants accounted for the balance.

Department of Education grants included Pell \$12.4 million, Perkins \$400,700, Adult Education \$434,745, Work Study \$213,586, Federal Supplemental Education Opportunity Grant (SEOG) \$232,943, student support service \$219,264, and other funding.

Year ended June 30, 2017

Total operating and non-operating revenues for fiscal year 2017 was \$86.8 million. This was \$2.8 million more than fiscal year 2016. Significant variances include the following:

Student tuition and fees totaled \$27.5 million which is \$333 thousand less than the prior year. The decrease was primarily due to decreased enrollment. For both fiscal year 2017 and 2016 the in-district cost per credit hour for Baccalaureate, Business occupational, Technical occupational, and remedial development was \$113 plus fees in fiscal year 2017; student service fee \$7, registration fee \$2, technology fee \$6, & auxiliary fee \$1 (all fees are on a per credit hour basis).

Tuition and Fees paid by scholarships is reported as non-operating revenue from the source from which it is received. Therefore, scholarships are recognized as a reduction of tuition and fees to eliminate the duplication of revenues. Scholarship allowances totaled \$10.1 million, which was \$618 thousand less than fiscal year 2016.

Auxiliary enterprise revenues totaled \$1.5 million, which was a \$160 thousand increase. Field rentals of the new athletic facilities is the primary reason for the increase in revenue.

Local property taxes totaled \$28,053,373 which was \$1.0 million more than the prior fiscal year. This increase was primarily due to the continued impact of Rosemount Tax Increment Financing District #1, other new taxable property, and favorable Personal Property Replacement Tax (PPRT) revenue. The consumer price Index (CPI) limiting rate was less than 1%.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

State appropriations totaled \$27,312,006 which was \$3.3 million more than the prior fiscal year. State University Retirement System (SURS) appropriations totaled \$24.5 million which was \$5.8 million more than the prior year. Operating grants totaled \$2.4 million from the State of Illinois stop gap funding. For the second consecutive year the state failed to pass a complete budget in fiscal year 2017. The College used institutional moneys to grant \$1.3 million in Monetary Award Program awards to students. During fiscal year 2017 the State of Illinois did not make an appropriation of MAP funds. Also, due to State of Illinois financial issues, legislators continue to discuss the possibility of changing the funding of SURS to the School's local taxing district.

Federal grants and contracts totaled \$13.3 million which was \$580 thousand less than the prior year. Federal grants included Department of Education grants of \$13.0 million, Department of Labor Grants of \$162 thousand, and other grants accounted for the balance.

Department of Education grants included Pell \$11.4 million, Perkins \$397,803, Adult Education \$552,660, Work Study \$211,980, Federal Supplemental Education Opportunity Grant (SEOG) \$190,000, student support service \$208,165, and other funding.

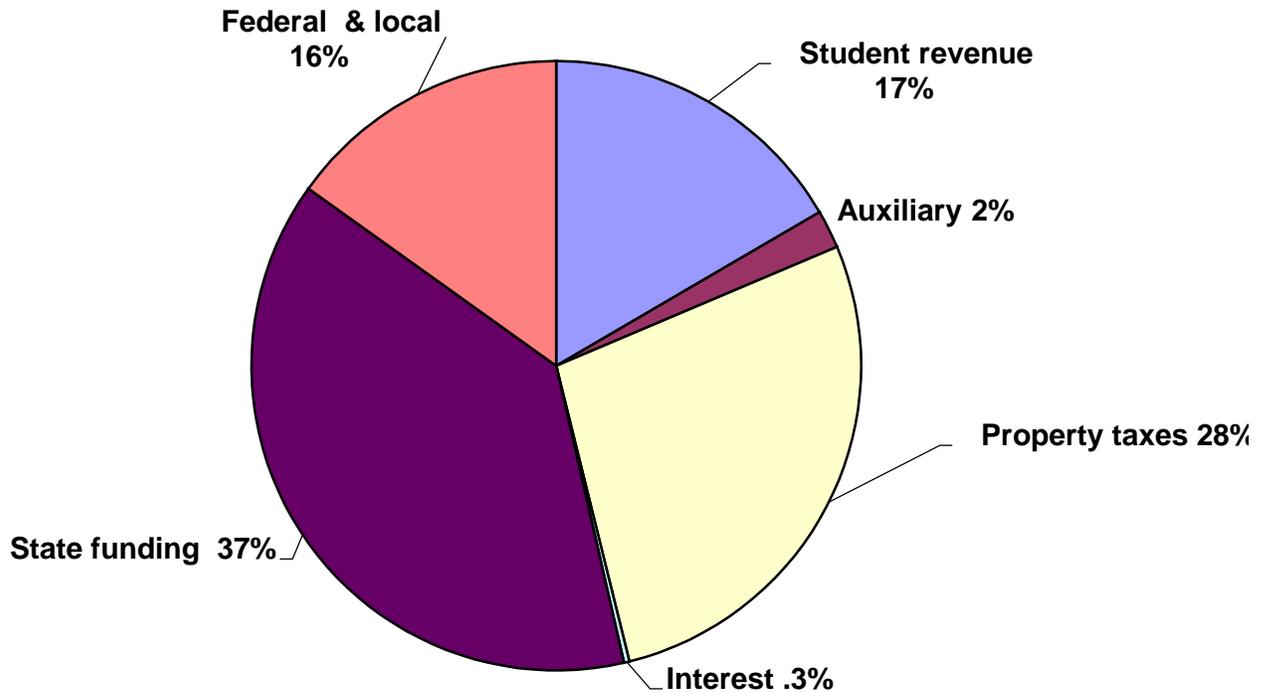
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

The chart below represents all revenue received from both operating and non-operating sources for fiscal year 2018:



The chart above shows that state funding accounted for the largest percentage of the College's revenue at 37%. (due to the funding of SURS). The next highest funding source was property taxes at 28%. Student tuition and fees accounted for 17% of the College's revenue. The chart above shows student tuition net of Pell grants that are reported in Federal sources and State scholarships that are reported in State funding.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Changes in Net Position – Expenses

Year ended June 30, 2018

The following table summarizes the College's expenses for the years ended June 30, 2018 and 2017:

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease) '18 - '17</u>
Operating	(Dollars in thousands)		
Instruction	\$ 33,510	\$ 30,374	\$ 3,136
Academic support	7,571	7,096	475
Student services	8,334	8,007	327
Public service	3,192	2,998	194
Financial aid	6,737	6,320	417
Auxiliary services	<u>3,277</u>	<u>2,973</u>	<u>304</u>
Direct Services	<u>62,621</u>	<u>57,768</u>	<u>4,853</u>
Institutional Support	18,909	18,606	303
O & M of plant	13,160	11,690	1,470
Depreciation	<u>5,870</u>	<u>5,441</u>	<u>429</u>
Indirect Services	<u>37,939</u>	<u>35,737</u>	<u>2,202</u>
Total Operating	<u>100,560</u>	<u>93,505</u>	<u>7,055</u>
Non-operating			
Interest expense	<u>2,030</u>	<u>1,565</u>	<u>465</u>
Total Expenses	<u>\$ 102,590</u>	<u>\$ 95,070</u>	<u>\$ 7,520</u>

Instruction totaled \$32.4 million, which was \$2.01 million more than the prior fiscal year. Instructional salaries totaled \$16.8 million, employee benefits totaled \$1.5 million, SURS on behalf payments totaled \$10.2 million, GASB 75 OPEB expense totaled \$1.2 million, State OPEB on behalf payments totaled \$1.1 million, other contractual \$1.3 million, and general materials and supplies totaled \$0.9 million, meeting expense, professional development, and other expenses account for the balance.

Academic support totaled \$7.3 million which was \$240 thousand more than the prior fiscal year. Salaries totaled \$3.5 million, employee benefits totaled \$488,770, SURS on behalf payments totaled \$2.1 million, GASB 75 OPEB expense totaled \$250 thousand, State OPEB on behalf payments totaled \$234 thousand, other contractual services totaled \$264,231, materials and supplies totaled \$535,622, meeting expense, professional development, and other expenses account for the balance.

Student Services totaled \$8.1 million, which was an increase of \$44 thousand from the prior fiscal year. Salaries totaled \$4.3 million, employee benefits totaled \$618 thousand, SURS on behalf payments totaled \$2.6 million, GASB 75 OPEB expense totaled \$286 thousand, State OPEB on behalf payments totaled \$283 thousand, other contractual services, materials and supplies, meeting expense, professional development, and other expenses account for the balance.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Public services totaled \$3.1 million, which was a \$94 thousand increase from the prior fiscal year. Salaries totaled \$1.5 million, employee benefits totaled \$96 thousand, SURS on behalf payments totaled \$912 thousand, GASB 75 OPEB expense totaled \$107 thousand, State OPEB on behalf payments totaled \$100 thousand, other contractual services totaled \$375 thousand, materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Operations and Maintenance totaled \$12.9 million, which was \$1.2 million more than the prior fiscal year. Salaries totaled \$4.1 million, employee benefits totaled \$770 thousand, SURS on behalf payments totaled \$2.5 million, GASB 75 OPEB expense totaled \$294 thousand, State OPEB on behalf payments totaled \$276 thousand, other contractual \$2.4 million, materials and supplies totaled \$1.2 million, utilities totaled \$1.7 million, meeting expense, professional development, and other expenses account for the balance. Campus security expenditures totaling \$1.2 million is included in the operations and maintenance object summations.

Auxiliary Services totaled \$3.2 million, which was an increase of \$214 thousand from the prior fiscal year. Salaries totaled \$1.3 million, employee benefits totaled \$239 thousand, SURS on behalf payments totaled \$817 thousand, GASB 75 OPEB expense totaled \$96 thousand, State OPEB on behalf payments totaled \$90 thousand, and other contractual services totaled \$128 thousand. Materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Institutional Support totaled \$18.5 million, which was \$144 thousand less than the prior year. Salaries totaled \$6.6 million, employee benefits totaled \$2.8 million, SURS on behalf payments totaled \$4.1 million, GASB OPEB expense totaled \$386 thousand, and State OPEB on behalf payments totaled \$447 thousand. Materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Depreciation expense totaled \$5.9 million, which was 5.8% of total operating expenses.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Year ended June 30, 2017

The following table summarizes the College's expenses for the years ended June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>	<u>Increase (decrease) '17 - '16</u>
Operating	(Dollars in thousands)		
Instruction	\$ 30,374	\$ 28,879	\$ 1,495
Academic support	7,096	5,962	1,134
Student services	8,007	7,886	121
Public service	2,998	2,909	89
Financial aid	6,320	6,047	273
Auxiliary services	<u>2,973</u>	<u>2,681</u>	<u>292</u>
Direct Services	<u>57,768</u>	<u>54,364</u>	<u>3,404</u>
Institutional Support	18,606	16,142	2,464
O & M of plant	11,690	14,443	(2,753)
Depreciation	<u>5,441</u>	<u>5,797</u>	<u>(356)</u>
Indirect Services	<u>35,737</u>	<u>36,382</u>	<u>(645)</u>
Total Operating	<u>93,505</u>	<u>90,746</u>	<u>2,759</u>
Non-operating			
Interest expense	<u>1,565</u>	<u>8</u>	<u>1,557</u>
Total Expenses	<u>\$ 95,070</u>	<u>\$ 90,754</u>	<u>\$ 4,316</u>

Instruction totaled \$30.4 million, which was \$1.5 million more than the prior fiscal year. Direct instructional salaries totaled \$16.4 million, employee benefits totaled \$1.4 million, SURS on behalf payments totaled \$10.6 million, other contractual \$1.1 million, and general materials and supplies totaled \$0.7 million, meeting expense, professional development, and other expenses account for the balance.

Academic support totaled \$7.1 million, which was \$1.1 million more than the prior year. Salaries totaled \$3.5 million, employee benefits totaled \$456,805, SURS on behalf payments totaled \$2.2 million, other contractual services totaled \$259,969, materials and supplies totaled \$561,912, meeting expense, professional development, and other expenses account for the balance.

Student Services totaled \$8.0 million, which was an increase of \$121 thousand from the prior fiscal year. Salaries totaled \$4.5 million, employee benefits totaled \$533 thousand, SURS on behalf payments totaled \$2.9 million, other contractual services, materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Public services totaled \$3.0 million, which was an \$89 thousand increase from the prior fiscal year. Salaries totaled \$1.5 million, employee benefits totaled \$81 thousand, SURS on behalf payments totaled \$948 thousand, other contractual services totaled \$422 thousand, materials and supplies, meeting expense, professional development, and other expenses account for the balance.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

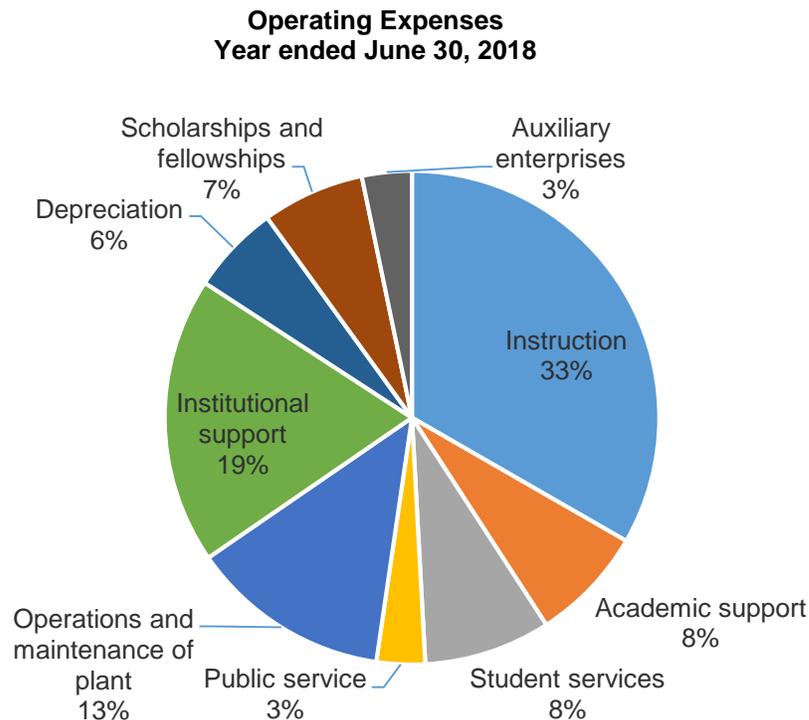
(Unaudited)

Operations and Maintenance totaled \$11.7 million, which was \$2.8 million less than the prior fiscal year. Salaries totaled \$4.1 million, employee benefits totaled \$974 thousand, SURS on behalf payments totaled \$2.6 million, other contractual \$2.3 million, materials and supplies totaled \$1.1 million, utilities totaled \$1.5 million, meeting expense, professional development, and other expenses account for the balance. Campus security expenditures totaling \$1.5 million is included in the operations and maintenance object summations.

Auxiliary Services totaled \$3.0 million, which was an increase of \$292 thousand from the prior fiscal year. Salaries totaled \$1.3 million, employee benefits totaled \$291 thousand, SURS on behalf payments totaled \$833 thousand, and other contractual services totaled \$102 thousand. Materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Institutional Support totaled \$18.6 million, which was \$2.5 million more than the prior year. Salaries totaled \$6.8 million, employee benefits totaled \$2.7 million, SURS on behalf payments totaled \$4.4 million. Materials and supplies, meeting expense, professional development, and other expenses account for the balance.

Depreciation expense totaled \$5.4 million, which was 5.8% of total operating expenses.



Direct services to students accounted for 62% of total expenses. Services utilized by students include Instruction at 33%, Academic support at 8%, Student services at 8%, Public service at 3%, Financial aid at 7%, and Auxiliary services at 3%. Indirect services to students accounted for 38% of total expenses. Indirect services to students include Operations and maintenance at 13%, Institutional support at 19%, and Depreciation at 6%.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Change in Net Position

Year ended June 30, 2018

In fiscal year 2018, Net position decreased from \$33.6 million (as restated) at the beginning of the year to \$31.2 million at the end of the year.

	<u>2018</u>	<u>2017</u>	<u>2016</u>
Increase (decrease) in net position	\$ (2,327,585)	\$ (6,662,231)	\$ (6,693,376)
Prior year restatement	(30,056,413)	-	-
Net position at the beginning of the year	63,627,954	70,290,185	76,983,561
Net position at the end of the year	<u>\$ 31,243,956</u>	<u>\$ 63,627,954</u>	<u>\$ 70,290,185</u>

The Implementation of GASB 75 had a \$32,686,175 overall negative effect on fiscal year 2018 net position: \$2,629,762 decrease in net position in the current year and \$30,056,413 prior year restatement.

Capital Asset and Debt Administration

The table below summarizes the changes in capital assets and debt from fiscal years 2018, 2017, and 2016:

	<u>2018</u>	<u>2017</u>	<u>Increase (decrease) '18- '17</u>	<u>2016</u>	<u>Increase (decrease) '17 - '16</u>
	(Dollars in thousands)				
Capital Assets					
Land	\$ 7,653	\$ 3,961	\$ 3,692	\$ 3,961	\$ -
Construction in progress	4,712	13,243	(8,531)	3,575	9,668
Land improvements	32,107	30,962	1,145	30,217	745
Building and improvements	94,352	84,298	10,054	82,089	2,209
Furniture and equipment	20,161	20,004	157	19,737	267
Capital Leases	95	71	24	875	(804)
Total	<u>159,080</u>	<u>152,539</u>	<u>6,541</u>	<u>140,454</u>	<u>12,085</u>
Less accumulated depreciation	<u>(67,649)</u>	<u>(64,065)</u>	<u>(3,584)</u>	<u>(59,849)</u>	<u>(4,216)</u>
Net capital assets	<u>\$ 91,431</u>	<u>\$ 88,474</u>	<u>\$ 2,957</u>	<u>\$ 80,605</u>	<u>\$ 7,869</u>
Capital Liabilities					
General obligation bonds	\$ 48,099	\$ 49,958	\$ (1,859)	\$ 51,759	\$ (1,801)
Debt Certificate, Series 2017	3,687	-	3,687	-	-
Capital Leases	55	58	(3)	121	(63)
Total	<u>\$ 48,154</u>	<u>\$ 50,016</u>	<u>\$ (1,862)</u>	<u>\$ 51,880</u>	<u>\$ (1,864)</u>

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Year ended June 30, 2018

Capital assets for fiscal year 2018 included purchasing new land, equipment, and investments in building improvements including but not limited to the following items:

The most significant acquisition was the purchase of 8.3 acres of new land. The new property is located contiguous to the college campus, and will be used for future expansion of College programs.

Equipment included items for direct instruction and support services. Items purchased included but were not limited to smart boards, copiers, bench top sterilizer equipment, micro-plate reader, AC analyzer, floor scrubbers, a golf cart with ambulance package, electric oven, heavy duty range, abrasive blast system, and a fluorescent cell imager.

Construction funded by the general obligation bonds included projects such as the R building interior construction, B building 1st and 2nd floor, student space renovations in the A, D, G, L, M and R buildings. Institutionally funded construction included projects such as replacing the D building roof, restoration of the pavilion roof, remodel of Adult Education and Career Service office space, a new M building learning lab, renovating the lower level running track in the R building, as well as improvements to the M building chiller, campus underground water pipes, the COGEN electrical generation system, and the video camera security system.

Year ended June 30, 2017

Capital assets for fiscal year 2017 included investments in building improvements and purchase of equipment included the following items:

Equipment included items for direct instruction and support services. Some items purchased included lab equipment and other items for the classroom, service vehicles including a used 2007 Ford 150 Truck and 2008 Ford E-250 Econline Van, a new copier, automotive training equipment including a wheel aligner, and auto refrigerant machine, as well as a hospitality refrigerated bakery merchandiser. A significant investment in fitness equipment was purchased for the newly remodeled fitness center. Construction was primarily funded by the general obligation bonds and included projects such as the east campus multiuse lighting, R building interior construction, Greenhouse construction, D building Science labs, & B Building renovation,

See footnotes 3 and 4 in the Notes to the Financial Statements for more detailed information on capital assets and debt.

Debt Certificate, Series 2017

In fiscal year 2018 the College issues \$3.7 million Debt Certificate. The Debt Certificate was issued to provide financing of purchasing to purchase the property located at 1701 N. River Road, Melrose Park IL which was previously used as a gold driving range.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Management's Discussion and Analysis

June 30, 2018 and 2017

(Unaudited)

Triton's Financial Management

This financial report is designed to provide the College's Board of Trustees, State Officials, Legislature, patrons, and other interested parties with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Sean Sullivan at (708) 456-0300.

Other

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

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Statements of Net Position
June 30, 2018 and 2017

Assets and Deferred Outflows	2018	2017
Current assets:		
Cash (note 2)	\$ 4,847,949	\$ 3,467,723
Certificates of deposit (note 2)	11,597,053	7,472,816
Investment in The Illinois Funds (note 2)	9,709,711	10,659,602
Receivables, net:		
Property and corporate personal property taxes	12,327,164	12,419,383
Government claims	4,056,282	3,229,746
Tuition and fees, net	6,847,692	6,848,530
Other	261,765	354,702
Inventories and prepaid expenses	383,677	452,312
Total current assets	50,031,293	44,904,814
Noncurrent assets:		
Restricted cash	1,399,377	1,110,158
Restricted certificates of deposit (note 2)	361,434	5,359,021
Restricted Illinois Funds, ISDLA+ mutual fund (note 2)	1,298,373	214,640
Restricted U.S. guaranteed securities (note 2)	-	3,475,523
Student loans	-	62,507
Capital assets not being depreciated	12,364,409	17,204,327
Depreciable capital assets, net (note 3)	79,066,197	71,270,261
Total noncurrent assets	94,489,790	98,696,437
Total assets	144,521,083	143,601,251
Deferred outflows:		
State of Illinois College OPEB - College Insurance Plan	725,010	-
Total deferred outflows	725,010	-
Liabilities and Deferred Inflows		
Current liabilities:		
Accounts payable	1,065,139	2,465,323
Accrued salary and vacation (note 6)	2,966,791	2,574,684
Accrued health care claims (note 9)	341,517	399,110
Unearned revenues		
Tuition and fees	5,726,890	5,746,918
Athletic facilities	674,751	665,127
Current portion of long-term obligations (note 4)	2,068,515	1,897,104
Amounts held in custody for others	703,318	732,904
Other current liabilities	1,398,471	1,969,203
Total current liabilities	14,945,392	16,450,373
Noncurrent liabilities:		
Compensated absences payable (notes 4 and 6)	1,820,637	1,743,615
Due to federal government on student loans (note 4)	164,029	165,869
Capital lease obligations (notes 4 and 10)	55,123	57,779
General obligation bonds (note 4)	51,786,649	49,957,912
Less current portion of long term obligations (note 4)	(2,068,515)	(1,897,104)
Other non-current liabilities	1,813,407	402,056
State of Illinois College OPEB - College Insurance Plan	29,461,982	-
Total noncurrent liabilities	83,033,312	50,430,127
Total liabilities	97,978,704	66,880,500
Deferred inflows:		
Property taxes (note 1)	13,485,581	13,092,797
State of Illinois College OPEB - College Insurance Plan	2,537,852	-
Total deferred inflows	16,023,433	13,092,797
Net Position		
Net position:		
Net investment in capital assets	40,277,873	38,738,784
Restricted for:		
Capital projects	5,779,235	5,911,955
Working cash	10,482,601	10,482,457
Unrestricted	(25,295,753)	8,494,758
Total net position	\$ 31,243,956	\$ 63,627,954

See accompanying notes to financial statements.

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

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	\$ 28,048,704	\$ 27,516,801
Less scholarship allowances	<u>(11,419,510)</u>	<u>(10,136,549)</u>
Net student tuition and fees	16,629,194	17,380,252
Auxiliary enterprise revenues	<u>2,037,153</u>	<u>1,459,207</u>
Total operating revenues	<u>18,666,347</u>	<u>18,839,459</u>
Operating expenses:		
Education and general:		
Instruction	33,510,111	30,373,513
Academic support	7,570,318	7,096,506
Student services	8,334,234	8,007,225
Public service	3,192,413	2,997,726
Operations and maintenance of plant	13,160,270	11,690,269
Institutional support	18,908,995	18,605,535
Depreciation	5,870,395	5,440,751
Scholarships and fellowships	6,737,124	6,320,584
Auxiliary enterprises	<u>3,276,684</u>	<u>2,973,055</u>
Total operating expenses	<u>100,560,544</u>	<u>93,505,164</u>
Operating loss	<u>(81,894,197)</u>	<u>(74,665,705)</u>
Nonoperating revenues (expenses):		
Local property taxes	27,594,211	28,053,373
State appropriations	38,549,691	27,312,006
Federal grants and contracts	14,742,834	13,321,997
Local grants and contracts	414,991	584,872
Net investment income	295,316	296,276
Interest expense	<u>(2,030,431)</u>	<u>(1,565,050)</u>
Total nonoperating revenues (expenses), net	<u>79,566,612</u>	<u>68,003,474</u>
Change in net position	(2,327,585)	(6,662,231)
Net position at the beginning of the year	<u>63,627,954</u>	<u>70,290,185</u>
Change in Accounting Principle (See Note 16)	<u>(30,056,413)</u>	<u>-</u>
Net position at the beginning of the year, as restated	<u>33,571,541</u>	<u>70,290,185</u>
Net position at the end of the year	<u>\$ 31,243,956</u>	<u>\$ 63,627,954</u>

See accompanying notes to financial statements.

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Statements of Cash Flows
Years ended June 30, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Tuition and fees	\$ 16,613,176	\$ 17,346,852
Payments to suppliers and others	(27,356,808)	(23,521,455)
Payments to employees	(37,617,943)	(38,049,049)
Auxiliary enterprise charges	2,050,830	1,510,504
Student loans	62,507	3,500
	(46,248,238)	(42,709,648)
Net cash used in operating activities		
Cash flows from noncapital financing activities:		
Local property taxes	28,079,214	28,220,935
State appropriations	12,368,005	3,821,804
Grants and contracts	14,731,911	13,821,756
Amounts held in custody for others	(29,586)	155,101
	55,149,544	46,019,596
Net cash provided by noncapital financing activities		
Cash flows from capital and related financing activities:		
Principal paid on debt	(1,707,329)	(1,864,598)
Interest paid on debt	(2,033,686)	(3,606,590)
Proceeds from sale of capital assets	7,125	6,652
Purchases of land	(3,691,532)	-
Purchases of capital assets	(8,161,966)	(11,268,392)
Proceeds from Debt Certificate, Series 2017	3,687,400	-
	(11,899,988)	(16,732,928)
Net cash used in capital and related financing activities		
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	67,987,875	37,323,843
Purchase of investments	(63,772,844)	(25,312,672)
Interest on investments	453,096	545,288
	4,668,127	12,556,459
Net cash provided by investing activities		
Net increase (decrease) in cash	1,669,445	(866,521)
Cash, beginning of year	4,577,881	5,444,402
Cash, end of the year	\$ 6,247,326	\$ 4,577,881

(Continued)

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Statements of Cash Flows

Years ended June 30, 2018 and 2017

	2018	2017
Reconciliation of net operating loss to net cash used in operating activities:		
Operating loss	\$ (81,894,197)	\$ (74,665,705)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	5,870,395	5,440,751
State payment for retirement obligation	23,091,626	24,489,325
State payment for OPEB liability	2,553,373	-
Changes in assets and liabilities:		
Receivables (net)	(1,498)	(318,834)
Inventories and prepaid expenses	68,635	(4,451)
Accounts payable	1,426,443	702,591
Accrued salary and vacation	392,107	(13,324)
Accrued health care claims	(57,593)	(83,900)
Compensated absences payable	77,022	32,765
Other accrued liabilities	294,314	1,415,046
Unearned tuition and fees	(21,868)	296,088
Deferred outflows	(584,849)	-
Deferred inflows	2,537,852	-
Net cash used in operating activities	\$ (46,248,238)	\$ (42,709,648)
 Noncash financing activities:		
Construction in progress included in payables	\$ 2,000	\$ 2,833,752
Total noncash financing activities	\$ 2,000	\$ 2,833,752

See accompanying notes to financial statements.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Triton College, Community College District No. 504 (the College), established in 1964 under the Illinois Public Community College Act, provides baccalaureate, vocational, and continuing education courses to 25 towns and villages in the Chicago area. The Board of Trustee members are elected by the residents of the District and are responsible for establishing the policies by which the College is governed.

Reporting Entity: The accompanying financial statements include only the accounts and transactions of the College. Under the criteria specified in Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39, *Determining Whether Certain Organizations are Component Units*, the College has no component units and it is not considered a component unit of any other governmental authority.

The primary criterion for including a potential component unit within the reporting entity under GASB Statement No. 14 and GASB Statement No. 61, *The Financial Reporting Entity – Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, is the financial accountability that the elected officials of the primary government have for the component unit. The criteria used in assessing financial accountability consist of the following: (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body, or (2) if the organization is fiscally dependent on the primary government and there is a potential for the organization either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for the organization. Based on this criteria, the College is not financially accountable for any other organizations.

The Triton College Foundation is a legally separate, tax-exempt organization that acts as a fund raising organization to supplement the resources that are available to the College in support of its programs. The 25 member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the majority of resources, or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors, they are not considered significant to the operations of the College. Accordingly, the Foundation is not reported as a component unit of the College.

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 financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

Cash: Cash is composed of cash on hand and cash in the College's bank account.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments: The Illinois Funds is an external investment pool administered by the Illinois State Treasurer that is recorded at amortized cost. The Illinois School District Liquid Asset Fund is composed of savings deposit accounts that are recorded at cost. U.S. Guaranteed Securities are recorded at fair value. Certificates of deposit are recorded at cost.

Inventories: Inventories are reported at the lower of cost or market on the FIFO (first-in, first-out) basis. Inventories represent items held for resale by the College's Auxiliary Enterprises.

Restricted Cash and Investments: Restricted cash and investments are externally restricted to purchase or construct capital or other non-current assets, and are classified as non-current assets in the statements of net position. A joint trust agreement has been established with the Capital Development Board (CDB) for the renovation of the Technology Building into a state of the art Heath Careers building. The cash balance in the Trust account was \$172,192 at June 30, 2018 and \$171,525 at June 30, 2017, and has been included in the restricted cash.

Capital Assets: Capital assets are reported at cost at the date of acquisition or their estimated acquisition value at the date of donation. For movable property, the College's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets, generally 25 to 40 years for buildings, 10 to 20 years for depreciable improvements and software, 5 years for computer equipment, and 10 years for all other equipment.

Deferred Outflows: Deferred outflows include (1) changes in proportion and differences between College contributions and proportionate share of contributions are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan, determined as of the beginning of the measurement period, and (2) College contributions subsequent to the measurement date which are recognized in the subsequent period.

Deferred Inflows: Deferred inflows include (1) a portion of a tax levy passed that is legally restricted for use in fiscal year 2019. (2) differences between expected and actual experience and changes in OPEB assumptions and are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan, determined as of the beginning of the measurement period, and (3) differences between projected and actual earnings on OPEB plan investments.

Unearned Revenues: Unearned revenues include (1) amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that are related to the subsequent accounting period, and (2) amounts received from grant and contract sponsors that have not yet been earned.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-current Liabilities: Non-current liabilities include (1) principal amounts of bonds payable, greater than one year; (2) the principal amounts of capital lease obligations with contractual maturities greater than one year; (3) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; (4) liabilities associated with the other post employment benefit plan; and (5) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

Bond Premiums and Discounts: Bond premiums and discounts are amortized over the life of the bonds using the effective interest rate method. Long-term obligations (general obligation bonds) are reported net of the applicable bond premium or discount.

Net Position: The College's net position is classified as follows:

Net Investment in Capital Assets – This represents the College's total investment in capital assets, net of accumulated depreciation, and reduced by outstanding debt obligations related to acquisition, construction, or improvement of those capital assets.

Restricted Net Position – Restricted net position include resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.

Restricted Working Cash – Working cash includes resources for the purpose of enabling the College to have on hand at all times sufficient cash to meet the demands for ordinary and necessary expenditures. Working cash funds are subject to restrictions as imposed by the Public Community College Act.

Unrestricted Net Position – Unrestricted net position represent 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.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first and then unrestricted resources when they are needed.

Classification of Operating Revenue and Non-operating Revenue: The College has classified its revenues and expenses as either operating or non-operating according to the following criteria:

Operating Revenue – Operating Revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances and (2) sales and services of auxiliary enterprises.

Non-operating Revenue – Non-operating revenue entails all other activity not included in operating revenues. Non-operating revenue includes transactions such as (1) local property taxes; (2) state appropriations; (3) most federal, state, and local grants and contracts and federal appropriations; and (4) gifts and contributions.

Operating and Non-operating Expenses – The College classifies all expenses as operating in the statement of revenues, expenses, and changes in net position, except for interest expense and losses on disposal of capital assets, which are classified as non-operating.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes: The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the units their respective shares of the collections. Taxes levied in 2017 become due and payable in two installments (March 1 and September 1 of 2018). The first installment is an estimated bill and is one half of the prior year's tax bill. The second installment is based on the current levy, assessment, and equalization. Any changes from the prior year will be reflected in the second installment bill. Taxes must be levied by the last Tuesday in December for the following levy year. The levy becomes an enforceable lien against the property as of January 1 immediately following the levy year.

In accordance with the College Board's resolution, 50% of property taxes extended for the 2017 tax year and collected in 2018 are recorded as revenue in fiscal year 2018. The remaining revenue related to the 2017 tax year extension has been included in the deferred inflows and will be recorded as revenue in fiscal year 2019. Based upon collection histories, the College records real property taxes at 98% of the 2017 extended levy. Additionally, the College has recorded a reserve for property tax appeals of \$856,406 and \$454,905 as of June 30, 2018 and 2017, respectively.

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

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

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the College's OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the State of Illinois Department of Central Management Services Community College Health Insurance Security Fund ("CCHISF") and additions to/deductions from the CCHISF Plan's fiduciary net position have been determined on the same basis as they are reported by the CCHISF Plan. For this purpose, the CCHISF Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

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

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Eliminating Inter-fund Activity: Activities between the College and its auxiliary services are eliminated for purposes of preparing the basic financial statements.

Reclassifications: Certain reclassifications have been made to present last year's financial statements on a basis comparable to the current year's financial statements. These reclassifications had no effect on the change in net position or total net position.

NOTE 2 - INVESTMENTS AND DEPOSITS

Cash: The carrying amount of cash was \$6,247,326 at June 30, 2018 and \$4,577,881 at June 30, 2017, while the bank balances were \$7,640,861 and \$5,539,448 respectively. The difference between the reported cash amount and the bank balance primarily represents outstanding checks and/or deposits in transit that have not cleared the bank. All account balances at banks were either insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized with securities of the U.S. government or with letters of credit issued by the Federal Home Loan Bank held in the College's name by financial institutions acting as the College's agent. FDIC insurance is limited to \$250,000. The College's cash for purposes of this note includes current cash and non-current restricted cash balances as presented on the statement of net position.

Certificates of Deposit: Certificates of deposit amounted to \$11,958,487 at June 30, 2018 and \$12,831,837 at June 30, 2017. The College was fully collateralized at June 30, 2018 and June 30, 2017. In accordance with College policy, the collateral was held with securities of the U.S. government. All investment collateral is held in safekeeping in the College's name by financial institutions acting as the College's agent.

Federal Securities: Securities guaranteed by the U.S. government amounted to \$0 at June 30, 2018, and \$3,475,523 at June 30, 2017.

Investments: The investments that the College may purchase are limited by Illinois law to the following: (1) securities that are fully guaranteed by the U.S. government as to principal and interest; (2) certain U.S. government agency securities; (3) certificates of deposit or time deposits of banks and savings and loan associations that are insured by a federal corporation; (4) short-term discount obligations of the Federal National Mortgage Association; (5) certain short-term obligations of corporations (commercial paper) rated in the highest classifications by at least two of the major rating services; (6) fully collateralized repurchase agreements; (7) the State Treasurer's Illinois and Prime Funds; and (8) money market mutual funds and certain other instruments.

The following schedule reports the reported values and maturities for the College's investments at June 30, 2018 and June 30, 2017:

<u>Investment</u>	<u>June 30, 2018</u>		<u>June 30, 2017</u>	
	<u>Maturity less than 1 year</u>	<u>Maturity 1 to 5 years</u>	<u>Maturity less than 1 year</u>	<u>Maturity 1 to 5 years</u>
State Treasurer's Illinois Funds	\$ 10,043,717	\$ -	\$ 10,786,993	\$ -
ISDLA + Mutual Fund	964,367	-	87,249	-
U.S. Guaranteed Securities	-	-	3,475,523	-
Certificate of Deposits	5,786,434	6,172,053	7,487,732	2,672,053
	<u>\$ 16,794,518</u>	<u>\$ 6,172,053</u>	<u>\$ 21,837,497</u>	<u>\$ 2,672,053</u>

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 2 - INVESTMENTS AND DEPOSITS (Continued)

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

Credit Risk – The College’s general investment policy is to diversify its investments to the best of its ability based on the type of funds invested and the cash flow needs of those funds. The College’s investment policy limits investments in short-term obligations of corporations organized in the United States with assets exceeding \$500,000,000 if (i) such obligations are rated at the time of purchase at one of the three highest classifications established by at least two standard rating services and which mature not later than 180 days from the date of purchase; (ii) such purchased do not exceed 10% of the corporation’s outstanding obligations; and (iii) the obligations are in money market mutual funds registered under the Investment Company Act of 1940.

Credit ratings for the College’s investments in debt securities as described by Standard & Poor’s at June 30, 2018 and 2017 are as follows:

Investment Type	Credit Ratings	2018		2017	
		% of Investment Type	% of Total Investments	% of Investment Type	% of Total Investments
State Treasurer Illinois Funds	AAAm	100%	91%	100%	28%
ISDLA + Mutual Fund	AAA	100%	9%	100%	1%
Federal Home Loan Mortgage Corp. Note	AA+	0%	0%	100%	71%

Concentration of Credit Risk – The College places no limit on the amount that may be invested in any one issuer.

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

The College has no recurring fair value measurements as of June 30, 2018.

The College has the following recurring fair value measurements as of June 30, 2017:

- Federal Home Loan Mortgage Corporation Note maturing 7/28/17 in the amount of \$2,480,322 is valued using a matrix pricing model (Level 2 inputs);
- Federal Home Loan Mortgage Corporation Note maturing 9/29/17 in the amount of \$995,201 is valued using a matrix pricing model (Level 2 inputs)

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2018, was as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2018</u>
Capital assets:				
Not being depreciated:				
Land	\$ 3,961,072	\$ 3,691,532	\$ -	\$ 7,652,604
Construction in-progress	<u>13,243,255</u>	<u>4,896,311</u>	<u>13,427,761</u>	<u>4,711,805</u>
Total not being depreciated	<u>17,204,327</u>	<u>8,587,843</u>	<u>13,427,761</u>	<u>12,364,409</u>
Being depreciated:				
Land improvements	30,962,237	1,145,169	-	32,107,406
Buildings and improvements	84,298,484	12,282,592	2,229,516	94,351,560
Furniture and equipment	17,720,232	213,899	57,352	17,876,779
Capital leases	70,678	24,671	-	95,349
Software	<u>2,284,167</u>	<u>-</u>	<u>-</u>	<u>2,284,167</u>
Total capital assets	<u>152,540,125</u>	<u>22,254,174</u>	<u>15,714,629</u>	<u>159,079,670</u>
Less accumulated				
depreciation for:				
Land improvements	3,079,867	1,370,526	-	4,450,393
Buildings and improvements	45,853,362	3,656,041	2,229,516	47,279,887
Furniture and equipment	14,423,881	663,366	57,352	15,029,895
Capital leases	13,742	28,184	-	41,926
Software	<u>694,685</u>	<u>152,278</u>	<u>-</u>	<u>846,963</u>
Total depreciation	<u>64,065,537</u>	<u>5,870,395</u>	<u>2,286,868</u>	<u>67,649,064</u>
Capital assets, net	<u>\$ 88,474,588</u>	<u>\$ 16,383,779</u>	<u>\$ 13,427,761</u>	<u>\$ 91,430,606</u>

Interest expense of \$472,415 was capitalized in fiscal year 2017. No Interest was capitalized in fiscal year 2018 due to the implementation of GASB 89.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 3 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 1, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Capital assets:				
Not being depreciated:				
Land	\$ 3,961,072	\$ -	\$ -	\$ 3,961,072
Construction in-progress	<u>3,575,014</u>	<u>12,924,305</u>	<u>3,256,064</u>	<u>13,243,255</u>
Total not being depreciated	<u>7,536,086</u>	<u>12,924,305</u>	<u>3,256,064</u>	<u>17,204,327</u>
Being depreciated:				
Land improvements	30,217,398	744,839		30,962,237
Buildings and improvements	82,088,607	2,511,224	301,347	84,298,484
Furniture and equipment	17,452,828	314,950	47,546	17,720,232
Capital leases	875,638	70,678	875,638	70,678
Software	2,284,167	-	-	2,284,167
Total capital assets	<u>140,454,724</u>	<u>16,565,996</u>	<u>4,480,595</u>	<u>152,540,125</u>
Less accumulated				
depreciation for:				
Land improvements	1,755,148	1,324,719	-	3,079,867
Buildings and improvements	42,989,971	3,164,738	301,347	45,853,362
Furniture and equipment	13,800,967	670,460	47,546	14,423,881
Capital leases	760,824	128,556	875,638	13,742
Software	542,407	152,278	-	694,685
Total depreciation	<u>59,849,317</u>	<u>5,440,751</u>	<u>1,224,531</u>	<u>64,065,537</u>
Capital assets, net	<u>\$ 80,605,407</u>	<u>\$ 11,125,245</u>	<u>\$ 3,256,064</u>	<u>\$ 88,474,588</u>

Interest expense of \$472,415 and \$2,074,722 was capitalized in fiscal years 2017 and 2016, respectively. Construction in progress includes \$1,407,930 of interest as of June 30, 2017.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4 - LONG-TERM OBLIGATIONS

The principal amount of debt outstanding is limited to 2.875% of the College's assessed valuation for Community College Districts in the State of Illinois. There was \$51,841,772 and \$50,015,691 of debt outstanding at June 30, 2018 and 2017, respectively. The debt is related to general obligation bonds and the leasing of smart boards, mailing equipment, and servers.

The following schedule is a summary of the changes in all long-term obligations during the year ended June 30, 2018:

	RESTATED				
	Balance July 1, 2017	Additions	Deletions	Balance June 30, 2018	Amounts due within one year
G.O. Bonds, Series 2014	\$ 35,220,000	\$ -	\$ 1,680,000	\$ 33,540,000	\$ 1,730,000
G.O. Bonds, Series 2015	9,985,000	-	-	9,985,000	-
Bond Premiums	4,752,912	-	178,663	4,574,249	-
Total G.O. Bonds	49,957,912	-	1,858,663	48,099,249	1,730,000
Debt Certificate, Series 2017	-	3,687,400	-	3,687,400	100,000
Compensated absences	1,743,615	271,092	194,070	1,820,637	208,299
Due to federal government	165,869	-	1,840	164,029	-
Capital lease obligations	57,779	24,673	27,329	55,123	30,216
OPEB liability State's CIP	28,695,747	766,235	-	29,461,982	-
OPEB liability - College's Plan	1,902,883	70,545	160,021	1,813,407	-
	<u>\$ 82,523,805</u>	<u>\$ 4,819,945</u>	<u>\$ 2,241,923</u>	<u>\$ 85,101,827</u>	<u>\$ 2,068,515</u>

At June 30, 2018, the annual cash flow requirements of bond principal and interest were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year ending June 30:			
2019	\$ 1,830,000	\$ 2,039,455	\$ 3,869,455
2020	1,900,000	1,966,667	3,866,667
2021	1,990,000	1,874,190	3,864,190
2022	2,085,000	1,776,926	3,861,926
2023	5,372,400	1,616,111	6,988,511
2024-2028	12,100,000	6,257,675	18,357,675
2029-2033	15,065,000	3,313,195	18,378,195
2034-2036	6,870,000	519,500	7,389,500
Total	<u>\$ 47,212,400</u>	<u>\$ 19,363,719</u>	<u>\$ 66,576,119</u>

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 4 - LONG-TERM OBLIGATIONS (Continued)

The following schedule is a summary of the changes in all long-term obligations during the year ended June 30, 2017:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts due within one year
G.O. Bonds, Series 2014	\$ 36,850,000	\$ -	\$ 1,630,000	\$ 35,220,000	\$ 1,680,000
G.O. Bonds, Series 2015	9,985,000	-	-	9,985,000	-
Bond Premiums	4,923,930	-	171,018	4,752,912	-
Total G.O. Bonds	51,758,930	-	1,801,018	49,957,912	1,680,000
Compensated absences	1,710,850	206,204	173,439	1,743,615	194,070
Due to federal government	168,415	-	2,546	165,869	-
Capital lease obligations	121,359	70,674	134,254	57,779	23,034
OPEB obligation	410,906	-	8,850	402,056	-
	<u>\$ 54,170,460</u>	<u>\$ 276,878</u>	<u>\$ 2,120,107</u>	<u>\$ 52,327,231</u>	<u>\$ 1,897,104</u>

General Obligation Bonds (Alternate Revenue Source) – Series 2014

On October 16, 2014, the College issued the Series 2014 bonds in the amount of \$38,440,000. The proceeds derived from the issuance of these bonds were used by the college to renovate, repair, rehabilitate, improve, modernize and equip the campus and buildings and pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 2.5% to 5.0% with payment dates of June 1 and December 1 each year through June 1, 2035. The College has pledged a portion of the base operating grant received from the Illinois Community College Board for the repayment of these bonds.

General Obligation Bonds (Alternate Revenue Source) – Series 2015

On January 5, 2015, the College issued the Series 2015 bonds in the amount of \$9,985,000. The proceeds derived from the issuance of these bonds were used by the college to renovate, repair, rehabilitate, improve, modernize and equip the campus and buildings and pay the cost of issuing the bonds. The bonds were issued with interest rates ranging from 3.1% to 3.4% with payment dates of June 1 and December 1 each year through June 1, 2032. The College has pledged a portion of the base operating grant received from the Illinois Community College Board for the repayment of these bonds.

Debt Certificate, Series 2017

On December 4, 2017 the College issued a Debt Certificate Series 2017 in the amount of \$3,687,400. The proceeds derived from the issuance of the Debt Certificate was used by the college to purchase new land. The Debt Certificate interest rate is 2.72% with monthly interest payments through September 2022, and yearly principal payments of \$100,000 and a balloon payment of \$3,287,400 due September 30, 2022.

Pledges of Future Revenues

The College has pledged future portions of the base operating grant received from the Illinois Community College Board to repay Series 2014 and 2015 bonds. Proceeds from the bonds provided financing to renovate, repair, rehabilitate, improve, modernize and equip the campus and buildings. The bonds are payable from the base operating grant through years ended June 30, 2035 and 2032. If the pledged revenues from this source are insufficient to provide for the principal and interest payments on the bonds, property taxes, or available operating funds, would be used to make the payments. The total principal and interest remaining to be paid on the bonds is \$62,475,249. Principal and interest paid for the current year was \$3,668,285, and the base operating grant for the current year was \$6,734,597.

(Continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Plan Description: The College contributes to the State Universities Retirement System of Illinois (SURS). SURS is a cost-sharing multi-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 the state universities, certain affiliated organizations, 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 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

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

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period). There were no such liabilities for the College at year end.

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

Net Pension Liability: At June 30, 2017, SURS reported a net pension liability (NPL) of \$25,481,105,995. The net pension liability was based on an actuarial valuation as of June 30, 2016. At June 30, 2016, SURS reported a net pension liability of \$25,965,271,744. The net pension liability was based on an actuarial valuation as of June 30, 2015.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

Employer Proportionate Share of Net Pension Liability: The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State's net pension liability associated with the College is \$243,854,184 or 0.9570% at June 30, 2017. The proportionate share of the State's net pension liability associated with the College is \$246,372,566 or 0.9489% at June 30, 2016. This amount is not recognized in the College's financial statements. The net pension liability and total pension liability as of June 30, 2017 was determined based on the June 30, 2016 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2017.

The net pension liability and total pension liability as of June 30, 2016 was determined based on the June 30, 2015 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2016.

Pension Expense: At June 30, 2017 SURS reported a collective net pension expense of \$2,412,918,129. At June 30, 2016 SURS reported a collective net pension expense of \$2,566,164,865.

Employer Proportionate Share of Pension Expense: The employer's proportionate share of collective pension expense is recognized as on-behalf payments as both revenue and matching expenditure in the College's 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 at June 30, 2018 and June 30, 2017, respectively. As a result, the College recognized on-behalf revenue and pension expense of \$23,091,626 and \$24,489,325 for the fiscal years ended June 30, 2018 and 2017, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

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

	2018		2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 139,193,227	\$ 1,170,771	\$ 14,215,882	\$ 2,298,574
Changes in assumption	205,004,315	259,657,577	655,463,758	-
Net difference between projected and actual earnings on pension plan investments	94,620,827	-	795,528,330	-
Total	\$ <u>438,818,369</u>	\$ <u>260,828,348</u>	\$ <u>1,465,207,970</u>	\$ <u>2,298,574</u>

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

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

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

Employer Deferral of Fiscal Year 2018 Pension Expense

The College paid \$25,207 in federal, trust or grant contributions for the fiscal year ended June 30, 2018. These contributions were made subsequent to the pension liability measurement date of June 30, 2017 and, due to being immaterial, are not recognized as deferred outflows of resources as of June 30, 2018.

Employer Deferral of Fiscal Year 2017 Pension Expense

The College paid \$12,032 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability measurement date of June 30, 2016 and, due to being immaterial, are not recognized as deferred outflows of resources as of June 30, 2017.

Assumptions and Other Inputs

Actuarial assumptions: The actuarial assumptions used in the June 30, 2016 and 2015 valuations were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2016 and 2015 actuarial valuations were 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:

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (Continued)

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

Discount Rate: A single discount rate of 7.09%, which is a increase of 0.08% from the prior year rate of 7.01%, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% 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 of June 30, 2017 and 2073 as of June 30, 2016. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073 at June 30, 2017 and 2073 at June 30, 2016, and the municipal bond rate was applied to all benefit payments after that date.

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

1% Decrease	Current Single Discount Rate Assumption	1% Increase
6.09%	7.09%	8.09%
\$ 30,885,146,279	\$ 25,481,105,995	\$ 20,997,457,586

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 5 - DEFINED BENEFIT PENSION PLAN (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 at June 30, 2016, calculated using a single discount rate of 7.01%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

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

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

NOTE 6 - COMPENSATED ABSENCES (VACATION AND SICK LEAVE)

In the event of job termination, an employee is reimbursed for accumulated vacation days. Employees may accumulate unused sick leave. However, in some cases the accumulated sick leave may be limited to contractual amounts. At retirement, employees have the following options:

- a. Receive additional service credit for any unused and unpaid sick leave under the State Retirement System (SURS) discussed in note 5; or
- b. Receive cash compensation for any unused sick leave at 10% to 12.5% or 60 days depending on employee category, with the balance available for additional service credit under SURS.

The estimated accrued sick pay as of June 30, 2018 and 2017 was \$1,820,637 and \$1,743,615 respectively.

NOTE 7 - CONTINGENT LIABILITIES

Management is not aware of any claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the financial statements at June 30, 2018 or June 30, 2017.

NOTE 8 - TRITON OPEB PLAN

Plan description and benefits provided:

Triton College has a single-employer defined benefit post-employment health care plan that was available in the Faculty Association agreement dated September 18, 1997 through June 30, 2000, and in the Classified Association agreement dated July 1, 2006 through June 30, 2010, and that was phased out in the Classified agreement dated July, 1 2011 through June 30, 2015. Benefit provisions and contributions were established and can be amended by the Board.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 8 - TRITON OPEB PLAN (Continued)

Classified Retirement Incentive – Upon meeting eligible criteria, including age and years of service, the College will reimburse the classified retiree for the difference between (1) the cost of the State's College Insurance Plan (CIP), and (2) the amount paid by current classified employees for insurance coverage. The reimbursement is available for the retiree and spouse for a maximum of 5 years if retired on or before June 30, 2011, or maximum of 2 years if retired on or before April 30, 2013. Benefit is further limited and ended at age of eligibility for Medicare. The benefit includes repayment of the difference in the deductible between the State's plan and the College's plan.

1999 Faculty – Retirement Incentive Plan (RIP) – For faculty retiring prior to 6/30/1999 and meeting other eligibility requirements the College makes available group health coverage until age 70. In addition, the retiree has the option to purchase coverage for his/her spouse and other eligible dependents at the then-prevailing dependent co-payment rate. Upon reaching the age of Medicare eligibility, Medicare becomes the primary insurer and the College's plan becomes secondary.

A separate, audited GAAP basis post-employment benefit plan report is not available for the plan.

Because the actuarial cost of health benefits for retirees exceeds the average amount paid by retirees, the additional cost is paid by the College and is the basis for the OPEB obligation accounted for under GASB 75.

Active Membership: As of June 30, 2018, membership consisted of:

	<u>June 30, 2018</u>
Active Employees - Eligible	-
Active Employees - Not yet Eligible	-
Retired Members	<u>11</u>
Total	<u><u>11</u></u>

The counts in the chart above represent the participants that are eligible for and actively participating in medical coverage within the identified College Plans based on prior negotiated agreements. There are currently no active members that would be eligible to participate on the College Plan in retirement based on current negotiated agreements.

Contributions: The College follows a pay-as-you go funding policy. This means the College pays the costs of the benefits as they become due. The costs are equal to the benefits distributed or claimed in the year. The College is not required to, and currently does not advance fund the cost of benefits that will become due and payable in the future. The plan members do not have a required contribution.

For the year ended June 30, 2018, the College recognized OPEB expense of \$70,545.

Total OPEB Liability: The College's total OPEB liability was measured as of June 30, 2018 and the total OPEB liability was determined by an actuarial valuation as of the prior year using the following actuarial methods and assumptions.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 8 - TRITON OPEB PLAN (Continued)

Actuarial Valuation Date		July 1, 2017
Measurement Date		June 30, 2018
Actuarial Cost Method	Entry Age Normal, Level % of Payroll	
Asset Valuation Method		N/A - no assets
Assumptions:		
Discount Rate		3.87%
Rate of Return		N/A - no assets
Payroll increases		2%
Healthcare Trend Ratios	7.7% in fiscal 2018 trending to 5.0% ultimate	
Mortality Rates	SURS Mortality follows the Sex Distinct Raw Rates as developed in the RP-2014 Study, with White Collar Adjustment. These rates are improved generationally using MP-2016 Improvement Rates.	

Discount Rate: The discount rate used to measure the total OPEB liability was 3.87% for determining the liability. The discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax-exempt general obligation municipal bonds. The underlying index used is The Bond Buyer 20-Bond GO Index.

Changes in Total OPEB Liability:

	<u>2018</u>
Beginning of Year Liability	\$ 1,902,883
Service Cost	-
Interest Cost	70,545
Benefits Paid	(160,021)
Changes in Assumptions	<u>-</u>
End of Year Liability	<u>\$ 1,813,407</u>
Fiduciary Net Position, Beginning	\$ -
Employer Contributions	160,021
Benefits Paid	<u>(160,021)</u>
Fiduciary Net Position, Ending	<u>\$ -</u>

Rate Sensitivity: The following rate sensitivity analysis of the total OPEB liability to changes in the discount rate and the healthcare cost trend rate.

The table below presents the total OPEB liability of the College calculated using the discount rate of 3.87% as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 8 - TRITON OPEB PLAN (Continued)

	1% Decrease <u>(2.87%)</u>	Current Rate <u>(3.87%)</u>	1% Increase <u>(4.87%)</u>
Total OPEB Liability	\$ 1,983,579	\$ 1,813,407	\$ 1,670,477

The table below presents the total OPEB liability of the College calculated using the healthcare rate of 7.7% to 5.0% as well as what the College's total OPEB liability would be if it were calculated using a healthcare rate that is one percentage point lower or one percentage point higher than the current rate.

	Healthcare Cost		
	<u>1% Decrease</u>	<u>Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 1,647,934	\$ 1,813,407	\$ 2,006,667

NOTE 9 - RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The College participates in the Illinois Community College Risk Management Consortium (the Consortium), which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed-upon retention limit and to obtain excess catastrophe coverage and aggregate stop-loss reinsurance over the selected retention limit. Coverage includes all property, \$30 million for liability, and statutory limits with respect to workers' compensation. No settlement has exceeded coverage since the establishment of the Consortium.

In fiscal year 2018 and 2017, the College paid \$470,681 and \$566,457, respectively to the Consortium for property, liability, board legal liability, student medical malpractice, identity protection, boiler and machinery insurance, and workers' compensation protection and received \$122,577 and \$99,711, respectively in dividends primarily due to favorable workers' compensation and student medical malpractice expenditures.

The Consortium requests initial payments to substantially cover any losses to be incurred for that policy year; any losses in excess of premiums are the liability of the Consortium. However, the College anticipates no future liabilities for incurred losses. The College's level of coverage has not changed for the past year. The College continues to carry commercial insurance for directors' and officers' liability and for sports accidents. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

The College maintains self-insurance coverage through a third-party administrator for its employee health and accident liability. Claims, expenditures, and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. At June 30, 2018 and 2017, the amount of these liabilities was \$341,517 and \$399,110, respectively. This liability is the College's best estimate based on available information. The entire amount is included in current due to the claims being paid within six months after

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 9 - RISK MANAGEMENT (Continued)

year-end. The College maintains co-insurance that includes specific stop loss coverage for amounts in excess of \$200,000 individually. Changes in the College's liability for employee health claims for the years ended June 30, 2018 and 2017 are as follows:

Claims payable at June 30, 2015	\$	474,884
Claims incurred in fiscal 2016		5,521,528
Claims paid in fiscal 2016		<u>(5,513,402)</u>
Claims payable at June 30, 2016		483,010
Claims incurred in fiscal 2017		5,802,341
Claims paid in fiscal 2017		<u>(5,886,241)</u>
Claims payable at June 30, 2017		399,110
Claims incurred in fiscal 2018		6,175,302
Claims paid in fiscal 2018		<u>(6,232,895)</u>
Claims payable at June 30, 2018	\$	<u><u>341,517</u></u>

NOTE 10 - LEASES

Capital Leases: The College leases technology equipment with a historical cost and accumulated depreciation of \$95,349 and \$41,926 respectively, under capital lease arrangements for the year ended June 30, 2018. The historical cost and accumulated depreciation was \$70,678 and \$13,742, respectively for assets under capital lease arrangements for the year ended June 30, 2017.

Future minimum lease payments at June 30, 2018 are as follows:

		<u>Amount</u>
Year ended June 30:		
2019	\$	32,244
2020		17,373
2021		6,751
2022		1,688
Total minimum lease payments		58,056
Less amounts representing interest		<u>2,935</u>
Present value of minimum lease payments	\$	<u><u>55,121</u></u>

NOTE 11 – ENDOWMENT

The College had an endowment of \$361,434 at June 30, 2018 and \$359,021 at June 30, 2017. The endowment was funded equally by a Title III grant and the College. Title III and the equivalent matching funds must be invested for 20 years. During the 20 years, the College can spend up to half of the earned interest for any of the following:

1. Costs necessary to operate the institution, including general operating and maintenance costs;
2. Costs to administer and manage the endowment fund; and

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 11 – ENDOWMENT (Continued)

3. Costs associated with buying and selling securities, such as stockbroker commissions and fees to "load" mutual funds.

After the 20 year investment period, the College may use the endowment fund principal or interest for any educational purpose. The endowment fund was recorded as other restricted cash in the Statement of Net Position.

Endowment Balance	<u>6/30/2018</u>	<u>6/30/2017</u>
Title III funding	\$ 171,000	\$ 171,000
College match	171,000	171,000
Interest earned	<u>19,434</u>	<u>17,021</u>
Balance	<u>\$ 361,434</u>	<u>\$ 359,021</u>

NOTE 12 – CONCENTRATION RISK

The College receives significant student financial aid from the U.S. Department of Education. The disbursement of funds received under such programs generally requires compliance with terms and conditions specified in federal regulations and are subject to audit by the U.S. Department of Education and possible disallowance of certain expenditures. The College has not had any significant disallowance of student financial aid in the past and expects such amounts, if any, to be immaterial.

NOTE 13 – OPERATING LEASES

In August of 2012, a five-year lease renewal for bookstore management services was awarded to Follett Higher Education Group of Oak Brook, Illinois with the contract expiring on June 30, 2018. Under the terms of this agreement, the service provider agrees to operate the bookstore facility with a total minimum rental guarantee of \$1,497,063 over 60 months. For the years ended June 30, 2018 and 2017, the College recognized income under this agreement of \$285,000 and \$285,000 respectively.

In July 2012, an eight-year contract for vending management and operation was awarded to Gilly Ent., Inc. Under the terms of this agreement, the service provider agrees to provide vending service with a total minimum rental guarantee of \$80,000 each year for years 1 through 4 and \$90,000 each year for years 5 through 8. For the years ended June 30, 2018 and 2017, the College recognized income under this agreement of \$90,000 and \$90,000 respectively.

NOTE 14 – COMMITMENTS

The College has commitments for various construction projects and improvements including maintenance totaling \$359,019. See a summary of commitments by project below:

<u>Project</u>	<u>Commitment</u>
R Building Renovation	\$ 359,019
Total	<u>\$ 359,019</u>

(Continued)

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State of Illinois Department of Central Management Services Community College Health Insurance Security Fund (“CCHISF”)

Plan description. The CCHISF is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CCHISF 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. As a result of the Governor’s Executive Order 12-01, the responsibilities in relation to CCHISF were transferred to the Department of Central Management Services as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts. 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 college who have paid the required active member CCHISF contributions prior to retirement are eligible to participate in CCHISF. Survivors of an annuitant or benefit recipient eligible for CCHISF coverage are also eligible for coverage under CCHISF. CCHISF issues a publicly available report that can be obtained at <https://www.auditor.illinois.gov/Audit-Reports/Compliance-Agency-List/CMS/CCHISP/FY17-CMS-CCHISF-Fin-Full.pdf>.

Benefits provided. CCHISF health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CCHISF 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 State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees.

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF. The College and the State each contributed to the OPEB plan \$136,065 and \$140,162 for the year ended June 30, 2018 and June 30, 2017, respectively.

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

At June 30, 2018, the College reported a liability of \$29,461,982 for its proportionate share of the collective net OPEB liability. This liability reflects a reduction for State OPEB Support.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

College's proportionate share of the collective net OPEB liability	\$ 29,461,982
State's proportionate share that is associated with the College	<u>29,075,348</u>
Total	<u>\$ 58,537,330</u>

The collective net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of June 30, 2016 and rolled forward to June 30, 2017. The College's proportion of the collective net OPEB liability was based on the College's fiscal year 2017 contributions to the OPEB plan relative to the fiscal year 2017 contributions of all participating entities. The College's proportion of the collective net OPEB liability for June 30, 2017 was based on the College's fiscal year 2016 contributions to the OPEB plan relative to the fiscal year 2016 contributions of all participating Colleges. At June 30, 2017, the College's proportion was 1.615562 percent, which was an increase of 0.038833 percent from its proportion measured as of June 30, 2016 (1.576729 percent). The College's proportion of the collective net OPEB liability was 3.21 percent which is a .01 percent decrease from 3.22 percent in the prior year.

For the year ended June 30, 2018, the College recognized OPEB expense of \$5,408,675. The College's proportionate share of collective OPEB expense is recognized as an on-behalf payment as both revenue and expense in the College's financial statements. The basis of allocation used is the actual OPEB expense for contributing entities. As a result, the College recognized on-behalf revenue and OPEB expense of \$2,553,373.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 83,383
Assumption changes	-	2,454,159
Net difference between projected and actual earnings on OPEB plan investments	-	310
Change in proportionate and difference between College contributions and proportionate share of contributions	588,945	-
Contributions made subsequent to the measurement date	136,065	-
	\$ 725,010	\$ 2,537,852

Of the total amount reported as deferred outflows of resources related to OPEB, \$136,065 resulting from College contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ended June 30, 2019.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

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

Year ended June 30:	
2019	\$ (389,797)
2020	(389,797)
2021	(389,797)
2022	(389,797)
2023	(389,719)
	<u>\$ (1,948,907)</u>

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

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 and after 2018, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.52% is added to non-Medicare 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 future mortality improvements using Projection Sale MP-2014.

The actuarial assumptions used in the actuarial valuation as of June 30, 2016 were based on the results of an actuarial experience study for the period June 30, 2010 to June 30, 2014.

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). Under GASB 75, the discount rate for unfunded plans must be based on a yield or index rate for a 20-year, tax exempt general obligation municipal bonds with an municipal bond 20 year high grade rate index as reported in Fidelity Index's "20-year municipal GO AA index" as of the measurement date. The discount rates are 2.85% as of June 30, 2016, and 3.56% as of June 30, 2017, an increase of 0.71%.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 15 — POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

During the Plan year ending June 30, 2017, the trust earned \$24,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2017, is a negative \$51 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

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

	1% Decrease (2.56%)	Discount Rate (3.56%)	1% Increase (4.56%)
College's proportionate share of the collective net OPEB liability	\$ 33,694,527.35	\$ 29,461,982	\$ 25,812,973

Sensitivity of the College's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates. The following presents the College's proportionate share of the collective net OPEB liability, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower 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.

	1% Decrease (a)	Healthcare Cost Trends Rates Assumption	1% Increase (b)
College's proportionate share of the collective net OPEB liability	\$ 24,441,700	\$ 29,461,982	\$ 36,726,921

(a) 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 3.50% in 2027 for Medicare coverage

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

OPEB plan fiduciary net position. Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CCHISF financial report.

NOTE 16 – PRIOR PERIOD ADJUSTMENT

During the fiscal year ended June 30, 2018, the College implemented the requirements of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions". Statement 75 is effective for the College's fiscal year ending June 30, 2018 and requires governments providing postemployment benefits other than pensions (OPEB) to recognize their long-term obligation for OPEB as a liability for the first time, and to more comprehensively and comparably measure the annual costs.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 16 – PRIOR PERIOD ADJUSTMENT (Continued)

The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information. The College did not retroactively implement this statement as of July 1, 2016 because it was not deemed practical. The OPEB plans in which the College participates did not have the information readily available.

A specific change to the College's financial statements relates to the recognition of the College's OPEB Liabilities and related Deferred Inflows of Resources and Deferred Outflows of Resources with a net value of \$30,056,413 that was not previously reported on the financial statements. Due to the requirements of GASB 75, these amounts are now required to be included on the College's financial statements and thus were added to the financial statements as an adjustment to net position. A reconciliation for net position from the 2017 financial statements to beginning net position as reported on the 2018 financial statements is as follows:

Beginning Net Position	\$ 63,627,954
Change in Accounting Principle for Net OPEB Liability and Deferred Outflows	<u>(30,056,413)</u>
Beginning Net Position as Restated	<u>\$ 33,571,541</u>

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs) and establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement is effective for the College's fiscal year ended June 30, 2019. Management has not determined what impact, if any, this statement will have on its financial statements.

In January 2017, the GASB issued Statement 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This Statement is effective for the College's fiscal year ended June 30, 2020. Management has not determined what impact, if any, this statement will have on its financial statements.

In June 2017, the GASB issued Statement 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for the College's fiscal year ended June 30, 2021. Management has not determined what impact, if any, this statement will have on its financial statements.

(Continued)

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO FINANCIAL STATEMENTS
June 30, 2018 and 2017

NOTE 17 – NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In April 2018, GASB issued Statement No. 88 *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. The requirements of this Statement is effective for the College's fiscal year ended June 30, 2019. Management has not yet determined the impact of this statement on the basic financial statements.

In August 2018, GASB issued State No. 90 *Majority Equity Interest*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization to improve the relevance of financial statement information. The requirements of this Statement is effective for the College's fiscal year ended June 30, 2020. This Statement will have no effect on the College.

NOTE 18 – TAX ABATEMENTS

Tax abatements are a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The College is affected by Cook County's Class 6b property tax incentive program. The purpose of the Class 6b program is to encourage industrial development throughout Cook County by offering a real estate tax incentive for the development of new industrial facilities, the rehabilitation of existing industrial structures, and the industrial reutilization of abandoned buildings. The goal of the program is to attract new industry, stimulate expansion and retention of existing industry, and increase employment opportunities.

Properties receiving a Class 6b incentive are assessed at 10% of market value for the first 10 years, 15% in the 11th year, and 20% in the 12th year. This constitutes a substantial reduction in the level of assessment and results in significant tax savings. In the absence of this incentive, industrial real estate would normally be assessed at 25% of its market value.

Municipalities within the College area have granted Class 6b incentives to businesses that, as a result, have occupied abandoned properties, constructed new buildings, or expanded existing facilities. In many instances, the program has produced more property tax revenue for the College and the other impacted taxing districts than would have been generated if the development had not occurred. The College's tax revenues are reduced due to the agreements entered into by these municipalities.

For the fiscal years ending June 30, 2018 and 2017, the College's share of the abatement granted to the Class 6b properties was approximately \$990,000 and \$955,000, respectively.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
REQUIRED SUPPLEMENTARY INFORMATION
SURS
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(UNAUDITED)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
College's Proportion of the Net Pension Liability	0.00%	0.00%	0.00%	0.00%
College's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -	\$ -
Proportionate Share of the Net Pension Liability associated with the College	<u>194,566,220</u>	<u>221,197,087</u>	<u>246,372,566</u>	<u>243,854,184</u>
Total	<u>\$ 194,566,220</u>	<u>\$ 221,197,087</u>	<u>\$ 246,372,566</u>	<u>\$ 243,854,184</u>
College's Covered Payroll	\$ 35,371,333	\$ 37,319,156	\$ 34,269,595	\$ 33,823,367
College's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	0.00%	0.00%	0.00%	0.00%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%

Note: The System implemented GASB No. 68 in fiscal year 2015. The information above is presented for as many years as available. The Schedule is intended to show information for 10 years. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
REQUIRED SUPPLEMENTARY INFORMATION
SURS
SCHEDULE OF COLLEGE CONTRIBUTIONS
(UNAUDITED)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Federal, Trust, Grant and Other Contribution	\$ 61,417	\$ 50,871	\$ 19,340	\$ 12,032	\$ 25,207
Contribution in relation to Required Contribution	<u>61,417</u>	<u>50,871</u>	<u>19,340</u>	<u>12,032</u>	<u>25,207</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
College Covered Payroll	\$427,128	\$427,128	\$ 152,403	\$ 94,815	\$ 198,637
Contributions as a Percentage of Covered Payroll	14.38%	11.91%	12.69%	12.69%	12.69%

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

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
REQUIRED SUPPLEMENTARY INFORMATION
SURS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

Changes of benefit terms: There were no benefit changes recognized in the Total Pension Liability in any of the years presented.

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

- Mortality rates: Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase: Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates: Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates: Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates: Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates: Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption: Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.
- Discount rate: In fiscal year 2018, the discount rate increased from 7.01% to 7.09%.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
TRITON OPEB PLAN

Schedule of the College's Proportionate Share of the Collective Net OPEB Liability

	2018	2017
College's proportion of the collective net OPEB liability	3.21%	3.10%
College's proportionate share of the collective net OPEB liability	\$ 29,461,982	\$ 28,695,747
State's proportionate share of the collective net OPEB liability associated with the College	29,075,348	29,902,740
Total	\$ 58,537,330	\$ 58,598,487
College's covered payroll	\$ 27,213,080	\$ 28,032,370
College's proportionate share of the collective net OPEB liability as a percentage of its covered payroll	105%	100%
Plan fiduciary net position as a percentage of total OPEB liability	-2.87%	Not Available

*This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for as many years as available.

Notes to schedule: The discount rate changed for 2.85% to 3.56%.

Schedule of the College's Contributions

	2018	2017	2016
Statutorily required contribution	\$ 136,065	\$ 140,162	\$ 142,902
Contributions in relation to the statutorily required contribution	(136,065)	(140,162)	(142,902)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
College's covered payroll	\$ 26,679,412	\$ 27,213,080	\$ 28,032,370
Contributions as a percentage of covered payroll	0.51%	0.52%	0.51%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for as many years as available.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COLLEGE'S TOTAL OPEB LIABILITY AND RELATED RATIOS
TRITON OPEB PLAN

	2018
Total OPEB Liability	
Service Cost	\$ -
Interest	70,545
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	(160,021)
Net Change in Total OPEB Liability	(89,476)
Total OPEB Liability - Beginning	1,902,883
Total OPEB Liability - Ending (a)	\$ 1,813,407
Covered Payroll	\$ 18,297,076
Employer Net OPEB Liability as a Percentage of Covered Employee Payroll	9.91%

*This is a 10-year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of data will be presented.

Notes to Schedule: During fiscal year 2018, there were no fiduciary assets in the Triton OPEB plan.

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Statistical Section

This 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, and required supplementary information says about the College's overall financial health. Below is a description of the types of statistical schedules.

- Financial Trends – These schedules contain trend information to help the reader understand how the College's financial performance has changed over time.
- Revenue Capacity – These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.
- Debt Capacity – These schedules represent 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 – 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 – These schedules contain service and infrastructure data to help the reader understand how the information in the College's 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 Report for the relevant year.

TABLE 1
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 504

Financial Trends
Net Position by Component
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net Position:										
Net Investment in Capital Assets	\$ 40,277,873	\$ 38,738,784	\$ 49,352,394	\$ 56,233,603	\$ 37,197,227	\$ 30,968,579	\$ 29,214,746	\$ 25,314,935	\$ 25,386,701	\$ 26,191,052
Restricted										
Capital projects	5,779,235	5,911,955	6,432,744	-	9,420,459	9,428,612	6,742,921	6,700,130	7,105,151	6,191,771
Working cash	10,482,601	10,482,457	10,479,516	10,479,503	10,479,490	10,479,477	10,479,464	10,479,448	10,479,411	10,479,358
Other	-	-	176,291	324,191	369,623	205,248	254,599	1,433,745	805,881	433,360
Unrestricted	(25,285,753)	8,494,758	3,849,240	9,946,264	15,582,003	21,356,103	23,476,025	23,391,316	16,552,478	17,260,397
Total Net Position	\$ 31,243,956	\$ 63,627,954	\$ 70,290,185	\$ 76,983,561	\$ 73,048,802	\$ 72,438,019	\$ 70,167,755	\$ 67,319,574	\$ 60,329,622	\$ 60,555,938

Source: Triton College Comprehensive Annual Financial Reports

Note: GASB 75 was implemented in 2018, restating net position by (\$30,056,413).

See accompanying independent auditor's report.

TABLE 2

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 504

Financial Trends
Changes in Net Position
(Unaudited)

	2018	2017	2016	2015	2014
OPERATING REVENUES					
Student tuition and fees, net of scholarship allowances	\$ 16,629,194	\$ 17,380,252	\$ 17,094,995	\$ 18,361,587	\$ 16,003,258
Auxiliary enterprises revenue:	2,037,153	1,459,207	1,299,320	1,637,415	967,235
Total operating revenues	<u>18,666,347</u>	<u>18,839,459</u>	<u>18,394,315</u>	<u>19,999,002</u>	<u>16,970,493</u>
OPERATING EXPENSES					
Instruction	33,510,111	30,373,513	28,878,578	27,841,711	26,238,470
Academic support	7,570,318	7,096,506	5,961,762	6,207,367	5,635,482
Student services	8,334,234	8,007,225	7,886,078	7,682,602	7,249,551
Public services	3,192,413	2,997,726	2,909,156	2,819,957	2,185,327
Operation and maintenance	13,160,270	11,690,269	14,442,966	13,767,332	12,405,211
Institutional support	18,908,995	18,605,535	16,141,534	17,745,338	14,577,972
Depreciation	5,870,395	5,440,751	5,797,051	3,792,253	3,809,853
Scholarship and fellowships	6,737,124	6,320,584	6,047,294	8,362,509	7,407,744
Auxiliary enterprises	3,276,684	2,973,055	2,681,035	2,628,931	2,194,148
Total operating expenses	<u>100,560,544</u>	<u>93,505,164</u>	<u>90,745,454</u>	<u>90,848,000</u>	<u>81,703,758</u>
Operating loss	<u>(81,894,197)</u>	<u>(74,665,705)</u>	<u>(72,351,139)</u>	<u>(70,848,998)</u>	<u>(64,733,265)</u>
NON-OPERATING REVENUES (EXPENSES)					
Local property taxes	27,594,211	28,053,373	27,012,230	26,897,076	25,080,696
State appropriations	38,549,691	27,312,006	24,049,207	25,260,576	21,708,682
Federal grants and contracts	14,742,834	13,321,997	13,902,028	15,336,916	15,572,078
Non-governmental gifts and grants	414,991	584,872	364,711	261,664	320,525
Investment income	295,316	296,276	338,132	285,431	135,590
Interest	(2,030,431)	(1,565,050)	(8,545)	(22,687)	(55,911)
Net non-operating revenues (expenses)	<u>79,566,612</u>	<u>68,003,474</u>	<u>65,657,763</u>	<u>68,018,976</u>	<u>62,761,660</u>
Net increase (decrease) in net position before capital contributions	<u>(2,327,585)</u>	<u>(6,662,231)</u>	<u>(6,693,376)</u>	<u>(2,830,022)</u>	<u>(1,971,605)</u>
CAPITAL CONTRIBUTIONS					
State capital appropriations	-	-	-	6,764,781	2,582,388
Total capital contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,764,781</u>	<u>2,582,388</u>
CHANGE IN NET POSITION	<u>\$ (2,327,585)</u>	<u>\$ (6,662,231)</u>	<u>\$ (6,693,376)</u>	<u>\$ 3,934,759</u>	<u>\$ 610,783</u>

Sources: Triton College Comprehensive Annual Financial Reports and general ledger reports

See accompanying independent auditor's report.

TABLE 2

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 504

Financial Trends
Changes in Net Position
(Unaudited)

	2013	2012	2011	2010	2009
OPERATING REVENUES					
Student tuition and fees, net of scholarship allowances	\$ 15,232,305	\$ 15,140,348	\$ 16,468,132	\$ 15,809,266	\$ 14,502,964
Auxiliary enterprises revenue:	1,543,872	1,587,439	1,557,227	1,440,487	1,509,175
Total operating revenues	<u>16,776,177</u>	<u>16,727,787</u>	<u>18,025,359</u>	<u>17,249,753</u>	<u>16,012,139</u>
OPERATING EXPENSES					
Instruction	26,135,370	24,560,883	24,305,409	26,369,549	24,111,294
Academic support	4,961,196	4,831,832	4,137,146	4,570,556	3,940,779
Student services	6,185,604	5,517,663	5,074,524	4,913,672	5,035,351
Public services	2,506,873	2,579,634	3,077,151	2,521,995	2,067,362
Operation and maintenance	10,681,945	9,245,399	7,552,525	8,789,958	8,126,054
Institutional support	14,493,667	15,773,604	12,903,728	14,476,857	13,518,892
Depreciation	3,590,529	3,310,019	2,736,416	2,472,523	2,527,408
Scholarship and fellowships	7,909,062	8,663,075	9,919,995	8,416,317	5,101,581
Auxiliary enterprises	2,006,349	1,930,592	2,569,953	1,877,780	1,814,915
Total operating expenses	<u>78,470,595</u>	<u>76,412,701</u>	<u>72,276,847</u>	<u>74,409,207</u>	<u>66,243,636</u>
Operating loss	<u>(61,694,418)</u>	<u>(59,684,914)</u>	<u>(54,251,488)</u>	<u>(57,159,454)</u>	<u>(50,231,497)</u>
NON-OPERATING REVENUES (EXPENSES)					
Local property taxes	25,130,192	25,614,633	25,090,512	24,821,884	24,361,941
State appropriations	21,200,928	19,508,092	17,596,304	17,121,735	15,376,536
Federal grants and contracts	16,746,173	16,913,342	18,332,289	14,761,440	8,455,927
Non-governmental gifts and grants	276,998	335,783	283,182	142,307	116,160
Investment income	121,580	68,172	53,324	118,140	433,562
Interest	(79,286)	(97,712)	(114,171)	(32,368)	(31,038)
Net non-operating revenues (expenses)	<u>63,396,585</u>	<u>62,342,310</u>	<u>61,241,440</u>	<u>56,933,138</u>	<u>48,713,088</u>
Net increase (decrease) in net position before capital contributions	<u>1,702,167</u>	<u>2,657,396</u>	<u>6,989,952</u>	<u>(226,316)</u>	<u>(1,518,409)</u>
CAPITAL CONTRIBUTIONS					
State capital appropriations	568,097	190,785	-	-	-
Total capital contributions	<u>568,097</u>	<u>190,785</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN NET POSITION	<u>\$ 2,270,264</u>	<u>\$ 2,848,181</u>	<u>\$ 6,989,952</u>	<u>\$ (226,316)</u>	<u>\$ (1,518,409)</u>

Notes:

(1) Increase in operating expenses and non-operating revenues (expenses) for fiscal year 2010 is due to a \$6 million increase in Pell funding and a \$2 million increase in the State Universities Retirement System on-behalf appropriation.

Sources: Triton College Comprehensive Annual Financial Reports and general ledger reports
See accompanying independent auditor's report.

TABLE 3

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 504**

Revenue Capacity
Assessed Value and Actual Value of Taxable Property
(Unaudited)

Levy Year	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Estimated Actual Taxable Value
2017	\$ 9,012,128,450	\$ 0.3054	\$ 27,036,385,350	33.3333%
2016	8,109,255,966	0.3295	24,327,767,898	33.3333%
2015	7,505,068,738	0.3519	22,515,206,214	33.3333%
2014	7,591,518,565	0.3353	22,774,555,695	33.3333%
2013	7,651,085,389	0.3257	22,953,256,167	33.3333%
2012	8,396,718,635	0.2690	25,190,155,905	33.3333%
2011	9,117,999,953	0.2670	27,353,999,859	33.3333%
2010	10,608,984,125	0.2244	31,826,952,375	33.3333%
2009	10,841,161,261	0.2133	32,523,483,783	33.3333%
2008	10,860,089,987	0.2115	32,580,269,961	33.3333%

Data Sources:

Office of the County Clerk for Cook County; Cook County comprises 100% of Triton College District 504.

See accompanying independent auditor's report.

TABLE 4
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Revenue Capacity
Schedule of Property Taxes – Assessed Valuations,
Rates, Extensions, and Collections (Unaudited)

Property tax levy year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Assessed valuation ('000's)	\$ 9,012	\$ 27,036,385	\$ 24,327,768	\$ 22,515,206	\$ 22,774,556	\$ 22,953,256	\$ 9,118,000	\$ 10,608,984	\$ 10,841,161	\$ 10,860,090
Tax rates:										
Education Fund	\$ 0.2056	\$ 0.2218	\$ 0.2369	\$ 0.2247	\$ 0.2177	\$ 0.1703	\$ 0.1790	\$ 0.1504	\$ 0.1429	\$ 0.1417
Audit Fund	0.0014	0.0015	0.0015	0.0015	0.0014	0.0012	0.0011	0.0009	0.0009	0.0008
Tort Liability Fund	0.0280	0.0302	0.0322	0.0314	0.0307	0.0280	0.0250	0.0210	0.0204	0.0202
Workers' Compensation Fund	0.0029	0.0031	0.0034	0.0033	0.0032	0.0030	0.0026	0.0022	0.0021	0.0021
Unemployment Insurance Fund	0.0006	0.0007	0.0007	0.0007	0.0007	0.0007	0.0006	0.0005	-	-
Operations and Maintenance Fund	0.0595	0.0642	0.0686	0.0651	0.0637	0.0581	0.0518	0.0436	0.0414	0.0411
Life Safety Fund	0.0034	0.0037	0.0040	0.0041	0.0040	0.0037	0.0034	0.0029	0.0028	0.0028
Medicare Fund	0.0040	0.0043	0.0046	0.0045	0.0043	0.0040	0.0035	0.0029	0.0028	0.0028
	<u>\$ 0.3054</u>	<u>\$ 0.3295</u>	<u>\$ 0.3519</u>	<u>\$ 0.3353</u>	<u>\$ 0.3257</u>	<u>\$ 0.2690</u>	<u>\$ 0.2670</u>	<u>\$ 0.2244</u>	<u>\$ 0.2133</u>	<u>\$ 0.2240</u>
Tax extensions:										
Education Fund	\$ 18,525,919	\$ 17,986,329	\$ 17,778,479	\$ 17,058,142	\$ 16,656,412	\$ 14,303,314	\$ 16,321,219	\$ 15,956,780	\$ 15,849,232	\$ 15,387,604
Audit Fund	125,287	121,638	114,643	113,872	107,115	103,306	100,297	100,497	93,036	90,326
Tort Liability Fund	2,522,465	2,448,995	2,413,589	2,383,736	2,325,929	2,347,884	2,279,499	2,230,102	2,264,932	2,198,963
Workers' Compensation Fund	258,928	251,386	252,216	250,520	244,834	244,179	237,067	234,494	238,122	231,186
Unemployment Insurance Fund	58,467	56,764	53,500	53,140	53,557	56,348	54,707	51,500	1,267	1,230
Operations and Maintenance Fund	5,362,326	5,206,142	5,150,774	4,942,078	4,827,834	4,875,128	4,723,123	4,622,887	4,598,798	4,464,852
Life Safety Fund	309,043	300,042	299,633	311,252	306,043	309,000	310,011	309,000	309,000	309,000
Medicare Fund	359,159	348,698	343,930	341,618	328,996	328,703	319,129	312,659	311,390	302,320
	<u>\$ 27,521,594</u>	<u>\$ 26,719,994</u>	<u>\$ 26,406,764</u>	<u>\$ 25,454,358</u>	<u>\$ 24,850,720</u>	<u>\$ 22,567,862</u>	<u>\$ 24,345,052</u>	<u>\$ 23,817,919</u>	<u>\$ 23,665,777</u>	<u>\$ 22,325,647</u>
Fiscal year										
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Tax collections:										
2017	\$ 14,017,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2016	13,093,749	13,585,367	-	-	-	-	-	-	-	-
2015	(129,363)	12,765,718	13,400,121	-	-	-	-	-	-	-
2014	(228,792)	55,958	12,496,537	12,574,990	-	-	-	-	-	-
2013	(216,708)	(173,733)	192,401	12,917,653	11,482,632	-	-	-	-	-
2012	(73,660)	(98,607)	(141,613)	89,986	9,794,983	12,445,792	-	-	-	-
2011	(60,819)	(74,984)	(86,740)	(198,712)	182,581	11,679,595	12,234,478	-	-	-
2010	(34,855)	(57,876)	(56,856)	(150,385)	(162,667)	176,092	11,460,972	11,987,604	-	-
2009	(14,491)	(11,365)	(59,362)	(100,082)	(110,304)	(208,088)	211,597	10,972,693	11,783,073	-
2008 & Prior	(99,719)	(19,636)	(80,367)	(47,884)	(206,065)	(197,432)	(442,258)	30,538	12,058,198	21,780,889
	<u>\$ 26,252,625</u>	<u>\$ 25,970,842</u>	<u>\$ 25,664,121</u>	<u>\$ 25,085,566</u>	<u>\$ 20,981,160</u>	<u>\$ 23,895,959</u>	<u>\$ 23,464,789</u>	<u>\$ 22,990,835</u>	<u>\$ 23,841,271</u>	<u>\$ 21,780,889</u>

Source: Cook County Treasurers Office and College records.
See accompanying independent auditor's report.

TABLE 5
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Revenue Capacity
Property Tax Rates – Direct and Overlapping Governments (Unaudited)

Taxing Bodies	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
School District 97	\$ 5.582	\$ 4.597	\$ 4.403	\$ 4.382	\$ 4.016	\$ 3.596	\$ 3.032	\$ 2.655	\$ 2.809	\$ 3.059
Oak Park Mental Health District	0.108	0.112	0.108	0.109	0.101	0.093	0.077	0.074	0.077	0.084
Village of Oak Park	2.257	2.062	1.841	1.799	1.563	1.422	1.189	1.123	1.107	1.130
Village of Oak Park Library Fund	0.647	0.750	0.739	0.715	0.641	0.557	0.451	0.444	0.456	0.510
Park District of Oak Park	0.654	0.674	0.639	0.633	0.579	0.518	0.436	0.424	0.412	0.447
Oak Park Park River Forest Consolidated High School District 200	3.531	3.634	2.924	2.951	3.252	3.048	2.529	2.469	2.617	2.848
Des Plaines Valley MOSQ Abatement Dist	0.017	0.017	0.016	0.016	0.015	0.014	0.011	0.011	0.012	0.012
Metro Water Reclamation Dist of Chicago	0.406	0.426	0.430	0.417	0.370	0.320	0.274	0.261	0.252	0.263
Oak Park Township General Assistance -	0.195	0.199	0.188	0.183	0.164	0.142	0.119	0.115	0.120	0.124
Oak Park Township Consolidated Elections	0.035	0.036	0.035	0.035	0.032	0.029	0.024	0.024	0.025	0.030
Suburban T B Sanitarium	-	0.034	-	0.031	-	0.025	-	0.021	-	0.012
Forest Preserve District of Cook County	0.063	0.069	0.069	0.069	0.063	0.058	0.051	0.049	0.051	0.053
Cook County Public Safety	0.109	0.147	0.241	0.219	0.181	0.161	0.113	0.114	0.105	0.167
County of Cook	0.327	0.289	0.296	0.275	0.287	0.223	0.228	0.196	0.224	0.186
Cook County Health Facilities	0.060	0.116	0.031	0.066	0.063	0.078	0.082	0.084	0.086	0.093
Total Overlapping Rate	13.991	13.162	11.960	11.900	11.327	10.284	8.616	8.064	8.353	9.018
Triton College	0.330	0.352	0.336	0.325	0.269	0.267	0.225	0.214	0.212	0.224
Total Rate	\$ 14.321	\$ 13.514	\$ 12.296	\$ 12.225	\$ 11.596	\$ 10.551	\$ 8.841	\$ 8.278	\$ 8.565	\$ 9.242
Triton College Percentage of Total	2.30%	2.60%	2.73%	2.66%	2.32%	2.53%	2.54%	2.59%	2.48%	2.42%

Source: A local taxpayer's property tax bill.
Tax rates are representative for property in the district.
Tax rates are assessed in dollars per hundred of equalized assessed value.

TABLE 6

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Revenue Capacity
Principal Taxpayers
2016 compared to 2007
(Unaudited)

<u>Name</u>	<u>Type of Business or Property</u>	<u>2016 Equalized Assessed Valuation (1)</u>	<u>Percent of District's Total EAV</u>
BRE IL Ofc Owner LLC / Property Tax Department	Commercial building over three stories and one story public garage	\$134,371,932	1.66%
Thomson Reuters	Shopping center and Special commercial structure	74,864,589	0.92%
Hyatt Corp.	Hyatt Regency O'Hare Hotel	52,222,158	0.64%
North Riverside Park Assoc.	Shopping center	46,349,029	0.57%
Centerpoint Properties	Numerous industrial properties	46,149,321	0.57%
Co Prologis Re Tax	Industrial building	40,568,276	0.50%
New Albertsons LLC	Supermarket and drug store chain - numerous properties	37,875,107	0.47%
MacNeal Hospital	Not for profit one, two or three story buildings containing part or all retail and/or commercial space	37,794,916	0.47%
Target Corp	Discount department stores	35,325,133	0.44%
AGWOA Columbia Ctr III	Commercial building over three stories and one story public garage	<u>34,766,144</u>	<u>0.43%</u>
		<u>\$540,286,605</u>	<u>6.66%</u>

(1) Includes property parcels with 2016 equalized assessed valuations of approximately \$100,000 and over.

Source: Offices of the Cook County Clerk and Assessor

(Continued)

TABLE 6

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Revenue Capacity
Principal Taxpayers
2016 compared to 2007
(Unaudited)

<u>Name</u>	<u>Type of Business or Property</u>	<u>2007 Equalized Assessed Valuation (1)</u>	<u>Percent of District's Total EAV</u>
Long Ridge Office LP	Commercial buildings over three stories	\$120,393,009	1.21%
Hyatt Corp.	Hyatt Regency O'Hare Hotel	106,982,871	1.07%
Real Est Tax Adv LLC	One -story public parking garage and industrial and commercial properties	95,742,348	0.96%
Centerpoint Properties & Trust	Numerous industrial properties	88,971,869	0.89%
Urban Retail Property	Shopping center	72,243,085	0.72%
Albertson's Property Tax	Supermarket and drug store chain - numerous properties	55,553,169	0.56%
Thompson Prop Tax	Commercial buildings over three stories	50,497,480	0.51%
Realty Assoc Fund VII	Industrial properties	49,147,651	0.49%
Ashford Hospitality	Hotel	46,211,256	0.46%
Higgins Dev Partners	Commercial buildings over three stories	<u>44,439,461</u>	<u>0.45%</u>
		<u>\$730,182,200</u>	<u>7.32%</u>

(1) Includes property parcels with 2007 equalized assessed valuations over approximately \$800,000 and over.

Source: Offices of the Cook County Clerk and Assessor

TABLE 7

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Revenue Capacity
Property Tax Levies and Collections (Unaudited)

Levy Year	Assessed Valuation	Direct Tax Rate	Total Tax levy	Levy year taxes collected	Percent of levy collected	Delinquent taxes collected (refunded)	Total taxes collected	Collected to total tax levy
2017	\$ 9,012,128,450	\$ 0.3054	\$ 27,521,594	\$ 14,017,283	50.93%	\$ -	\$ 14,017,283	50.93%
2016	8,109,255,966	0.3295	26,719,994	26,679,116	99.85%	-	26,679,116	99.85%
2015	7,505,068,738	0.3519	26,406,764	26,165,839	99.09%	(129,363)	26,036,476	98.60%
2014	7,591,518,565	0.2244	25,454,358	25,071,527	98.50%	(172,834)	24,898,693	97.82%
2013	7,651,085,389	0.2140	24,850,720	24,400,285	98.19%	(198,040)	24,202,245	97.39%
2012	8,396,718,635	0.2121	22,567,862	22,240,775	98.55%	(223,894)	22,016,881	97.56%
2011	9,117,999,953	0.2240	24,345,052	23,914,073	98.23%	(238,674)	23,675,399	97.25%
2010	10,608,984,125	0.2392	23,817,919	23,448,576	98.45%	(286,547)	23,162,029	97.25%
2009	10,841,161,261	0.2183	23,665,777	22,755,766	96.15%	(292,095)	22,463,671	94.92%
2008	10,860,089,987	0.2117	22,985,481	22,508,812	97.93%	(6,462)	22,502,350	97.90%

Property taxes in Cook County, Illinois are levied on a calendar year (January 1-December 31) and are due in two installments.

Source: Property Tax Distributions and College's general ledger

See accompanying independent auditor's report.

TABLE 8
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Revenue Capacity
 Enrollment, Tuition and Fee Rates, Credit Hours, and Tuition and Fee Revenues Generated
 (Unaudited)

Fiscal Year	Following Fall Term 10th Day Enrollment		----- Tuition and Fee Rates -----			Total Semester Credit Hours Generated	Tuition & Fee Revenue
	Full Time Equivalent	Headcount Credit Courses	In District Tuition and Fees per Semester Hour	Out of District Tuition and Fees per Semester Hour	Out of State Tuition and Fees per Semester Hour		
2018	5,824	11,627	\$134.00	\$324.20	\$402.52	162,583	\$28,048,704
2017	5,885	11,791	129.00	312.32	387.65	165,845	27,516,801
2016	6,098	12,389	129.00	312.32	387.65	164,862	27,849,910
2015	6,149	12,645	129.00	312.35	387.65	171,918	28,015,336
2014	6,416	13,223	118.00	283.80	352.10	181,056	26,429,490
2013	6,354	12,819	113.00	283.80	352.10	218,604	25,098,965
2012	7,639	15,025	106.33	257.14	319.09	230,810	24,722,817
2011	7,936	15,632	98.33	242.53	301.53	243,099	25,363,828
2010	8,432	16,432	82.33	201.13	248.65	257,629	22,650,386
2009	8,899	16,764	69.00	185.80	230.32	243,619	18,299,989

Data Sources: Triton College records and Comprehensive Annual Financial Reports
 See accompanying independent auditor's report.

TABLE 9

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Debt Capacity
Ratio of Net General Obligation Bonded Debt to
Assessed Value and Net General Obligation Bonded Debt per Capita
(Unaudited)

Fiscal Year	General Obligation Bonds (1)	Debt Certificate Series 2017	Capital Leases	Total Debt	District 504 Estimated Actual Taxable Property Value	Percentage of Net General Bonded Debt to Estimated Actual Taxable Property Value	Population	Net General Debt Per Capita
2018	\$48,099,249	\$3,687,400	\$ 55,123	\$51,841,772	\$27,036,385,350	0.178%	332,937	\$155.71
2017	49,957,912	-	57,779	50,015,691	22,515,206,214	0.222%	332,937	150.23
2016	51,758,930	-	121,359	51,880,289	22,515,206,214	0.230%	332,937	155.83
2015	53,525,951	-	354,900	53,880,851	22,953,256,167	0.233%	332,937	161.83
2014	-	-	1,228,080	1,228,080	25,190,155,905	0.000%	332,937	3.69
2013	-	-	2,027,147	2,027,147	27,353,999,859	0.000%	332,937	6.09
2012	-	-	2,024,768	2,024,768	27,353,999,859	0.000%	332,937	6.08
2011	-	-	2,685,850	2,685,850	31,826,952,375	0.000%	332,937	8.07
2010	-	-	1,118,543	1,118,543	32,523,483,783	0.000%	332,937	3.36
2009	705,000	-	705,480	1,410,480	32,580,269,961	0.002%	332,937	4.24

Data Sources: Triton College records, Comprehensive Annual Financial Reports, and Cook County records

Notes:

- (1) Balances include current and non-current portions of bond principal outstanding
- (2) Amounts equal net position restricted for debt service per CAFR Statement of Net Position
- (3) Details of the College's outstanding debt can be found in the notes to the financial statements

See accompanying independent auditor's report.

TABLE 10

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Debt Capacity
Pledged Revenue Coverage - Series 2014 and 2015 Bonds
Last Ten Fiscal Years (1)
(Unaudited)

Fiscal Year Ending June 30	Restricted Pledged Revenues	Principal and Interest	Coverage
2018	\$ 6,734,597	\$ 3,668,285	1.84
2017	1,929,185	3,668,285	0.53
2016	1,262,019	3,668,035	0.34
2015	5,610,799	1,226,836	4.57

Data Source: Triton College records

Notes:

(1) Series 2014 General Obligation Bonds (Alternate Revenue Source) were issued October 16, 2014. Series 2015 General Obligation Bonds (Alternate Revenue Source) were issued January 5, 2015.

(2) Details of the College's outstanding debt can be found in the notes to the financial statements.

See accompanying independent auditor's report.

TABLE 11

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Computation of Direct and Demographic and Economic Information
OVERLAPPING GENERAL OBLIGATION BONDED DEBT (Unaudited)
(As of June 30, 2018)

<u>Taxing District*</u>	Outstanding Bonds		<u>Applicable to District</u>	
			<u>Percent</u>	<u>Amount</u>
Cook County	\$3,085,186,750	(2)	5.626%	\$173,572,607
Cook County Forest Preserve	150,960,000		5.626%	8,493,010
Metropolitan Water Reclamation District	2,480,560,091	(1)	5.734%	142,235,316
Lyons Township	1,895,000		0.174%	3,297
Municipalities:				
Village of Bellwood	80,480,000		100.000%	80,480,000
Village of Bensenville	420,000	(2)(4)	4.444%	18,665
Village of Berkeley	1,007,000		100.000%	1,007,000
Village of Broadview	975,000	(2)	100.000%	975,000
Village of Brookfield	8,220,000	(2)(4)	58.833%	4,836,073
Village of Elmwood Park	22,635,000		100.000%	22,635,000
Village of Forest Park	0	(2)	100.000%	0
Village of Franklin Park	0	(2)(4)	100.000%	0
Village of Harwood Heights	8,689,181	(1)	100.000%	8,689,181
Village of Hillside	7,070,000		100.000%	7,070,000
Village of LaGrange Park	8,860,000	(2)	11.976%	1,061,074
Village of Lyons	4,205,000	(2)(4)	4.864%	204,531
Village of Maywood	9,830,000		100.000%	9,830,000
Village of Melrose Park	4,330,000	(2)(4)	100.000%	4,330,000
City of Northlake	22,450,000	(5)	100.000%	22,450,000
Village of North Riverside	0	(2)(4)	100.000%	0
Village of Oak Park	111,000,000	(4)	100.000%	111,000,000
Village of River Forest	500,000	(2)	100.000%	500,000
Village of River Grove	14,205,000	(2)	100.000%	14,205,000
Village of Riverside	2,196,000	(2)	100.000%	2,196,000
Village of Rosemont	90,615,000	(4)	77.463%	70,193,097
Village of Schiller Park	13,870,034	(3)	100.000%	13,870,034
Village of Stone Park	15,580,000		100.000%	15,580,000
Village of Westchester	0	(2)	100.000%	0
Special Service Areas:				
Village of Brookfield SSA #7	0	(2)	100.000%	0
Fire District:				
Leyden Fire Protection District	1,724,775		100.000%	1,724,775
Libraries:				
Broadview Public Library	3,235,000		100.000%	3,235,000
Eisenhower Public Library	0	(4)	100.000%	0
Northlake Public Library	4,360,000		100.000%	4,360,000
Park Districts:				
Bensenville Park District	1,985,000	(2)	6.465%	128,330
Berkeley Park District	0	(4)	100.000%	0
Broadview Park District	517,695		100.000%	517,695
Community Park District of LaGrange Park	1,615,000		11.976%	193,412
Elmhurst Park District	7,850,000	(4)	0.059%	4,632
Forest Park Park District	184,808	(2)(3)	100.000%	184,808
Park District of Franklin Park	999,980		100.000%	999,980
Maywood Park District	0	(4)	100.000%	0
Memorial Park District	620,000	(2)	100.000%	620,000
Norridge Park District	568,075		100.000%	568,075
Oak Brook Park District	2,553,552		0.046%	1,175
Oak Park Park District	0	(2)	100.000%	0
River Forest Park District	134,185		100.000%	134,185
Rosemont Park District	954,000		76.358%	728,455
Veterans Park District	837,805	(2)	100.000%	837,805
Westchester Park District	539,720	(2)	100.000%	539,720

TABLE 11

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Computation of Direct and Demographic and Economic Information
OVERLAPPING GENERAL OBLIGATION BONDED DEBT (Unaudited)
(As of June 30, 2018)

Taxing District*	Outstanding Bonds	Applicable to District	
		Percent	Amount
School Districts:			
#79	\$2,115,000	99.889%	2,112,652
#80	500,000	100.000%	500,000
#81	27,160,000	100.000%	27,160,000
#83	37,695,000	100.000%	37,695,000
#84	7,837,378 (3)	100.000%	7,837,378
#84 1/2	3,255,000	100.000%	3,255,000
#85 1/2	3,435,000	100.000%	3,435,000
#86	1,746,652 (3)	100.000%	1,746,652
#87	10,025,000	100.000%	10,025,000
#88	31,997,099 (3)	100.000%	31,997,099
#89	11,984,601 (2)(3)	100.000%	11,984,601
#90	7,035,000	100.000%	7,035,000
#92	1,875,000	100.000%	1,875,000
#92 1/2	12,625,000	100.000%	12,625,000
#93	2,020,000	100.000%	2,020,000
#94	5,060,000	100.000%	5,060,000
#95	12,635,000	100.000%	12,635,000
#96	0 (4)	100.000%	0
#97	9,495,000	100.000%	9,495,000
#205-CUSD	84,567,211 (3)	0.027%	22,833
#401-CUSD	22,418,783 (3)	100.000%	22,418,783
High School Districts:			
#200	0 (4)	100.000%	0
#207	14,540,000	2.984%	433,874
#208	39,790,000	100.000%	39,790,000
#209	48,772,014 (3)	100.000%	48,772,014
#212	28,595,000	100.000%	28,595,000
#234	28,580,000	100.000%	28,580,000
OVERLAPPING GENERAL OBLIGATION BONDED DEBT			<u>\$1,087,318,818</u>

* Tax Year 2016 Equalized Assessed Valuations were used in this statement.

- (1) Includes IEPA Revolving Loan Fund Bonds.
- (2) Excludes principal amounts of outstanding General Obligation Alternate Revenue Source Bonds which are expected to be paid from sources other than general taxation.
- (3) Includes original principal amounts of outstanding General Obligation Capital Appreciation Bonds.
- (4) Excludes Installment Contracts, Debt Certificates, Notes and Self-supporting Bonds.
- (5) Includes Self-supporting Bonds.

Sources: Offices of the Cook County Clerk, Comptroller and Treasurer of the Metropolitan Water Reclamation District

TABLE 12

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Demographic and Economic Information
Principal Employers
2017 and 2008

2017		
EMPLOYER	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT
Loyola University Health System	6,000 (2)	4.1%
BioTelemetry	1,600 (1)	1.1%
US Foods, Inc.	1,400 (1)	1.0%
Triton College	1,260 (3)	0.9%
Gottlieb Memorial Hospital	1,020 (2)	0.7%
Westlake Hospital	1,000 (2)	0.7%
West Suburban Medical Center	1,000 (2)	0.7%
Keurig Dr. Pepper, Inc.	975 (1)	0.7%
The Hill Group	800 (3)	0.6%
Rush Oak Park Hospital	796 (4)	0.6%
Sloan Valve Co.	760 (1)	0.5%
Navistar Inc.	751 (1)	0.5%
Nestle USA Confections & Snacks	750 (1)	0.5%
Life Fitness, Inc.	750 (2)	0.5%
Ingredion, Inc.	600 (1)	0.4%
Elkay Mfg. Co.	450 (1)	0.3%
	<u>19,912</u>	<u>13.8%</u>

*The total number of persons employed in Triton College District 504 in calendar year 2017 is estimated to be - 144,716

- Information Sources:**
- (1) Illinois Manufacturers' Directory 2018
 - (2) Illinois Services Directory 2018
 - (3) Employer Website
 - (4) referenceUSA.com
- *Illinois Department of Employment Security

2008		
EMPLOYER	EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYMENT*
Loyola University Medical Center	6,000	4.4%
West Suburban Hospital Medical Center	2,000	1.5%
LaGrange Memorial Hospital	1,300	0.9%
International Truck and Engine	1,275	0.9%
Cadbury Schweppes Bottling Group	1,200	0.9%
Gottlieb Memorial Hospital	1,200	0.9%
Jewel Food Stores	1,200	0.9%
Alberto Culver Co.	1,000	0.7%
Westlake Community Hospital	1,000	0.7%
Rush Oak Park Hospital	816	0.6%
Borg Warner Transmission Systems, Inc.	800	0.6%
School District #97	610	0.4%
United Armored Service	550	0.4%
Scholle Corp.	500	0.4%
Robert Bosch Corp	500	0.4%
Abraxis BioScience, Inc.	500	0.4%

*The total number of persons employed in Triton College District 504 in calendar year 2008 is estimated to be - 137,391

- Source of Information:**
- Official Statements of High Schools in the District which list:**
- (1) Illinois Manufacturers' Directory 2008 and 2009
 - (2) Illinois Services Directory 2008 and 2009
- Selective telephone survey.
- *Illinois Department of Employment Security

See accompanying independent auditor's report.

TABLE 13
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NUMBER 504

Debt Capacity
Legal Debt Margin Information
(Unaudited)

Fiscal Year	Assessed Value	Debt Limit Rate	Debt Limit (Assessed Value X Debt Limit Rate)	Net Debt Applicable to Debt Limit	Legal Debt Margin	Net Debt Applicable to Debt Limit as a Percentage of Debt Limit
2018	\$ 9,012,128,450	2.875%	\$ 259,098,693	\$ 48,099,249	\$ 210,999,444	18.56%
2017	8,109,255,966	2.875%	233,141,109	49,957,912	183,183,197	21.43%
2016	7,505,068,738	2.875%	215,770,726	51,758,930	164,011,796	23.99%
2015	7,591,518,565	2.875%	218,256,159	53,525,951	164,730,208	23.99%
2014	7,651,085,389	2.875%	219,968,705	-	219,968,705	0.00%
2013	8,396,718,635	2.875%	241,405,661	-	241,405,661	0.00%
2012	9,117,999,953	2.875%	262,142,499	-	262,142,499	0.00%
2011	10,608,984,125	2.875%	305,008,294	-	305,008,294	0.00%
2010	10,841,161,261	2.875%	311,683,386	-	311,683,386	0.00%
2009	10,860,089,987	2.875%	312,227,587	-	312,227,587	0.00%

Data Sources: Triton College records, Comprehensive Annual Financial Reports, and Cook County records

See accompanying independent auditor's report.

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

TABLE 14

**Economic and Demographic
District Income (Unaudited)**

	Total district annual income	\$9,292,513,643
	District per capita income	\$29,164

Data Source: 2010 census
See accompanying independent auditor's report.

TABLE 15

**Operating Information
Employee Data (Unaudited)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Faculty										
Full Time	111	117	122	119	117	111	118	125	132	139
Part Time	541	546	589	617	652	618	607	623	633	567
Administrators	33	43	45	43	38	41	38	36	36	33
Mid-management	86	81	81	72	70	67	66	59	56	55
Classified Staff	160	171	181	177	177	183	179	177	183	184
Part-Time	<u>258</u>	<u>238</u>	<u>247</u>	<u>246</u>	<u>283</u>	<u>284</u>	<u>268</u>	<u>276</u>	<u>285</u>	<u>277</u>
Total Employees	<u><u>1,189</u></u>	<u><u>1,196</u></u>	<u><u>1,265</u></u>	<u><u>1,274</u></u>	<u><u>1,337</u></u>	<u><u>1,304</u></u>	<u><u>1,276</u></u>	<u><u>1,296</u></u>	<u><u>1,325</u></u>	<u><u>1,255</u></u>

Data Source: College records
See accompanying independent auditor's report.

TABLE 16
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Operating Information
Student Enrollment Demographic Statistics
Head Count and Full Time Equivalents (Unaudited)
Fall Term

Year	Head count	Full time equivalent	Gender		Attendance		Continuing	Enrollment status		In-District residency %	Median Age
			Male	Female	Full time	Part time		New	Re-admit		
FY 19 Fall 2018	11,627	5,824	5,094	6,533	3,069	8,558	8,603	3,024	N/A	76.0%	23
FY 18 Fall 2017	11,791	5,885	6,596	5,195	3,152	8,639	8,872	2,919	N/A	75.2	23
FY 17 Fall 2016	12,389	6,098	5,360	7,029	3,258	9,131	9,175	3,214	N/A	73.8	24
FY 16 Fall 2015	12,645	6,149	5,532	7,113	3,308	9,337	9,493	3,152	N/A	77.4	24
FY 15 Fall 2014	13,223	6,416	5,869	7,354	3,134	9,459	10,283	2,938	N/A	74.5	24
FY 14 Fall 2013	12,819	6,354	5,763	7,056	3,443	9,376	9,659	3,160	N/A	74.6	25
FY 13 Fall 2012	15,025	7,639	6,351	8,673	4,071	10,953	8,784	3,626	2,164	74.9	26
FY 12 Fall 2011	15,632	7,936	6,507	9,125	4,223	11,409	9,277	3,848	2,506	76.3	25
FY 11 Fall 2010	16,432	8,432	6,897	9,445	4,732	11,700	9,998	3,904	2,530	76.0	26
FY 10 Fall 2009	16,764	8,899	7,344	9,420	4,960	11,804	10,231	3,740	2,793	75.4	25

Source: College records

See accompanying independent auditor's report.

TABLE 17

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Operating Information
Student Enrollment Demographic Statistics
Credit Hours (Unaudited)

Year	Baccalaureate	Business occupational	Technical occupational	Health occupational	Remedial development	Adult basic secondary education	Total
2018	92,204	7,908	17,496	11,392	16,237	17,347	162,584
2017	94,088	8,684	18,416	11,501	16,593	16,563	165,845
2016	99,068	9,469	17,687	10,604	15,117	12,917	164,862
2015	98,531	10,944	17,483	10,488	17,242	17,230	171,918
2014	100,846	11,526	17,467	10,592	18,177	22,448	181,056
2013	121,932	12,759	18,266	11,893	23,832	29,922	218,604
2012	127,716	13,831	20,136	12,355	23,262	33,510	230,810
2011	132,051	13,739	23,821	14,517	23,069	35,902	243,099
2010	135,501	14,876	25,978	16,246	20,401	44,627	257,629
2009	130,358	14,272	25,219	14,829	17,537	41,404	243,619

Source: College records
See accompanying independent auditor's report.

TABLE 18

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Operating Information
Building Data (Unaudited)

<u>Year Built</u>	<u>Building Name</u>	<u>sq ft. (gross floor area)</u>
1965	Advanced Technology	44,923
1968	Business	48,726
1968	Health	48,726
1968	Job Training & Police	21,434
1968	Technology / H Building	74,700
1969	Fine Arts	39,216
1969	Liberal Arts	48,726
1969	Physical Plant	22,230
1969	Science	48,726
1972	College Center	76,085
1973	Learning Resource Center	126,589
1978	Bookstore	16,160
1980	Industrial Careers	83,620
1981	Stadium	3,353
1981	Robert M. Collings	126,055
1982	Business & Professional Development	7,031
1984	Cernan Earth & Space	13,354
1994	Physical Plant Storage	3,500
1998	CO-Gen East Campus	1,364
2000	CO-Gen West Campus	1,440
		<hr/>
		855,958
		<hr/> <hr/>

See accompanying independent auditor's report.

TABLE 19
TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Operating Information
Capital Asset Statistics
(Unaudited)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Capital Asset Type:										
Land	\$ 7,652,604	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072	\$ 3,961,072
Land improvements	32,107,406	30,962,237	30,217,398	4,255,727	3,558,564	3,187,188	3,067,511	2,400,598	2,400,598	2,307,957
Buildings and building improvements	94,351,560	84,298,484	82,088,607	61,550,484	61,550,484	60,649,244	58,683,017	55,403,494	55,403,494	54,186,674
Construction in progress	4,711,805	13,243,255	3,575,014	29,828,675	6,512,052	767,842	261,514	2,172,502	35,680	781,784
Furniture and equipment	17,972,128	17,790,910	18,328,466	19,137,482	18,951,795	18,943,619	16,370,005	13,620,520	13,848,693	13,365,258
Software	2,284,167	2,284,167	2,284,167	2,284,167	2,284,167	2,284,167	2,958,181	3,032,568	1,547,415	1,481,715
Total Capital Assets	\$ 159,079,670	\$ 152,540,125	\$ 140,454,724	\$121,017,607	\$96,818,134	\$ 89,793,132	\$ 85,301,300	\$ 80,590,754	\$ 77,196,952	\$ 76,084,460
Accumulated Depreciation	67,649,064	64,065,537	59,849,317	60,886,800	58,392,827	56,797,406	54,061,786	52,589,969	50,691,708	49,514,071
Net Capital Assets	\$ 91,430,606	\$ 88,474,588	\$ 80,605,407	\$ 60,130,807	\$38,425,307	\$ 32,995,726	\$ 31,239,514	\$ 28,000,785	\$ 26,505,244	\$ 26,570,389

Data Source: College records
See accompanying independent auditor's report.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 All Funds Summary
 Uniform Financial Statement Number 1
 Fiscal year ended June 30, 2018

	Education Fund	O & M Fund	O & M Restricted Fund	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability Protection and Settlement Fund	Total
Fund balance at June 30, 2017	\$ 10,205,732	\$ 1,992,696	\$ 3,269,241	\$ -	\$ (270,757)	\$ (1,707,815)	\$ 10,482,457	\$ 91,469	\$ 57,809	\$ 24,120,832
Revenues:										
Local tax revenue	19,142,336	5,026,869	294,734	-	-	-	-	113,057	3,017,214	27,594,210
Debt Certificate, Series 2017	-	-	3,687,400	-	-	-	-	-	-	3,687,400
All other local tax revenue	10,187	-	-	-	-	4,000	-	-	-	14,187
ICCB grants	5,976,675	1,517,173	-	-	-	1,806,502	-	-	-	9,300,350
All other state revenue	-	-	-	-	-	3,468,277	-	-	-	3,468,277
Federal revenue	1,050	-	-	-	-	14,741,784	-	-	-	14,742,834
Student tuition and fees	23,714,129	2,356,345	-	-	793,171	1,185,059	-	-	-	28,048,704
All other revenue	665,564	45,881	37,666	-	1,197,700	785,955	144	145	216	2,733,271
SURS Contribution	-	-	-	-	-	23,091,626	-	-	-	23,091,626
Total revenues	<u>49,509,941</u>	<u>8,946,268</u>	<u>4,019,800</u>	<u>-</u>	<u>1,990,871</u>	<u>45,083,203</u>	<u>144</u>	<u>113,202</u>	<u>3,017,430</u>	<u>112,680,859</u>
Expenditures by Program:										
Instruction	17,455,756	-	-	-	-	3,584,017	-	-	-	21,039,773
Academic support	4,754,377	-	-	-	-	305,947	-	-	-	5,060,324
Student services	4,569,306	-	-	-	-	602,165	-	-	-	5,171,471
Public services	1,701,146	-	-	-	-	372,169	-	-	-	2,073,315
Auxiliary services	-	-	-	-	2,260,902	12,928	-	-	-	2,273,830
Organized research	-	-	-	-	-	-	-	-	-	-
Operations and maintenance	12,616	11,890,189	6,523,681	-	39,672	-	-	-	-	18,466,158
Institutional support	11,165,550	-	-	3,665,185	-	498,423	-	91,101	2,755,234	18,175,493
Scholarships and student grants	3,262,888	-	-	-	-	14,893,744	-	-	-	18,156,632
SURS Contribution	-	-	-	-	-	23,091,626	-	-	-	23,091,626
Total expenditures	<u>42,921,639</u>	<u>11,890,189</u>	<u>6,523,681</u>	<u>3,665,185</u>	<u>2,300,574</u>	<u>43,361,019</u>	<u>-</u>	<u>91,101</u>	<u>2,755,234</u>	<u>113,508,622</u>
Transfers	<u>(3,935,942)</u>	<u>-</u>	<u>-</u>	<u>3,665,185</u>	<u>270,757</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at June 30, 2018	<u>\$ 12,858,092</u>	<u>\$ (951,225)</u>	<u>\$ 765,360</u>	<u>\$ -</u>	<u>\$ (309,703)</u>	<u>\$ 14,369</u>	<u>\$ 10,482,601</u>	<u>\$ 113,570</u>	<u>\$ 320,005</u>	<u>\$ 23,293,069</u>

See accompanying independent auditor's report.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 Summary of Capital Assets and Long Term Debt
 Uniform Financial Statement Number 2
 Fiscal year ended June 30, 2018

	Capital asset/ Long term debt June 30, 2017	Additions	Deletions	Capital asset/ Long term debt June 30, 2018
Capital assets:				
Sites and improvements	\$ 34,923,309	\$ 4,836,701	\$ -	\$ 39,760,010
Buildings, additions, and improvements	84,298,484	12,282,592	(2,229,516)	94,351,560
Construction work in progress	13,243,255	4,896,311	(13,427,761)	4,711,805
Equipment, furniture, and machinery	<u>20,075,077</u>	<u>238,570</u>	<u>(57,352)</u>	<u>20,256,295</u>
Capital assets	152,540,125	22,254,174	(15,714,629)	159,079,670
Accumulated depreciation	<u>(64,065,537)</u>	<u>(5,870,395)</u>	<u>2,286,868</u>	<u>(67,649,064)</u>
Net capital assets	<u>\$ 88,474,588</u>	<u>\$ 16,383,779</u>	<u>\$ (13,427,761)</u>	<u>\$ 91,430,606</u>
Long term debt:				
Capitalized lease obligations	\$ 57,779	\$ 24,673	\$ (27,329)	\$ 55,123
General obligation bonds	<u>49,957,912</u>	<u>3,687,400</u>	<u>(1,858,663)</u>	<u>51,786,649</u>
Total long-term liabilities	<u>\$ 50,015,691</u>	<u>\$ 3,712,073</u>	<u>\$ (1,885,992)</u>	<u>\$ 51,841,772</u>

The College has no tax anticipation warrants or notes outstanding at June 30, 2018.
 See accompanying independent auditor's report.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
Operating Funds Revenues and Expenditures
Uniform Financial Statement Number 3
Fiscal year ended June 30, 2018

	<u>Education Fund</u>	<u>O&M Fund</u>	<u>Total Operating</u>
Operating revenues by source:			
Local government:			
Local taxes	\$ 17,355,557	\$ 5,026,869	\$ 22,382,426
Charge-back revenue:			
Other community colleges	10,187	-	10,187
Corporate personal property replacement taxes	1,786,779	-	1,786,779
Total local government	<u>19,152,523</u>	<u>5,026,869</u>	<u>24,179,392</u>
State government:			
ICCB Credit Hour Grants	5,217,424	1,517,173	6,734,597
ICCB Career and Technical Education	759,251	-	759,251
Total state government	<u>5,976,675</u>	<u>1,517,173</u>	<u>7,493,848</u>
Federal government	1,050	-	1,050
Student tuition and fees:			
Tuition	23,361,059	2,356,345	25,717,404
Fees	353,070	-	353,070
Total student tuition and fees	<u>23,714,129</u>	<u>2,356,345</u>	<u>26,070,474</u>
Other sources:			
Sales and service fees	403,250	-	403,250
Facilities revenue	-	38,030	38,030
Interest on investments	205,915	211	206,126
Other – miscellaneous	56,399	7,640	64,039
Total other sources	<u>665,564</u>	<u>45,881</u>	<u>711,445</u>
Total fiscal year 2018 revenue	<u>49,509,941</u>	<u>8,946,268</u>	<u>58,456,209</u>
Less nonoperating items*:			
Tuition charge-back revenue	(10,187)	-	(10,187)
Adjusted revenue	<u>\$ 49,499,754</u>	<u>\$ 8,946,268</u>	<u>\$ 58,466,396</u>

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

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 Operating Funds Revenues and Expenditures
 Uniform Financial Statement Number 3
 Fiscal year ended June 30, 2018

	Education Fund	O&M Fund	Total Operating
Operating expenditures:			
Instruction	\$ 17,455,756	\$ -	\$ 17,455,756
Academic support	4,754,377	-	4,754,377
Student services	4,569,306	-	4,569,306
Public services	1,701,146	-	1,701,146
Operation and maintenance	12,616	11,890,189	11,902,805
Institutional support	11,165,550	-	11,165,550
Scholarships, grants, waivers	3,262,888	-	3,262,888
Transfers	3,935,942	-	3,935,942
Total operating expenditures by program	\$ 46,857,581	\$ 11,890,189	\$ 58,747,770
By object:			
Salaries	\$ 30,280,577	\$ 4,090,165	\$ 34,370,742
Employee benefits	4,802,396	769,225	5,571,621
Contractual services	1,849,345	2,225,039	4,074,384
General materials and supplies	2,269,656	1,145,559	3,415,215
Conference and meeting expense	266,423	7,566	273,989
Fixed charges	45,690	59,289	104,979
Utilities	-	1,657,038	1,657,038
Capital outlay	102,904	1,936,308	2,039,212
Other	3,304,648	-	3,304,648
Transfers	3,935,942	-	3,935,942
Total operating expenditures by object	\$ 46,857,581	\$ 11,890,189	\$ 58,747,770

See accompanying independent auditor's report.

Schedule 4

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 Restricted Purpose Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Fiscal year ended June 30, 2018

	<u>Restricted Purposes Fund</u>
Revenue by source:	
Local government:	
Leyden Township	\$ <u>4,000</u>
State government:	
ICCB – Career and Technical Education Grant - Program Improvement	42,157
ICCB – Adult Education Grant	1,764,345
MAP - Monetary Award Program	3,144,276
Other	324,001
Total state government	<u>5,274,779</u>
Federal government:	
U.S. Department:	
Dept of Education	13,893,380
Dept of Labor	193,115
Other	655,289
Total federal government	<u>14,741,784</u>
Other sources:	
Tuition and fees	1,185,059
Other	785,955
SURS Contribution	23,091,626
Total other sources	<u>25,062,640</u>
Total restricted purposes fund revenues	<u>\$ <u>45,083,203</u></u>

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 Restricted Purpose Fund Revenues and Expenditures
 Uniform Financial Statement Number 4
 Fiscal year ended June 30, 2018

	Restricted Purposes Fund
Restricted purposes fund expenditures, by program:	
Instruction	\$ 3,584,017
Academic support	305,947
Student services	602,165
Public services	372,169
Auxiliary services	12,928
Organized research	-
Institutional support	498,423
Scholarships and student grants	14,893,744
SURS Contribution	23,091,626
Total restricted purposes fund expenditures, by program	\$ 43,361,019
Restricted purposes fund expenditures, by object:	
Salaries	\$ 2,272,388
Employee benefits	33,163
Contractual services	1,412,068
General materials and supplies	673,192
Travel and conference/meeting expenses	82,390
Fixed charges	4,335
Capital outlay	356,221
Other	15,435,636
SURS Contribution	23,091,626
Total restricted purposes fund expenditures, by object	\$ 43,361,019

See accompanying independent auditor's report.

Schedule 5

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 Current Funds* – Expenditures by Activity
 Uniform Financial Statement Number 5
 Fiscal year ended June 30, 2018

Instruction:		
Instructional programs		\$ 21,039,773
	Total instruction	<u>21,039,773</u>
Academic support:		
Library center		1,241,516
Instructional materials center		9,640
Academic computing support		905,335
Academic administration and planning		2,289,173
Other		614,660
	Total academic support	<u>5,060,324</u>
Student services:		
Admission and records		1,009,635
Counseling and career services		2,458,716
Financial aid administration		1,152,523
Other		550,597
	Total student services	<u>5,171,471</u>
Public services:		
Community education		1,001,897
Customized training		683,360
Community services		174,731
Other		213,327
	Total public services	<u>2,073,315</u>
Organized research		<u>-</u>
Auxiliary services		<u>2,273,830</u>
Operations and maintenance of plant:		
Maintenance		4,144,273
Custodial services		1,841,968
Grounds		714,673
Campus security		1,198,504
Utilities		1,654,238
Administration		160,353
Other		2,228,468
	Total operations and maintenance of plant	<u>11,942,477</u>

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

Current Funds* – Expenditures by Activity
Uniform Financial Statement Number 5

Fiscal year ended June 30, 2018

Institutional support:		
Executive management	\$	3,500,838
Fiscal operations		1,049,587
Community relations		475,323
Administrative support		2,108,367
Board of trustees		22,228
General Institutional		4,378,577
Institutional research		330,013
Administrative data processing		1,666,500
Other		<u>978,875</u>
Total institutional support		<u>14,510,308</u>
Scholarships, student grants, and waivers		18,156,632
SURS Contribution		<u>23,091,626</u>
Total current funds expenditures	\$	<u><u>103,319,756</u></u>

* Current Funds include Education, Operations and Maintenance, Auxiliary Enterprises, Restricted Purposes, Audit, Liability, Protection and Settlement, and Public Building Commission Operations and Maintenance Funds

See accompanying independent auditor's report.

Independent Auditor's Report

The Board of Trustees
Triton College – Community College District No. 504:

Report on the Financial Statements

We have audited the accompanying balance sheets of the Triton College – Community College District No. 504 (the College) State Adult Education (State Basic and State Performance) and Career and Technical Education – Program Improvement Grant (Grant Programs), as of June 30, 2018 and the related statements of revenues, expenditures, and changes in fund balances for the year then ended, and the related notes to the financial statements, which collectively comprise the Grant Programs' 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the guidelines of the Illinois Community College Board *Fiscal Management Manual*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College'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 College'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 College's State Adult Education (State Basic and State Performance) and Career and Technical Education – Program Improvement Grant as of June 30, 2018, and the respective revenues, expenditures, and changes in fund balances for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the College's State Adult Education (State Basic and State Performance) and Career and Technical Education – Program Improvement Grant and do not purport to, and do not, present fairly the financial position of Triton College – Community College District No. 504, as of June 30, 2018, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The supplementary information included on page 90 and the background information are presented for purposes of additional analysis and are not a required part of the financial statements.

The supplementary information included on page 90 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information included on page 90 is fairly stated, in all material respects, in relation to the financial statements as a whole.

The background information has not been subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

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


Crowe LLP

Oak Brook, Illinois
October 5, 2018

**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of State Grant Program Financial
Statements Performed in Accordance With *Government Auditing Standards***

The Board of Trustees
Triton College – Community College District No. 504:

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 and the guidelines of the Illinois Community College Board *Fiscal Management Manual*, the financial statements of the Triton College – Community College District No. 504 (the College) State Adult Education (State Basic and State Performance) and Career and Technical Education – Program Improvement Grant (Grant Programs) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Grant Programs' financial statements, and have issued our report thereon dated October 5, 2018. The financial statements present only the College's Grant Programs and do not purport to, and do not, present fairly the financial position of the College, as of June 30, 2018, the changes in its financial position, or where applicable, its cash flows for the year then ended.

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) of the Grant Programs 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 of the Grant Programs. Accordingly, we do not express an opinion on the effectiveness of the College's internal control of the Grant Programs.

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 Grant Programs' 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 Grant Program's financial statements are free of 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 the 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 over financial reporting and compliance of the Grant Programs and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance of the Grant Programs. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance of the Grant Programs. Accordingly, this communication is not suitable for any other purpose.


Crowe LLP

Oak Brook, Illinois
October 5, 2018

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

State Adult Education Grant Program
Balance Sheet
June 30, 2018

	State Basic	State Performance	Total (Memorandum Only)
Assets			
Cash	\$ 52,875	\$ 4,410	\$ 57,285
Grants receivable	188,840	92,242	281,082
Total assets	\$ 241,715	\$ 96,652	\$ 338,367
Liabilities			
Due to other funds	\$ 188,840	\$ 92,242	\$ 281,082
Accrued expenditures	52,875	4,410	57,285
Total liabilities	241,715	96,652	338,367
Deferred inflows of resources			
Grant revenue	94,420	46,121	140,541
Fund balance			
Total liabilities, deferred inflows of resources, and fund balance	\$ (94,420)	\$ (46,121)	\$ (140,541)
	\$ 241,715	\$ 96,652	\$ 338,367

See accompanying notes to ICCB State Grants financial statements.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
State Adult Education Grant Program
Statement of Revenues, Expenditures, and
Changes in Fund Balance
Year ended June 30, 2018

	<u>State Basic</u>	<u>State Performance</u>	<u>Total</u>
Revenues – state sources	\$ 1,128,440	\$ 495,364	\$ 1,623,804
Expenditures – by program:			
Instructional and student services:			
Instruction	477,128	300	477,428
Social work services	32,657	16,140	48,797
Guidance services	13,146	13,858	27,004
Assessment and testing	97,924	123,933	221,857
Literacy services	2	-	2
Total instructional and student services	<u>620,857</u>	<u>154,231</u>	<u>775,088</u>
Program support:			
Improvement of instructional services	26,803	9,507	36,310
General administration	81,298	57,642	138,940
Workforce coordination	2	-	2
Data and information services	21,349	-	21,349
Approve indirect costs	187,579	55,345	242,924
Total program support	<u>317,031</u>	<u>122,494</u>	<u>439,525</u>
Total expenditures	<u>937,888</u>	<u>276,725</u>	<u>1,214,613</u>
 Change in fund balance	 190,552	 218,639	 409,191
Fund balance at July 1, 2017	(284,972)	(264,760)	(549,732)
Fund balance at June 30, 2018	<u>\$ (94,420)</u>	<u>\$ (46,121)</u>	<u>\$ (140,541)</u>

See accompanying notes to ICCB State Grants financial statements.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
 State Adult Education Grant Program
 ICCB Compliance Statement
 Expenditure Amounts and Percentages for ICCB Grant Funds Only
 Year ended June 30, 2018

State Basic	Actual Expenditure Amount	Actual Expenditure Percentage
Instruction (45% Minimum Required)	\$477,128	50.9%
General Administration (15% Maximum Allowed)	\$81,298	8.7%

See accompanying Independent Auditor's Report.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
Career and Technical Education - Program Improvement Grant
Balance Sheet
June 30, 2018

Assets

Grants receivable	\$ -
Total assets	\$ -

Liabilities

Due to other funds	\$ -
--------------------	------

Fund balance

Total liabilities, deferred inflows of resources, and fund balance	\$ -
--	------

See accompanying notes to ICCB State Grants financial statements.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
Career and Technical Education - Program Improvement Grant
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year ended June 30, 2018

Revenues - State Sources	\$ <u>84,259</u>
Expenditures:	
Current year's grant:	
Salaries	17,200
Employee benefits	285
Contractual services	9,562
Materials and supplies	13,831
Confernce and meeting	<u>1,279</u>
Total expenditures	<u>42,157</u>
Change in fund balance	42,102
Fund balance at July 1, 2017	<u>(42,102)</u>
Fund balance at June 30, 2018	<u><u>\$ -</u></u>

See accompanying notes to ICCB State Grants financial statements.

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504

NOTES TO ICCB STATE GRANT FINANCIAL STATEMENTS
June 30, 2018

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

General: The accompanying statements include only those transactions resulting from the ICCB, State Adult Education Grants (State Basic and State Performance) and Career and Technical Education – Program Improvement Grant programs. These transactions have been accounted for in a Restricted Purpose Fund.

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

Capital Assets: Capital asset purchases are recorded as capital outlay and are not capitalized on the grant financial statements.

Cash: Cash is composed of cash on hand and cash in the College's bank account.

NOTE 2 - BACKGROUND INFORMATION ON STATE GRANT ACTIVITY (Unaudited)

Unrestricted Grants:

Base Operating Grant – General operating funds provided to colleges based upon credit enrollment.

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

Restricted Grants:

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

State Adult Education Grant

State Basic – Grants awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and older or persons under the age of 21 and not otherwise in attendance in public schools for the purpose of providing education to 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 Educational Developmental Review classes. Included in this grant are funds for support services, such as student transportation and childcare facilities or provisions.

State Performance – Grants awarded to Adult Education and Family Literacy providers based upon performance outcomes.

Independent Accountant's Report

The Board of Trustees
Triton College – Community College District No. 504:

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed (the Schedule), of Triton College – Community College District No. 504 (the "College") for the year ended June 30, 2018. The College's management is responsible for the Schedule in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Our responsibility is to express an opinion on the Schedule based upon 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 Schedule is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the Schedule. The nature, timing, and extent of the procedures depend on our judgment, including an assessment of the risks of material misstatement of the Schedule, 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.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed for the year ended June 30, 2018, is presented in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, in all material respects.

The supplementary information on pages 97 - 98 has not been subjected to the examination procedures applied in the examination of the Schedule of Enrollment Data and Other Bases Upon Which Claims Were Filed, and accordingly, we express no opinion on them.

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


Crowe LLP

Oak Brook, Illinois
October 5, 2018

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Schedule of Enrollment Data and Other
Bases Upon Which Claims Were Filed
Year ended June 30, 2018

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	10,435.5	-	41,308.5	-	40,460.0	-	92,204.0	-
Business occupational	719.0	-	3,536.0	-	3,652.5	-	7,907.5	-
Technical occupational	2,031.0	-	7,392.0	-	8,072.5	-	17,495.5	-
Health occupational	1,486.0	-	4,782.5	-	5,123.5	-	11,392.0	-
Remedial development	1,146.0	-	8,650.0	-	6,441.0	-	16,237.0	-
Adult basic education/ secondary education	2,074.0	75.0	-	7,293.0	-	7,905.0	2,074.0	15,273.0
Total	<u>17,891.5</u>	<u>75.0</u>	<u>65,669.0</u>	<u>7,293.0</u>	<u>63,749.5</u>	<u>7,905.0</u>	<u>147,310.0</u>	<u>15,273.0</u>

	Attending in-district	Attending out-of-district on chargeback or contractual agreement	Total
Semester credit hours (all terms)	121,152.0	1,165.0	122,317.0
District 2016 equalized assessed valuation	\$ 9,012,128,450		
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (all terms)	3,956.0	277.0	

/s/ Mary-Rita Moore
Mary-Rita Moore
Chief Executive Officer (CEO)

/s/ Sean Sullivan
Sean Sullivan
Chief Financial Officer (CFO)

**TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504**

Reconciliation of Total Reimbursable Semester Credit Hours
Year ended June 30, 2018

	Total unrestricted credit hours	Total unrestricted credit hours certified to the ICCB	Difference	Total restricted credit hours	Total restricted credit hours certified to the ICCB	Difference
Baccalaureate	92,204.0	92,204.0	-	-	-	-
Business occupational	7,907.5	7,907.5	-	-	-	-
Technical occupational	17,495.5	17,495.5	-	-	-	-
Health occupational	11,392.0	11,392.0	-	-	-	-
Remedial development	16,237.0	16,237.0	-	-	-	-
Adult basic education/ adult secondary	2,074.0	2,074.0	-	15,273.0	15,273.0	-
Total	<u>147,310.0</u>	<u>147,310.0</u>	<u>-</u>	<u>15,273.0</u>	<u>15,273.0</u>	<u>-</u>

Reconciliation of In-District/Charge-back
Reimbursable Credit Hours

	Total attending (unrestricted and restricted)	Total attending and certified to the ICCB (unrestricted and restricted)	Difference
Reimbursable in-district residents	121,152.0	121,152.0	-
Reimbursable out-of-district on charge-back or contractual agreement	1,165.0	1,165.0	-
Total	<u>122,317.0</u>	<u>122,317.0</u>	<u>-</u>
	Total Reimbursable	Reimbursable Certified to ICCB	Difference
Dual Credit	3,956.0	3,956.0	-
Dual Enrollment	277.0	277.0	-

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
Summary of Assessed Valuations (Unaudited)
Most recent three years

<u>Tax levy year</u>	<u>Equalized assessed valuation</u>
2017	\$ 9,012,128,450
2016	8,109,255,966
2015	7,505,068,738

TRITON COLLEGE
COMMUNITY COLLEGE DISTRICT NO. 504
RESIDENCE POLICY – (Unaudited)

The tuition rate is determined by the student's residence. Residence is defined as the place where a student lives and which a student intends to be his true permanent home. A student who temporarily moves into the district for the purpose of attending the College at a reduced tuition rate will not be considered as having established a true residence within the district.

The student must meet the following criteria to be considered a resident of the district: One must have occupied and/or owned a dwelling in the district for 30 days immediately prior to the start of classes and must demonstrate district residency by providing at least two of the following documents: Illinois driver's license, automobile registration, property tax statement, voter registration card, lease or purchase agreement, utility or telephone bill, library card, or other appropriate documentation. This proof must be shown each semester.

A change from out-of-district to in-district status during a semester becomes effective no earlier than the following semester. Students who move in or out of the district during a semester are required to report their new residence to the Office of Admission.

Documentation Verifying District or State Residency

DISTRICT RESIDENCY VERIFICATION

1. High school transcripts are on file for all degree-seeking in-district and in-state high school graduates.
2. Two forms of identification as listed above, must be provided for any student who has mail returned or who has been reported to reside outside of the district. A student's record will be sealed until this is verified. A photocopy of this documentation will be placed in the student file.

CONTRACT TRAINING

1. In-district companies may provide contract training for their employees at in-district rates. Contract training is defined as specific coursework or enrollment in a specific degree/certificate program which is job-related as approved by the sponsoring in-district company. It infers the company will derive direct benefits as a result of the employee's training. The procedures are:
 - a. An authorized company representative must sign a contract training agreement form with Triton for each employee to be trained verifying the courses approved as being related to their job.
 - b. The company is directly billed for the courses at in-district tuition rates.