



Southwestern Illinois College
Community College District #522

Annual Financial Report

For the Fiscal year Ended
June 30, 2020

ANNUAL FINANCIAL REPORT
SOUTHWESTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT # 522
Belleville, Illinois

For the Fiscal Year Ended 2020

Prepared by:
Finance Office
Melissa Roche, Chief Financial Officer

Introductory Section

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March 29, 2021

To the Members of the Board of Trustees, and to the Citizens of Community College District No. 522:

I am pleased to submit the Annual Financial Report for the fiscal years which ended June 30, 2020 and June 30, 2019 respectively. Southwestern Illinois College is a comprehensive community college operating in accordance with the provisions of the Illinois Public Community Act, is recognized by the Illinois Community College Board, and is an educational institution committed to providing the best learning opportunities at an economical value. We are a starting point for higher education, a bridge to developing career skills and a pathway to personal achievement.

Founded in 1946, SWIC was originally known as Belleville Junior College. The institution was opened to serve veterans of World War II. Today, SWIC proudly serves the largest veteran and active-duty military student population in the state among public institutions.

For the last 70 years SWIC has prided itself on fulfilling this motto by providing an affordable, high-quality education to its students. Serving nearly 18,000 students annually, our Triple-A success formula of Accountability, Affordability and Accessibility has allowed us to continue this commitment during these difficult economic times.

As previously mentioned, the Higher Learning Commission has extended our accreditation to 2025. SWIC has held this accreditation since 1961. Regional accreditation is critical to the institution's success. Being an accredited institution allows the college to apply for grants, provide Title IV financial aid and Veterans benefits. Each of these benefits is critical to our core mission of helping students learn.

In addition to devotion to our students, we are also committed to fiscal responsibility. We strive to achieve a balanced budget, closely examine spending and implement cost-saving efficiencies to maintain a standard of academic excellence and beneficial student and community services in an era of state-funding shortfalls.

We thank the Board of Trustees for its continued interest and support in planning and conducting the financial operations of District No. 522 in a highly responsible and accountable manner and with fiscal integrity. We also thank the staff of the Business Office and our external auditors, CliftonLarsonAllen, LLP, for their contributions and assistance in preparing this report.

Nick Mance

President

Principal Officials as of June 30, 2020

Board of Trustees

Name	Position	Term Expires
Robert G. Morton	Chair	2023
Richard E. Roehrkas	Vice Chair	2023
John S. Blomenkamp	Trustee	2023
Steve Campo	Trustee	2023
Nick Raftopoulos	Trustee	2023
Eugene Verdu	Trustee	2023
Sara Soehlke	Trustee	2023
Open	Student Trustee	2021

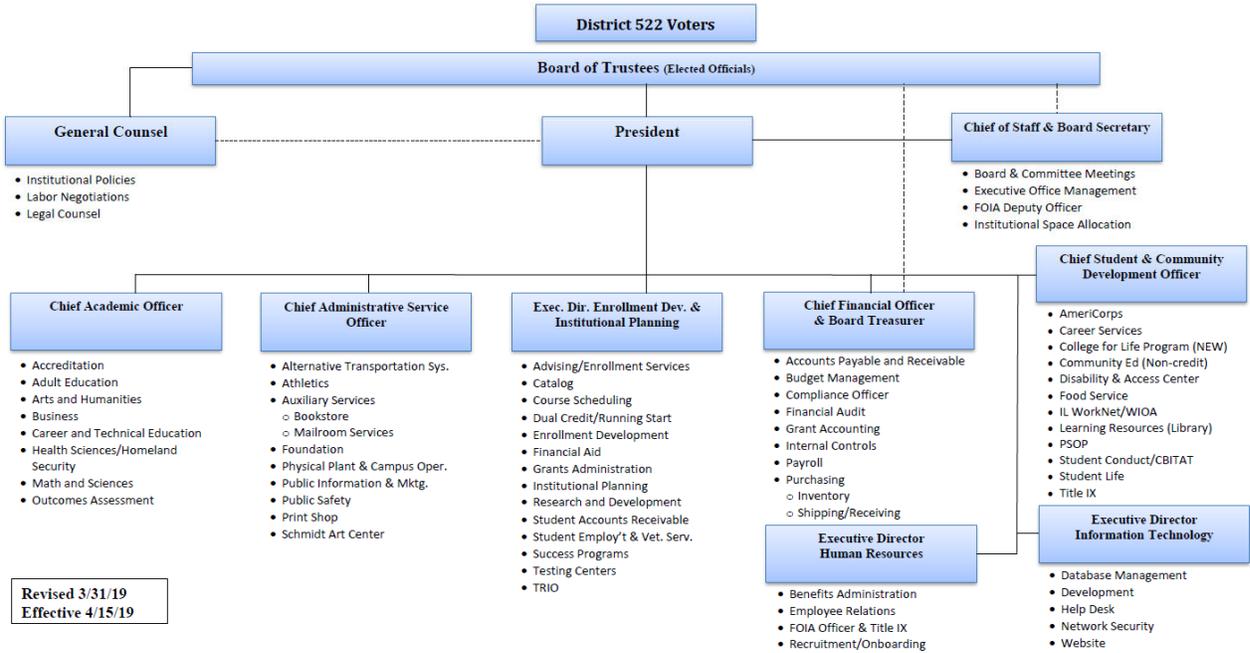
Officers of the College

Nick Mance	President
Beverly Fiss	Board Secretary, Chief of Staff
Melissa Roche	Board Treasurer, Chief Financial Officer
Garrett Hoerner	Board Attorney
Bernie Ysursa	Chief Administrative Service Officer
Gina Segobiano	Chief Academic Officer
Anna Moyer	Chief Human Resources and Operations Officer
Staci Oliver	Chief Student and Community Development Officer
Robert Tebbe	Executive Director of Enrollment Development and Institutional Planning
Linda Andres	Executive Director of Information Technology

Department Issuing Report

Finance Office

Southwestern Illinois College



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Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Southwestern Illinois College
Community College District #522
Belleville, Illinois

Report on the Financial Statements

We have audited the accompanying basic financial statements of Southwestern Illinois College, Community College District #522 (the District), and its discretely presented component unit as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Southwestern Illinois College, Community College District #522, and its discretely presented component unit as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 14, the Schedule of the District's Proportionate Share of the Net Pension Liability and the Schedule of Contributions on page 62, and the Schedule of the District's Proportionate Share of the Net OPEB Liability and the Schedule of District's Contributions on page 64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Changes in Assets and Liabilities – Fiduciary Fund on page 66, the Uniform Financial Statements on pages 67 through 73, the Combining Schedules on pages 75 through 79, and the Internal Service Fund financial statements on pages 80 through 81 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards on pages 101 through 102, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Changes in Assets and Liabilities – Fiduciary Fund, Uniform Financial Statements, the Combining Schedules, the Internal Service Fund financial statements, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections 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.

Board of Trustees
Southwestern Illinois College
Community College District #522

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Belleville, Illinois
April 15, 2021

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of Southwestern Illinois College, Community College District #522's (District), Annual Financial Report presents management's discussion and analysis of the District's financial activity during the fiscal years ended June 30, 2020 and 2019. Since this management's discussion and analysis is designed to focus on current activities, resulting changes and currently known facts, please read it in conjunction with the transmittal letter (pages iii-v), the District's basic financial statements (pages 15-22) and the footnotes (pages 23-61). Responsibility for the completeness and fairness of this information rests with the District.

Using This Annual Report

The financial statement focuses on the District as a whole. The District's basic financial statements (pages 15-22) are designed to emulate corporate presentation models whereby all District activities are consolidated into one total. The focus of the Statement of Net Position is designed to reflect the District's financial position at a certain time. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of District activities, which are supported mainly by property taxes, student tuition and fees, and by other governmental revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various District services to students and the public.

Financial Highlights

Assets and deferred outflows exceeded liabilities and deferred inflows (net position) by \$102.9 million as of June 30, 2020. Of this amount, \$54.0 million is the net investment in capital assets, \$14.3 million is restricted, and \$34.6 million is unrestricted and available to meet current and future obligations of the District.

Operating revenue includes activities that have the characteristics of exchange transactions, such as student tuition and fees (net of scholarship discounts and allowances) and sales and services of auxiliary enterprises. Nonoperating revenues include activities that have the characteristics of nonexchange 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 expenses are those expenses for the purpose of providing education and operational activities of the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenditures. The District's operating expenses are funded primarily through nonoperating revenue. Nonoperating revenue, net of nonoperating expenses, for the year ended June 30, 2020, was \$99.2 million. State grants and contracts represented 15% of the total, local property taxes 33%, and federal grants and contracts 14%. Student tuition and fees comprised approximately 83% of the total operating revenues.

Total operating expenses for the year ended June 30, 2020, were \$68.5 million, excluding SURS and OPEB on-behalf payments. Instruction, academic support, student services and operation and maintenance of plant represented 66% of total operating expenses, while institutional, auxiliary enterprises, and public service expenses were 29%. Depreciation and amortization, which was \$4.5 million, represented 5% of total operating expenses when including SURS and OPEB related benefits per program.

Financial Analysis of the District as a Whole

Net Position As of June 30, (in millions)

	2020	2019	Increase (Decrease) 2020-2019	2018	Increase (Decrease) 2019-2018
Current assets	\$ 153.2	\$ 137.5	\$ 15.7	\$ 126.9	\$ 10.6
Non-current assets					
Capital assets, net of depreciation	59.1	62.6	(3.5)	66.0	(3.4)
Deferred outflows	1.4	1.6	(0.2)	1.3	0.3
Total assets	213.7	201.7	12.0	194.2	7.5
Current liabilities	17.0	18.1	(1.1)	20.5	(2.4)
Non-current liabilities	36.0	41.6	(5.6)	46.4	(4.8)
Deferred inflows	57.8	54.9	2.9	50.3	4.6
Total liabilities and Deferred inflows	110.8	114.6	(3.8)	117.2	(2.6)
Net position					
Investment in capital assets	54.0	55.5	(1.5)	57.3	(1.8)
Unrestricted	34.6	20.3	14.3	10.7	9.6
Restricted	14.3	11.3	3.0	8.9	2.4
Total net position	\$ 102.9	\$ 87.1	\$ 15.8	\$ 76.9	\$ 10.2
Total revenue	\$ 115.5	\$ 112.1	\$ 3.4	\$ 121.7	\$ (9.6)
Total expenses	\$ 99.8	\$ 101.9	\$ (2.1)	\$ 106.5	\$ (4.6)

This schedule is prepared from the District's statement of net position (page 15) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

As of June 30, 2020, the District's net position was \$102.9 million, of which 52% represents investment in capital assets, 14% represents resources that are available for the operation and support of the educational program, but are restricted as to their use by outside agencies and the remaining 34% represents unrestricted resources. The District's current assets totaled \$153.2 million, of which 58% represents cash and cash equivalents and 33% represents property taxes receivable. Total liabilities and deferred inflows of resources were \$110.8 million, of which 52% were deferred inflows of property taxes and OPEB related deferred outflows, 15% was current liabilities, and 33% was noncurrent liabilities.

Fiscal Year 2020 Compared to 2019

Total assets were \$213.7 million in the current year, an increase of \$12.0 million over the prior year. An increase in the Cash and Cash Equivalents of \$8.9 million and an increase in the property tax receivables of \$6 million was offset due to the normal depreciation property, building and equipment, net of \$3.5 million.

Total liabilities and deferred inflows decreased \$3.7 million in comparison with the prior year. The main decrease was due to the regular payment of the Districts Bonds.

Fiscal Year 2019 Compared to 2018

Total assets were \$201.7 million in the current year, an increase of \$7.5 million over the prior year. An increase in the Cash and Cash Equivalents of \$10 million was offset by a slight decrease in Noncurrent assets due to the normal depreciation of property, building and equipment, net.

Noncurrent liabilities decreased \$2.6 million in comparison with the prior year. The change was due to various decreases in the current and noncurrent liabilities offset by an increase in deferred inflows. The main decrease in non-current liabilities was due to the regular payment of the Districts Bonds while the main increase in deferred inflows related to the OPEB liability.

Net Position

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2020-2019</u>	<u>2018</u>	Increase (Decrease) <u>2019-2018</u>
Net position					
Net invested in capital assets, net of related debt	\$ 54.0	\$ 55.5	\$ (1.5)	\$ 57.3	\$ (1.8)
Unrestricted	34.6	20.3	14.3	10.7	9.6
Restricted	<u>14.3</u>	<u>11.3</u>	<u>3.0</u>	<u>8.9</u>	<u>2.4</u>
Total	<u>\$ 102.9</u>	<u>\$ 87.1</u>	<u>\$ 15.8</u>	<u>\$ 76.9</u>	<u>\$ 10.2</u>

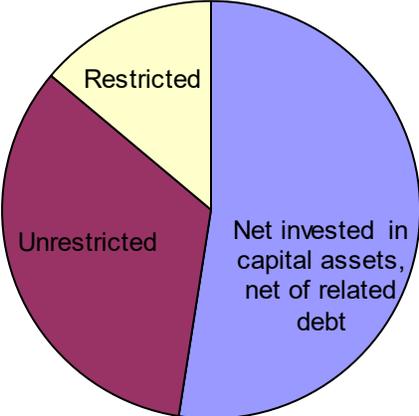
Fiscal Year 2020 Compared to 2019

The decrease in net invested in capital assets is due primarily to normal depreciation of capital assets. The unrestricted net position increased of \$14.3 million in comparison with the prior year. The increase of unrestricted funds was again due to consistent revenue streams and the close monitoring of expenses.

Fiscal Year 2019 Compared to 2018

The decrease in net invested in capital assets is due primarily to normal depreciation of capital assets. The unrestricted net position increased of \$9.6 million in comparison with the prior year. The increase of unrestricted funds was due to consistent revenue streams and the close monitoring of expenses.

The following is a graph illustration of net position:



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

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2020-2019</u>	<u>2018</u>	Increase (Decrease) <u>2019-2018</u>
Operating revenue					
Tuition and fees	\$ 13.3	\$ 14.6	\$ (1.3)	\$ 14.7	\$ (0.1)
Other	2.7	2.7	-	2.2	0.5
Total operating revenue	<u>16.0</u>	<u>17.3</u>	<u>(1.3)</u>	<u>16.9</u>	<u>0.4</u>
Less operating expenses	<u>99.4</u>	<u>101.3</u>	<u>(1.9)</u>	<u>105.7</u>	<u>(4.4)</u>
Operating (loss)	<u>(83.4)</u>	<u>(84.0)</u>	<u>0.6</u>	<u>(88.8)</u>	<u>4.8</u>
Non-operating revenue (expense)					
Property taxes	32.8	31.9	0.9	31.7	0.2
Federal grants and contracts	14.3	14.2	0.1	15.1	(0.9)
State grants and contracts	14.7	13.3	1.4	23.3	(10.0)
Other	37.8	35.4	2.4	34.8	0.6
Interest expense	(0.4)	(0.6)	0.2	(0.7)	0.1
	<u>99.2</u>	<u>94.2</u>	<u>5.0</u>	<u>104.2</u>	<u>(10.0)</u>
Income (loss) before contributions	15.8	10.2	5.6	15.4	(5.2)
Capital contributions	-	-	-	-	-
Change in net position	15.8	10.2	5.6	15.4	(5.2)
Net position, beginning of year	87.1	76.9	10.2	93.2	(16.3)
Change in accounting principle	-	-	-	(31.7)	31.7
Net position, beginning of year, as restated	87.1	76.9	10.2	61.5	15.4
Net position, end of year	<u>\$ 102.9</u>	<u>\$ 87.1</u>	<u>\$ 15.8</u>	<u>\$ 76.9</u>	<u>\$ 10.2</u>

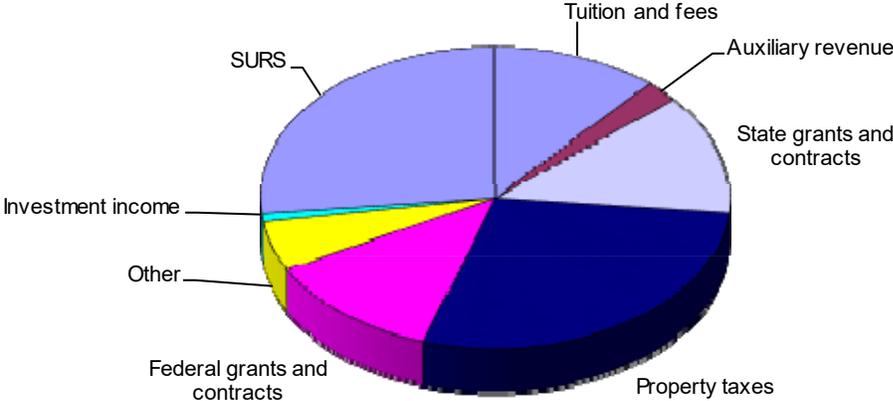
Fiscal Year 2020 Compared to 2019

Nonoperating revenue increased in comparison with the prior year due to the change in allocations for state grants and on behalf payments made by the state. The overall net position increased again due to the close monitoring of expenses and cost savings strategies.

Fiscal Year 2019 Compared to 2018

Nonoperating revenue decreased in comparison with the prior year due to the change in allocations for state and federal grants. The overall net position increased due to the close monitoring of expenses and cost savings strategies.

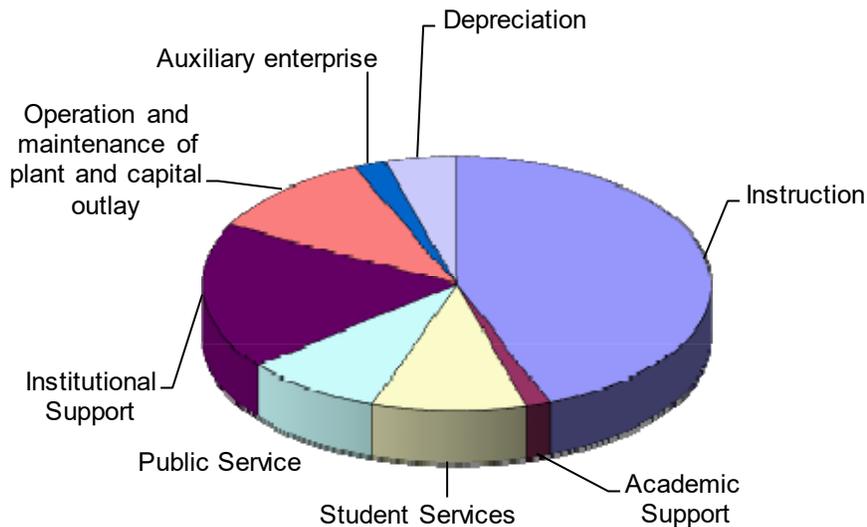
The following is a graphic illustration of revenues by source:



**Operating Expenses by Program
For the Years Ended June 30,
(in millions)**

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2020-2019</u>	<u>2018</u>	Increase (Decrease) <u>2019-2018</u>
Operating expenses by program					
Instruction	\$ 43.7	\$ 47.2	\$ (3.5)	\$ 46.8	\$ 0.4
Academic support	1.5	1.6	(0.1)	2.0	(0.4)
Student services	9.8	6.3	3.5	6.3	-
Public service	8.8	8.3	0.5	8.2	0.1
Institutional support	18.3	21.1	(2.8)	24.4	(3.3)
Operation and maintenance of plant	10.8	9.9	0.9	11.0	(1.1)
Auxiliary enterprise	2.0	1.8	0.2	1.8	-
Depreciation	4.5	5.1	(0.6)	5.2	(0.1)
	<u>\$ 99.4</u>	<u>\$ 101.3</u>	<u>\$ (1.9)</u>	<u>\$ 105.7</u>	<u>\$ (4.4)</u>
Total	<u>\$ 99.4</u>	<u>\$ 101.3</u>	<u>\$ (1.9)</u>	<u>\$ 105.7</u>	<u>\$ (4.4)</u>

The following is a graphic illustration of operating expenses by program:

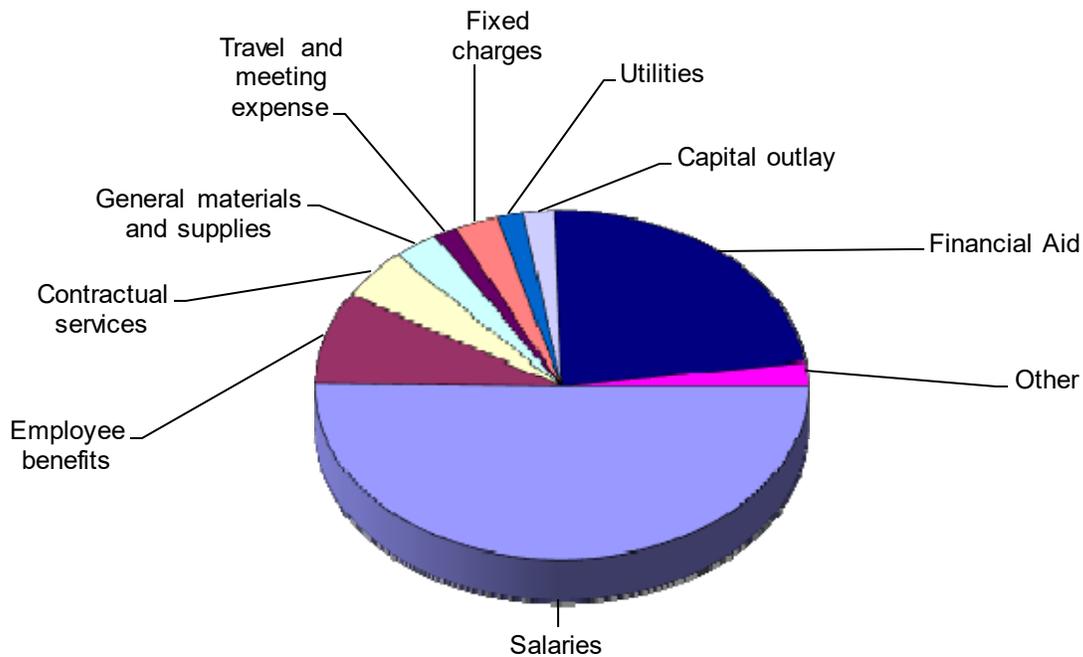


While operating expenses by program provide an important piece of financial information for managing and reporting purposes, operating expenses by object are also a valuable financial management tool. The following schedule is a summary of operating expenses by object for the Current Unrestricted and the Restricted Funds.

Operating Expenses by Object
Current Unrestricted and Restricted Funds (Modified Accrual)
For the Years Ended June 30,
(in millions)

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2019-2018</u>	<u>2018</u>	Increase (Decrease) <u>2018-2017</u>
Operating expenses by object					
Salaries	\$ 40.1	\$ 41.4	\$ (1.3)	\$ 41.9	\$ (0.5)
Employee benefits	6.8	7.0	(0.2)	8.4	(1.4)
Contractual services	3.7	4.3	(0.6)	2.8	1.5
General materials and supplies	2.4	3.0	(0.6)	2.8	0.2
Travel and meeting expense	1.2	1.3	(0.1)	0.9	0.4
Fixed charges	2.3	2.6	(0.3)	2.2	0.4
Utilities	1.4	1.7	(0.3)	1.8	(0.1)
Capital outlay	1.6	1.5	0.1	1.1	0.4
Financial aid	18.5	20.2	(1.7)	22.5	(2.3)
Other	1.8	2.9	(1.1)	4.1	(1.2)
Total	<u>\$ 79.8</u>	<u>\$ 85.9</u>	<u>\$ (6.1)</u>	<u>\$ 88.5</u>	<u>\$ (2.6)</u>

The following is a graphic illustration of operating expenses by object (modified accrual):



Note: Current and Restricted funds include Education, Operations and Maintenance, Auxiliary Enterprises, Restricted Purposes, Audit and Liability, Protection and Settlement.

Fiscal Year 2020 Compared to 2019

The expenses in the Current Unrestricted and Restricted funds decreased \$6.1 million. In the current year, a reduction in salaries due to attrition as well as a decrease in financial aid awards consistent with the decrease in enrollment contributed to the decrease in expenses.

Fiscal Year 2019 Compared to 2018

The expenses in the Current Unrestricted and Restricted funds decreased \$2.6 million. In the current year, a reduction in employee benefit expenditures and financial aid awards contributed to the decrease. The District recently transitioned from being self-insured to participating in a commercial health insurance policy which caused to the majority of the decrease.

Capital Assets
For the Years Ended June 30,
(in millions)

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2019-2018</u>	<u>2018</u>	Increase (Decrease) <u>2018-2017</u>
Capital Assets					
Land	\$ 6.5	\$ 6.5	\$ -	\$ 6.5	\$ -
Construction in progress	0.8	0.7	0.1	1.2	(0.5)
Buildings	53.5	53.5	-	53.5	-
Building improvements	47.5	47.5	-	46.9	0.6
Land improvements	16.8	16.8	-	16.8	-
Equipment	19.1	19.1	-	18.1	1.0
Total	144.2	144.1	0.1	143.0	1.1
Less Accumulated Depreciation	<u>(85.1)</u>	<u>(81.5)</u>	<u>(3.6)</u>	<u>(77.0)</u>	<u>(4.5)</u>
Net Capital Assets	<u>\$ 59.1</u>	<u>\$ 62.6</u>	<u>\$ (3.5)</u>	<u>\$ 66.0</u>	<u>\$ (3.4)</u>

Additional information regarding Capital Assets can be found in Note 5 of the Financial Statements.

Fiscal Year 2020 Compared to 2019

The slight decrease in capital assets is due to the lack of capital asset purchases and regular depreciation expense.

Fiscal Year 2019 Compared to 2018

The slight decrease in capital assets is due to the lack of capital asset purchases and regular depreciation expense.

Long-Term Debt
For the Years Ended June 30,
(in millions)

	<u>2020</u>	<u>2019</u>	Increase (Decrease) <u>2019-2018</u>	<u>2018</u>	Increase (Decrease) <u>2018-2017</u>
Long-term debt					
Bonds and capital lease payable	<u>\$ 9.5</u>	<u>\$ 13.5</u>	<u>\$ (4.0)</u>	<u>\$ 17.1</u>	<u>\$ (3.6)</u>

Additional information regarding Long-Term Debt can be found in Note 6 of the Financial Statements.

Contacting Financial Management

This financial report is designed to provide our stakeholders with a general overview of Southwestern Illinois College's finances, as well as display accountability and transparency for funds received and spent. If you have questions about this report or need additional information, contact Melissa Roche, Chief Financial Officer, 2500 Carlyle Ave, Belleville, IL 62221, telephone (618) 235-2700.

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Basic Financial Statements

Southwestern Illinois College
Community College District #522

Statements of Net Position
June 30

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 88,099,084	\$ 79,408,367
Restricted cash	487,949	253,889
Receivables:		
Property taxes	49,852,994	43,866,876
Government claims	4,039,356	2,372,504
Student tuition and fees, net of allowance of \$3,849,000 in 2020 and \$3,650,000 in 2019	9,027,881	9,581,567
Other	1,173,768	1,452,149
Total receivables	<u>64,093,999</u>	<u>57,273,096</u>
Prepaid items	497,839	550,390
Total current assets	<u>153,178,871</u>	<u>137,485,742</u>
Noncurrent Assets		
Land	6,515,480	6,515,480
Construction-in-progress	763,732	743,268
Depreciable property, buildings and equipment, net	51,835,045	55,340,452
Total noncurrent assets	<u>59,114,257</u>	<u>62,599,200</u>
Deferred Outflows of Resources		
Deferred Outflows related to OPEB liability	\$ 959,205	\$ 1,210,007
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	417,699	372,679
Total Assets and Deferred Outflows of Resources	<u>\$ 213,670,032</u>	<u>\$ 201,667,628</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,132,915	\$ 2,295,544
Accrued expenses	1,301,751	1,350,156
Unearned revenues:		
Student tuition and fees	5,128,643	7,230,774
Other	2,025,528	1,161,344
Compensated absences, current	1,985,118	1,768,790
Bonds, capital lease and note payable, current	4,399,108	4,255,120
Total current liabilities	<u>16,973,063</u>	<u>18,061,728</u>
Noncurrent Liabilities		
Bonds, capital lease and note payable due in more than one year	5,118,230	9,279,914
Net OPEB liability	30,738,920	31,772,113
Compensated absences due in more than one year	185,826	536,534
Total noncurrent liabilities	<u>36,042,976</u>	<u>41,588,561</u>
Deferred Inflows of Resources		
Subsequent year's property taxes	50,313,287	48,993,814
Deferred Inflow for OPEB liability	7,480,068	5,883,706
Total Liabilities and Deferred Inflows of Resources	<u>110,809,394</u>	<u>114,527,809</u>
Net Position		
Net investment in capital assets	53,958,420	55,478,466
Restricted for:		
Capital projects	11,829,043	8,816,206
Restricted current funds	497,839	550,390
Restricted loan funds	476,306	384,749
Grants	1,450,688	1,615,022
Unrestricted	34,648,342	20,294,986
Total net position	<u>\$ 102,860,638</u>	<u>\$ 87,139,819</u>

See Notes to Financial Statements.

**Southwestern Illinois College
Community College District #522**

Statements of Revenues, Expenses, and Changes in Net Position

Years Ended June 30,

	2020	2019
Revenues:		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$10,802,181 and \$12,994,123 respectively	\$ 13,262,506	\$ 14,613,014
Auxiliary enterprise revenue	190,287	212,231
Facilities revenue	135,575	92,344
Other operating revenue	2,314,207	2,367,249
Total operating revenues	15,902,575	17,284,838
Expenses:		
Operating expenses		
Instruction	43,703,798	47,186,898
Academic support	1,508,734	1,621,822
Student services	9,785,702	6,322,924
Public service	8,794,454	8,305,393
Institutional support	18,308,994	21,090,296
Operation and maintenance of plant and capital outlay	10,762,220	9,876,727
Auxiliary enterprise	2,012,046	1,813,136
Depreciation and amortization	4,480,007	5,074,203
Total operating expenses	99,355,955	101,291,399
Operating (loss)	(83,453,380)	(84,006,561)
Nonoperating revenues (expenses):		
Property taxes	32,817,226	31,850,637
Local grants and contracts	5,992,604	5,794,028
State grants and contracts	14,742,717	13,329,441
Federal grants and contracts	14,283,255	14,201,565
Investment income	1,028,306	1,444,540
Interest expense	(462,991)	(605,859)
Contributions provided by state	30,773,082	28,203,483
Total nonoperating revenues	99,174,199	94,217,835
Income (loss) before contributions	15,720,819	10,211,274
Change in net position	15,720,819	10,211,274
Net position		
Net position - beginning of year	87,139,819	76,928,545
Net position - end of year	\$ 102,860,638	\$ 87,139,819

See Notes to Financial Statements.

**Southwestern Illinois College
Community College District #522**

**Statements of Cash Flows
Years Ended June 30**

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 12,578,245	\$ 13,342,453
Payments to employees	(47,103,986)	(48,555,018)
Payments to suppliers	(16,522,791)	(18,983,703)
Auxiliary enterprise charges	190,287	212,231
Other receipts	<u>2,728,162</u>	<u>1,736,876</u>
Net cash used by operating activities	<u>(48,130,083)</u>	<u>(52,247,161)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State, federal and local grants and contracts	34,671,197	36,007,411
Property taxes	<u>26,831,108</u>	<u>30,656,003</u>
Net cash provided by noncapital financing activities	<u>61,502,305</u>	<u>66,663,414</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(1,080,478)	(1,709,433)
Loss on disposal of capital assets	85,414	3,183
Proceeds from capital lease issuance	294,217	503,565
Principal paid on debt and leases	(4,267,984)	(4,016,794)
Interest paid on debt and leases	<u>(506,920)</u>	<u>(666,937)</u>
Net cash provided (used) by capital and related financing activities	<u>(5,475,751)</u>	<u>(5,886,416)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	<u>1,028,306</u>	<u>1,444,540</u>
Net cash provided by investing activities	<u>1,028,306</u>	<u>1,444,540</u>
Net increase (decrease) in cash	8,924,777	9,974,377
Cash at beginning of year	<u>79,662,256</u>	<u>69,687,879</u>
Cash at end of year	<u>\$ 88,587,033</u>	<u>\$ 79,662,256</u>
Cash and cash equivalents	\$ 88,099,084	\$ 79,408,367
Restricted cash	<u>487,949</u>	<u>253,889</u>
	<u>\$ 88,587,033</u>	<u>\$ 79,662,256</u>

See Notes to Financial Statements.

**Southwestern Illinois College
Community College District #522**

**Statements of Cash Flows
Years Ended June 30**

	2020	2019
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (83,453,380)	\$ (84,006,561)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,480,007	5,074,203
Contribution paid by the State	30,773,082	28,203,483
Changes in assets and liabilities:		
(Increase) decrease in receivables	832,067	(675,393)
(Increase) decrease in prepaid items	52,551	121,978
Increase (decrease) in accounts payable	(162,629)	(1,196,348)
Increase (decrease) in accrued expenditures	(1,081,598)	(1,089,481)
Increase (decrease) in unearned revenue	(1,237,947)	(1,317,884)
Increase in compensated absences	(134,380)	(83,972)
Increase in Deferred Inflows of Resources	1,596,362	3,061,560
Increase in Deferred Outflows of Resources	205,782	(338,746)
Total adjustments	<u>35,323,297</u>	<u>31,759,400</u>
Net cash used by operating activities	<u>\$ (48,130,083)</u>	<u>\$ (52,247,161)</u>
Noncash, capital and related financing activities:		
SURS contribution paid by the State	<u>\$ 30,773,082</u>	<u>\$ 28,203,483</u>
Assets purchased under Capital Lease	<u>\$ -</u>	<u>\$ -</u>

See Notes to Financial Statements.

**Southwestern Illinois College
Community College District #522**

**Statements of Fiduciary Net Position
June 30**

	2020	2019
Assets		
Cash and cash equivalents	\$ 762,519	\$ 724,825
Miscellaneous receivables	6,729	6,735
Prepaid Items	-	201
	<u>769,248</u>	<u>731,761</u>
Total assets	\$ 769,248	\$ 731,761
Liabilities		
Accounts payable	\$ 5,769	\$ 16,087
Deposits held in custody for others	763,479	715,674
	<u>769,248</u>	<u>731,761</u>
Total liabilities	\$ 769,248	\$ 731,761

See Notes to Financial Statements.

Southwestern Illinois College Foundation

Statements of Financial Position
December 31,

	<u>2019</u>	<u>2018</u>
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 332,411	\$ 343,003
Investments	8,960,340	7,501,768
Beneficial Interest in Perpetual Trust	74,139	63,539
Pledge Receivable	-	100
Property and Equipment, Net	7,077	8,840
Art Collections	440,848	436,128
	<u> </u>	<u> </u>
Total Assets	<u>\$ 9,814,815</u>	<u>\$ 8,353,378</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 2,041	\$ 2,304
Total Liabilities	<u>2,041</u>	<u>2,304</u>
NET ASSETS		
Without Donor Restrictions	1,421,068	1,362,273
With Donor Restrictions	8,391,706	6,988,801
Total Net Assets	<u>9,812,774</u>	<u>8,351,074</u>
	<u> </u>	<u> </u>
Total Liabilities and Net Assets	<u>\$ 9,814,815</u>	<u>\$ 8,353,378</u>

See Notes to the Financial Statements.

Southwestern Illinois College Foundation

**Statement of Activities
Year Ended December 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Gifts and Grants	\$ 3,537	\$ 321,975	\$ 325,512
Art Class Program	-	3,817	3,817
Revenue from Fundraising Events	220	69,101	69,321
Less: Direct Cost of Fundraising Events	-	(30,644)	(30,644)
Net Fundraising Events	220	38,457	38,677
Investment Income (Loss), net of Fees	(13,785)	240,505	226,720
Gifts-in-Kind from Southwestern Illinois College	306,930	-	306,930
Net Realized Gains on Investments	4,477	69,044	73,521
Net Unrealized Gains on Investments	67,853	1,139,943	1,207,796
Miscellaneous Income		400	400
Net Assets Released from Restrictions	410,825	(410,825)	-
Total Support and Revenues	<u>780,057</u>	<u>1,403,316</u>	<u>2,183,373</u>
EXPENSES			
Program:			
Students Grants and Scholarships	303,228	-	303,228
Interest Distributions	-	364	364
Program Costs	107,334	47	107,381
Total Program Expenses	<u>410,562</u>	<u>411</u>	<u>410,973</u>
Support:			
Management and General Costs Paid by Southwestern Illinois College	306,930	-	306,930
Fundraising	2,007	-	2,007
Depreciation	1,763	-	1,763
Total Support Expenses	<u>310,700</u>	<u>-</u>	<u>310,700</u>
Total Expenses	<u>721,262</u>	<u>411</u>	<u>721,673</u>
CHANGE IN NET ASSETS	58,795	1,402,905	1,461,700
Net Assets - Beginning of Year	<u>1,362,273</u>	<u>6,988,801</u>	<u>8,351,074</u>
NET ASSETS - END OF YEAR	<u>\$ 1,421,068</u>	<u>\$ 8,391,706</u>	<u>\$ 9,812,774</u>

See Notes to the Financial Statements.

Southwestern Illinois College Foundation

Statement of Activities

Year ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS AND OTHER SUPPORT			
Gifts and Grants	\$ 6,669	\$ 369,264	\$ 375,933
Art Class Program	3,660	-	3,660
Revenue from Fundraising Events	-	57,262	57,262
Less: Direct Cost of Fundraising Events	-	(22,915)	(22,915)
Net Fundraising Events	-	34,347	34,347
Investment Income, net of Fees	(14,218)	223,365	209,147
Gifts-in-Kind from Southwestern Illinois College	318,978	-	318,978
Net Realized Gains (Losses) on Investments	13,008	186,743	199,751
Net Unrealized Gains (Losses) on Investments	(58,524)	(945,141)	(1,003,665)
Miscellaneous Income	3,600	-	3,600
Net Assets Released from Restrictions	633,667	(633,667)	-
Total Support and Revenues	<u>906,840</u>	<u>(765,089)</u>	<u>141,751</u>
EXPENSES			
Program:			
Students Grants and Scholarships	295,383	-	295,383
Interest Distributions	366	-	366
Program Costs	339,872	-	339,872
Total Program Expenses	<u>635,621</u>	<u>-</u>	<u>635,621</u>
Support:			
Management and General Costs Paid by Southwestern Illinois College	318,978	-	318,978
Fundraising	1,530	-	1,530
Depreciation	1,763	-	1,763
Total Support Expenses	<u>322,271</u>	<u>-</u>	<u>322,271</u>
Total Expenses	<u>957,892</u>	<u>-</u>	<u>957,892</u>
CHANGE IN NET ASSETS	(51,052)	(765,089)	(816,141)
Net Assets - Beginning of Year	<u>1,413,325</u>	<u>7,753,890</u>	<u>9,167,215</u>
NET ASSETS - END OF YEAR	<u>\$ 1,362,273</u>	<u>\$ 6,988,801</u>	<u>\$ 8,351,074</u>

See Notes to the Financial Statements.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 1. Organization and Significant Accounting Policies

Organization:

Southwestern Illinois College (formerly Belleville Area College), Community College District #522 (District) is an Illinois community college. The District includes all or portions of eight counties in Southwestern Illinois. The District is governed by a Board of Trustees.

The financial statements are based on accounts prescribed or permitted by the Fiscal Management Manual of the Illinois Community College Board. The accounting policies of the District conform to accounting principles generally accepted in the United States of America, as set forth in Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The following is a summary of the more significant policies:

Financial reporting entity: The District is a unit of state and local government governed by a Board of Trustees (Board), which is elected by the public and has the exclusive responsibility and accountability for the decisions it makes. The District has the statutory authority to adopt its own budget, to levy taxes, and to issue bonded debt within certain dollar limits without the approval of another government and has the right to sue and be sued.

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include (1) the Board of Trustees of the District appointing a voting majority of an organization's governing body, (2) the ability of the District to impose its will on any organization, or (3) the potential for the Organization to provide specific benefits to, or impose specific financial burdens on, the District. Based on these criteria, the District is considered a primary government. GASB has also set forth criteria to be considered in determining the nature and significance of a relationship within the primary government. These criteria include: 1) the economic resources received or held by an organization are entirely or almost entirely for the direct benefit of the District, 2) the District is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization, and 3) the economic resources received or held by an organization that the District is entitled to, or has the ability to otherwise access, are significant to the District.

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

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 1. Organization and Significant Accounting Policies (Continued)

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

The Foundation is a private nonprofit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are *Accounting for Contributions Received and Contributions Made, Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. The Foundation's financial information has been discretely presented. No modifications have been made to the Foundation's financial information in the District's financial reporting entity for these differences, however significant note disclosures to the Foundation's financial statements have been incorporated into the District's notes (See Note 17) to the financial statements.

Financial statements for the Foundation can be obtained by calling the Foundation at (618) 235-2700, ext. 5215.

Basis of accounting: Basis of accounting refers to when revenues received and expenses disbursed are recognized in the accounts and how they are reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities. Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred. All significant intra-District transactions have been eliminated. Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenues from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted, matching requirements in which the District must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the District on a reimbursement basis.

The District has a fiduciary fund type which accounts for assets held by the District as an agent for the students, faculty, and other governmental units. These funds are custodial in nature and do not involve the measurement of the results of operations. These funds are considered agency funds.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 1. Organization and Significant Accounting Policies (Continued)

Net position: The District's net position is classified as follows:

Net investment in capital assets – This represents the District's total investment in capital assets, net of accumulated depreciation and outstanding debt incurred to acquire, construct, or improve those assets.

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

Unrestricted – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District and may be used at the discretion of the governing board to meet current expenses for any purpose.

Classification of revenues and expenses: Operating revenue includes activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and services of auxiliary enterprise, net of scholarship discounts and allowances. Nonoperating revenues include activities that have the characteristics of nonexchange 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 expenses are those expenses for the purpose of providing education and operational activities of the District. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenditures.

Deferred Outflows of Resources: The District reports decreases in net position or fund equity that relate to future periods as deferred outflows of resources in a separate section of its statements of net position. Implementation of GASB Nos. 68 and 71 in 2015 resulted in pension contributions paid by the District in advance of \$417,699 and \$372,679 being recorded as Deferred Outflow of Resources as of June 30, 2020 and 2019, respectively. Implementation of GASB 75 in 2018 resulted in disclosing deferred outflows related to the Other Postretirement Benefit Liability (OPEB) of \$959,205 and \$1,210,007 as of June 30, 2020 and 2019, respectively.

Deferred Inflows of Resources: The District's financial statements report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net position or fund equity that applies to a future period. The District will not recognize the related revenue until a future event occurs. In the current year financial statements, the District recorded property tax receivables related to revenue that will be recorded in the subsequent year. The second item disclosed is related to the implementation of GASB 75 in 2018. The District recorded deferred inflows related to the changes in the OPEB Liability of \$7,480,068 and \$5,883,706 as of June 30, 2020 and 2019, respectively.

Use of estimates in preparing financial statements: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 1. Organization and Significant Accounting Policies (Continued)

Federal Financial Assistance Programs: The District participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, Federal family education loans, Student Support Services and other educational programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Uniform Grant Guidance for States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

Cash and cash equivalents: For purposes of reporting cash flows, the District considers all highly liquid investments purchased with a maturity of three months or less, and Illinois Funds to be cash equivalents. Investments are stated at fair value.

Restricted cash: Consists of capital project cash accounts with funds restricted for a specific project and cash accounts used to pay for self-insured health claims.

Investments: Investments are reported at fair value in accordance with guidelines defined by GASB Statement No. 72. Bank deposits, money market accounts and certificates of deposit are recorded at cost. Investment income consists of interest earned on bank deposits and money market accounts. Investments in securities are reported at market value as determined by the major securities market.

Allowance for doubtful accounts: Management has reviewed the collectability of its ordinary receivables and has deemed that all are collectible. However, the District has set up an allowance for doubtful accounts relative to the student tuition receivable and for property taxes receivable.

Capital assets: Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items) are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs are capitalized on qualifying assets.

Capital assets are defined by the District as assets with estimated useful lives in excess of one year and initial individual costs in excess of \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25-45
Other structures and improvements	10-45
Equipment	5-10

The District does not capitalize or depreciate its art collections or collection of library books. These collections are unencumbered, held for public education, protected, and preserved. Any proceeds from sale of collections are insignificant.

Claims and judgments: Liability resulting from claims and judgments, if any, is recorded as the liability is incurred.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 1. Organization and Significant Accounting Policies (Continued)

Summer school revenue and expenses: Summer session revenues and expenses are split between the two fiscal years, with appropriate amounts being recognized in the accounting period in which they are earned or incurred and become measurable.

Scholarship discounts and allowances: Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the District, and the amount that is paid by students and/or third parties making payments on the student's behalf.

On-Behalf payments for fringe benefits and salaries: The District recognizes as revenues and expenses contributions made by the State of Illinois to the State Universities Retirement System and the Illinois Community College Health Insurance Security Fund on behalf of the District's employees.

Note 2. Cash and Cash Equivalents

A. Deposits

At June 30, 2020, the District's deposits had the following balance.

Cash and Cash Equivalents	\$ 89,349,552
Less: Amounts reclassified as investments	<u>(71,572,767)</u>
Carrying amounts of deposits	<u><u>\$ 17,776,785</u></u>

At June 30, 2019, the District's deposits had the following balance.

Cash and Cash Equivalents	\$ 80,387,082
Less: Amounts reclassified as investments	<u>(58,790,427)</u>
Carrying amounts of deposits	<u><u>\$ 21,596,655</u></u>

Summary of Cash

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 88,099,084	\$ 79,408,367
Restricted Cash	487,949	253,889
Fiduciary cash and cash equivalents	762,519	724,826
	<u><u>\$ 89,349,552</u></u>	<u><u>\$ 80,387,082</u></u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 2. Cash and Cash Equivalents (Continued)

B. Investments

At June 30, 2020, the District's investment balances were as follows:

	<u>Fair Market Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Standard & Poor's Rating</u>
Illinois Funds	\$ 38,543,223	\$ 38,543,223	\$ -	\$ -	AAAm
Illinois School District Liquid Asset Fund-Money Market	2,079,641	2,079,641	-	-	Not Rated
US Treasuries	-	-	-	-	Not Rated
Savings Deposit Accounts	30,949,904	30,949,904	-	-	Not Rated
Total	<u>\$ 71,572,767</u>	<u>\$ 71,572,767</u>	<u>\$ -</u>	<u>\$ -</u>	

At June 30, 2019, the District's investment balances were as follows:

	<u>Fair Market Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-3 Years</u>	<u>Standard & Poor's Rating</u>
Illinois Funds	\$ 27,000,564	\$ 27,000,564	\$ -	\$ -	AAAm
Illinois School District Liquid Asset Fund-Money Market	2,051,829	2,051,829	-	-	Not Rated
US Treasuries	-	-	-	-	Not Rated
Savings Deposit Accounts	29,738,034	29,738,034	-	-	Not Rated
Total	<u>\$ 58,790,427</u>	<u>\$ 58,790,427</u>	<u>\$ -</u>	<u>\$ -</u>	

Credit Risk

The Board of Trustees has authorized the District to invest funds in accordance with the Illinois Community College Act and the Investment of Public Funds Act. The District's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity and, in general, avoid speculative investments.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 2. Cash and Cash Equivalents (Continued)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent, third party institution in the name of the District.

The District's collateralization policy is currently set at 105% of uninsured deposits. At June 30, 2020 and 2019, the District's deposits were not fully collateralized.

Concentration of Credit Risk

At June 30, 2020 and 2019, the District had greater than five percent of its overall portfolio invested in Illinois School District Liquid Asset Fund Plus Money Market. This is in accordance with the District's investment policy.

Interest Rate Risk

The District 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.

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. Based upon the Treasurer's Office Investment policy, the Districts funds are pooled in a manner that provides the highest investment return using authorized instruments while meeting the daily cash flow demands and conforming to all pertinent statutes governing the investment of public funds.

The Illinois Funds invests in U.S. Treasury obligations, repurchase agreements collateralized at 102% by U.S. Treasury obligations, certificates of deposit issued by an Illinois financial institution, U.S. agency mortgage-backed securities, and U.S. Treasury only money-market funds rated 'AAA' by Standard & Poor's. Other investments include commercial paper rated in one of the two highest rating categories by Standard & Poor's with a maximum final maturity of 270 days, and no asset-backed securities. The final maturity on all securities is limited to one year.

All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 3. Restricted Net Position – Restricted Current Funds

At June 30, 2020, the restricted for current funds net position amount consists of \$476,306 for debt service, \$1,450,688 for grant programs, and \$497,839 for prepaid items. At June 30, 2019, the restricted for current funds net position amount consists of \$384,749 for debt service, \$1,615,022 for grant programs, and \$550,390 for prepaid items.

Note 4. Property Taxes

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

Property taxes receivable represents the prior year's levy and an estimate of the current year's levy applicable to the portion of the current fiscal year. An allowance, if necessary, is provided for uncollectible property taxes. Property taxes that are not intended for current year operations are shown as a deferred inflow of resources. The amounts accrued from year to year will vary based upon the tax collections of the respective counties.

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

	Maximum Rate	Levy Year	
		2020	2019
Education	0.1320	0.1315	0.1304
Equity	0.1312	0.1304	0.1296
Building	0.0280	0.0279	0.0277
Tort immunity	-	0.0503	0.0524
Audit	0.0050	0.0009	0.0009
Bond and interest	-	0.0622	0.0639
Protection, health, safety	0.0500	0.0447	0.0466
Social security	-	0.0082	0.0086
		<u>0.4561</u>	<u>0.4601</u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 5. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2020, is as follows:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital assets not being depreciated:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Construction in progress	743,268	20,464	-	763,732
Total capital assets not being depreciated	<u>7,258,748</u>	<u>20,464</u>	<u>-</u>	<u>7,279,212</u>
Capital assets being depreciated:				
Buildings	53,529,565	-	(5,310)	53,524,255
Building Improvements	47,463,908	67,096	-	47,531,004
Land improvements	16,819,233	-	-	16,819,233
Equipment	19,062,412	992,918	(991,087)	19,064,243
Total capital assets being depreciated	<u>136,875,118</u>	<u>1,060,014</u>	<u>(996,397)</u>	<u>136,938,735</u>
Less accumulated depreciation for:				
Buildings	16,585,016	1,169,544	(5,310)	17,749,250
Building Improvements	42,682,527	1,422,866	-	44,105,393
Land improvements	8,070,229	778,621	-	8,848,850
Equipment	14,196,894	1,108,976	(905,673)	14,400,197
Total accumulated depreciation	<u>81,534,666</u>	<u>4,480,007</u>	<u>(910,983)</u>	<u>85,103,690</u>
Total capital assets being depreciated, net	<u>55,340,452</u>	<u>(3,419,993)</u>	<u>(85,414)</u>	<u>51,835,045</u>
Total capital assets, net	<u>\$ 62,599,200</u>	<u>\$ (3,399,529)</u>	<u>\$ (85,414)</u>	<u>\$ 59,114,257</u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 5. Changes in Capital Assets (Continued)

A summary of changes in capital assets for the year ended June 30, 2019, is as follows:

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Capital assets not being depreciated:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Construction in progress	1,151,453	583,469	(991,654)	743,268
Total capital assets not being depreciated	<u>7,666,933</u>	<u>583,469</u>	<u>(991,654)</u>	<u>7,258,748</u>
Capital assets being depreciated:				
Buildings	53,529,565	-	-	53,529,565
Building Improvements	46,893,688	570,220	-	47,463,908
Land improvements	16,819,233	-	-	16,819,233
Equipment	18,092,003	1,547,398	(576,989)	19,062,412
Total capital assets being depreciated	<u>135,334,489</u>	<u>2,117,618</u>	<u>(576,989)</u>	<u>136,875,118</u>
Less accumulated depreciation for:				
Buildings	15,373,851	1,211,165	-	16,585,016
Building Improvements	40,690,090	1,992,437	-	42,682,527
Land improvements	7,275,142	795,087	-	8,070,229
Equipment	13,695,186	1,075,514	(573,806)	14,196,894
Total accumulated depreciation	<u>77,034,269</u>	<u>5,074,203</u>	<u>(573,806)</u>	<u>81,534,666</u>
Total capital assets being depreciated, net	<u>58,300,220</u>	<u>(2,956,585)</u>	<u>(3,183)</u>	<u>55,340,452</u>
Total capital assets, net	<u>\$ 65,967,153</u>	<u>\$ (2,373,116)</u>	<u>\$ (994,837)</u>	<u>\$ 62,599,200</u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2020 as follows:

	Balance July 1, 2019	Additions	Repayments	Balance June 30, 2020	Due Within One year
Bonds, contracts and leases payable:					
Bonds payable	\$ 12,865,000	\$ -	\$ (4,000,000)	\$ 8,865,000	\$ 4,215,000
Capital lease payable	585,914	294,217	(267,984)	612,147	158,980
Unamortized bond premium	84,120	-	(43,929)	40,191	25,128
	<u>13,535,034</u>	<u>294,217</u>	<u>(4,311,913)</u>	<u>9,517,338</u>	<u>4,399,108</u>
Total bonds, contracts and leases payable					
Other liabilities:					
Compensated absences and sick leave	2,305,326	265,660	(400,042)	2,170,944	1,985,118
Total other liabilities	<u>2,305,326</u>	<u>265,660</u>	<u>(400,042)</u>	<u>2,170,944</u>	<u>1,985,118</u>
	<u>\$ 15,840,360</u>	<u>\$ 559,877</u>	<u>\$ (4,711,955)</u>	<u>\$ 11,688,282</u>	<u>\$ 6,384,226</u>

A summary of changes in long-term liabilities for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018	Additions	Repayments	Balance June 30, 2019	Due Within One year
Bonds, contracts and leases payable:					
Bonds payable	\$ 16,645,000	\$ -	\$ (3,780,000)	\$ 12,865,000	\$ 4,000,000
Capital lease payable	319,143	503,565	(236,794)	585,914	211,191
Unamortized bond premium	145,198	-	(61,078)	84,120	43,929
	<u>17,109,341</u>	<u>503,565</u>	<u>(4,077,872)</u>	<u>13,535,034</u>	<u>4,255,120</u>
Total bonds, contracts and leases payable					
Other liabilities:					
Compensated absences and sick leave	2,389,297	540,540	(624,511)	2,305,326	1,768,790
Total other liabilities	<u>2,389,297</u>	<u>540,540</u>	<u>(624,511)</u>	<u>2,305,326</u>	<u>1,768,790</u>
	<u>\$ 19,498,638</u>	<u>\$ 1,044,105</u>	<u>\$ (4,702,383)</u>	<u>\$ 15,840,360</u>	<u>\$ 6,023,910</u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6. Long-term Liabilities (Continued)

General obligation bonds

Series 2016: In December 2015, the Board approved a \$9,990,000 taxable Working Cash Bond Issue, dated February 10, 2016. The proceeds of the bonds were used to increase the District's Working Cash Fund, which was needed as a result of delayed and reduced State of Illinois Operating Grant payments. Serial retirement of principal and interest begin on December 1, 2016, with interest payable semiannually at 2%-3%. Maturity date is December 1, 2020.

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	2,115,000	31,725	2,146,725
	<u>\$ 2,115,000</u>	<u>\$ 31,725</u>	<u>\$ 2,146,725</u>

Series 2007: In April 2007, the Board approved a \$20,000,000 General Obligation Community College Bond Issue. The proceeds of the bonds were used to pay off the outstanding debt certificates issued in fiscal year 2008. Serial retirement of principal and interest began on December 1, 2008, with interest payable semiannually at 4.75% - 5%. Maturity date is December 1, 2022. District debt issuances issued after the Federal Tax Reform Act of 1986 are subject to federal arbitrage regulations. This results when earnings on investments purchased from the gross proceeds of a bond issue exceed the issuer's tax-exempt borrowing rates. The District continues to monitor and report any arbitrage in accordance with the Internal Revenue Code.

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	2,100,000	270,750	2,370,750
2022	2,250,000	167,437	2,417,437
2023	2,400,000	57,000	2,457,000
	<u>\$ 6,750,000</u>	<u>\$ 495,187</u>	<u>\$ 7,245,187</u>

Subsequent Event: In September 2020, the Board approved a \$12,500,000 taxable Working Cash Bond Issue (Series 2020A), and a \$4,290,000 in General Obligation Refunding Bond Issue (Series 2020B), dated November 17, 2020. The proceeds of the bonds were used to increase the District's Working Cash Fund, which was needed as a result of delayed and the possibly reduced State of Illinois Operating Grant payments. Serial retirement of principal and interest for the 2020A series begins on December 1, 2021, with interest payable semiannually at less than 1%, starting June 1, 2021. Maturity date is December 1, 2023. The General Obligation Refunding Bonds were used to refinance the District's 2007 Series Bonds. The serial retirement of principal and interest begins on December 1, 2023, with interest payable semiannually at approximately 4.00%, starting June 1, 2021. Maturity date is December 1, 2024.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 6. Long-term Liabilities (Continued)

Capital Lease Payable: The District has entered into several lease agreements with Xerox and Cannon to lease copiers and accessory equipment that are recorded as capital leases. The cost of the assets recorded under leases was \$794,203. Related accumulated depreciation for the assets for the year ended June 30, 2020 was \$195,377 and the net book value of the equipment under lease was \$598,826.

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	158,980	12,186	171,166
2022	160,395	8,486	168,881
2023	163,988	4,893	168,881
2024	128,785	1,342	130,127
	<u>\$ 612,148</u>	<u>\$ 26,907</u>	<u>\$ 639,055</u>

Note 7. Operating Leases

The District leases space to Aramark Corporation for a complete food service operation at the Belleville campus. Terms of the lease call for the District to provide all utilities for the lessee. The lessee retains all cash receipts. The lease agreement with Aramark Corporation automatically renews on an annual basis unless either party provides 90 days advance notice to terminate the agreement.

The District entered into an agreement with Barnes & Noble College Bookstores, Inc. (Barnes & Noble) on July 1, 2016, to operate and provide services for the bookstores of the District. The agreement expires June 30, 2021, but will continue year-to-year unless terminated by either party pursuant to the terms of the agreement. Barnes & Noble will receive all revenue generated from sales and will pay the District the applicable percentage of the bookstores' gross sales. The percentage of gross sales is 13.0% of all gross sales up to \$3.0 million, 14.0% of all gross sales from \$3.0 million to \$4.0 million and 15% of gross sales over \$4.0 million. The District has the obligation to pay Barnes and Noble the value of the stores' inventory at cost if the contract is terminated. During the years ended June 30, 2020 and 2019, the District received \$364,261 and \$448,211, respectively, from Barnes & Noble which is included as operating revenue in the Auxiliary Enterprises Fund.

The District has entered into various equipment operating leases. Total operating lease expenditure for June 30, 2020 and 2019 was \$486 and \$266,131, respectively. Lease commitments beyond one year are not significant.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 8. Operating Expenses by Functional Classification

The following table provides information related to operating expenses by functional classification for the year ended June 30, 2020:

	Salaries and Benefits	Contractual Services	Supplies	Travel and Meeting	Fixed Charges	Utilities	Capital Outlay	Other	TOTAL
Instruction	40,935,299	\$ 1,124,341	\$ 1,237,749	\$ 292,252	\$ 4,710	\$ -	\$ -	\$ 109,447	\$ 43,703,798
Academic support	1,429,541	-	23,680	31	55,482	-	-	-	1,508,734
Student services	8,371,056	97,574	121,234	35,612	41,328	475	-	1,118,423	9,785,702
Public service	7,175,117	516,885	152,180	398,063	631,457	7,342	-	(86,590)	8,794,454
Institutional support	11,146,367	1,053,059	408,871	210,518	1,192,019	8,229	-	4,289,931	18,308,994
Operation and maintenance of plant and capital outlay	8,040,389	289,044	442,540	5,558	737	1,416,398	568,245	(691)	10,762,220
Auxiliary enterprise	596,514	777,730	(34,508)	285,055	324,896	2,168	-	60,191	2,012,046
Depreciation and amortization	-	-	-	-	-	-	-	4,480,007	4,480,007
SURS contribution by state	-	-	-	-	-	-	-	-	-
	<u>\$ 77,694,283</u>	<u>\$ 3,858,633</u>	<u>\$ 2,351,746</u>	<u>\$ 1,227,089</u>	<u>\$ 2,250,629</u>	<u>\$ 1,434,612</u>	<u>\$ 568,245</u>	<u>\$ 9,970,718</u>	<u>\$ 99,355,955</u>

The following table provides information related to operating expenses by functional classification for the year ended June 30, 2019:

	Salaries and Benefits	Contractual Services	Supplies	Travel and Meeting	Fixed Charges	Utilities	Capital Outlay	Other	TOTAL
Instruction	\$ 43,521,826	\$ 1,628,717	\$ 1,478,850	\$ 366,049	\$ 19,453	\$ 183	\$ -	\$ 171,820	\$ 47,186,898
Academic support	1,411,339	8,498	65,480	1,074	135,431	-	-	-	1,621,822
Student services	7,646,440	146,545	139,962	54,940	42,056	300	-	(1,707,319)	6,322,924
Public service	6,356,210	541,191	422,786	470,438	513,695	7,610	-	(6,537)	8,305,393
Institutional support	9,495,752	1,368,679	383,628	147,370	1,574,785	7,615	-	8,112,467	21,090,296
Operation and maintenance of plant and capital outlay	7,651,542	143,158	536,367	15,406	380	1,725,304	(211,346)	15,916	9,876,727
Auxiliary enterprise	492,182	760,760	(15,506)	288,638	292,669	3,318	-	(8,925)	1,813,136
Depreciation and amortization	-	-	-	-	-	-	-	5,074,203	5,074,203
SURS contribution by state	-	-	-	-	-	-	-	-	-
	<u>\$ 76,575,291</u>	<u>\$ 4,597,548</u>	<u>\$ 3,011,567</u>	<u>\$ 1,343,915</u>	<u>\$ 2,578,469</u>	<u>\$ 1,744,330</u>	<u>\$ (211,346)</u>	<u>\$ 11,651,625</u>	<u>\$ 101,291,399</u>

Note 9. Compensated Absences

District employees are entitled to certain compensated absences based on their length of employment. Compensated absences accumulate and are accrued when they are earned.

As of June 30, 2020 and 2019, employees had earned but not taken annual vacation leave which, at salary rates in effect at the end of the year, totaled \$1,477,137 and \$1,260,617, respectively. These amounts are considered current.

In 1995, the District adopted Governmental Accounting Standards Board Statement No. 16, which requires an accrual for compensated absences, insofar as its requirements pertaining to accumulated sick leave. The District estimates its liability for accrued sick leave and related benefits as of June 30, 2020 and 2019, to be \$693,807 and \$1,044,708, respectively, using the termination payment method. Of such amounts, the District estimated that \$507,981 and \$508,173 at June 30, 2020 and 2019, respectively, would be paid in the next fiscal year.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 10. Defined Benefit Pension Plans

General Information about the Pension Plan

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

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2019 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 that are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2019 and 2020 respectively, was 12.29% and 13.02% 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, except for police officers and fire fighters who contribute 9.5% of their earnings. 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) and Section 15-155(j-5)(relating to contributions payable due to earnings exceeding the salary set for the Governor).

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 10. Defined Benefit Pension Plans (continued)

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2019. At June 30, 2019, SURS reported a net pension liability (NPL) of \$28,720,071,173.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the District is \$0. The proportionate share of the State's net pension liability associated with the District is \$273,673,558.21 or 0.9529% and \$266,697,200 or 0.9700% as of June 30, 2019 and 2018, respectively. This amount is not recognized in the District's financial statements. The net pension liability and total pension liability as of June 30, 2019 and 2018, respectively was determined based on the June 30, 2018 and June 30 2017, 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 2019 and 2018, respectively.

Pension Expense

At June 30, 2019 and 2018, SURS reported a collective net pension expense of \$3,094,666,252 and \$2,685,322,700.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense is recognized as nonoperating revenue with the matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2019 and 2018. As a result, the District recognized on-behalf revenue and pension expense of \$29,489,075 and \$26,047,630 for the fiscal years ended June 30, 2020 and 2019.

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

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 160,132,483	\$ 80,170,745
Changes in Assumptions	773,321,300	-
Net difference between projected and actual earnings on pension plan investments	-	55,456,660
Total	\$ 933,453,783	\$ 135,627,405

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 10. Defined Benefit Pension Plans (Continued)

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

Year Ending June 30	Net Deferred Outflows of Resources
2020	\$ 786,021,133
2021	(11,534,848)
2022	(6,661,326)
2023	30,001,419
2024	-
Thereafter	-
Total	<u>\$ 797,826,378</u>

Employer Deferral of Pension Expense

Employer paid \$417,699 in federal, trust, or grant contributions for the fiscal year ended June 30, 2020. These contributions were made subsequent to the pension liability measurement date of June 30, 2019, and are recognized as Deferred Outflows of Resources as of June 30, 2020.

Employer paid \$372,679 in federal, trust, or grant contributions for the fiscal year ended June 30, 2019. These contributions were made subsequent to the pension liability measurement date of June 30, 2018, and are recognized as Deferred Outflows of Resources as of June 30, 2019.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.25 to 12.25 percent, including inflation
Investment rate of return	6.75 percent beginning with the actuarial valuation as of June 30, 2018

Mortality rates were based on the RP-2014 White Collar, gender distinct tables 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 consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2019, these best estimates are summarized in the following table:

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 10. Defined Benefit Pension Plans (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	5.25%
Private Equity	6%	8.65%
Non-U.S. Equity	19%	6.75%
Global Equity	8%	6.25%
Fixed Income	19%	1.85%
Treasury-Inflation Protected Securities	4%	1.20%
Emerging Market Debt	3%	4.00%
REITS	4%	5.70%
Real Estate	6%	4.85%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	100%	4.80%
Inflation		2.75%
Expected Arithmetic Return		7.55%

Discount Rate. A single discount rate of 6.59% 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 6.75% and a municipal bond rate of 3.13% (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 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.59%, 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
5.59%	6.59%	7.59%
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197

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.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 11. Postemployment Benefits Other than Pensions

General Information

Plan Administration

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

Plan Membership

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

Benefits Provided

Health, dental, and vision benefits include basic benefits for annuitants and dependents under the State's self-insurance plan and insurance contracts currently in force. Annuitants may be required to contribute towards health, dental, and vision benefits with the amount based on factors such as date of retirement, years or credited service with the State, whether the annuitant is covered by Medicare and whether the annuitant has chosen a managed health care plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employee's Retirement System do not contribute towards health, dental and vision benefits. For annuitants who retired on or after January 1, 1998, the annuitant's contribution amount is reduced five percent for each year of credited service with the State allowing those annuitants with twenty or more years of credited service to not have to contribute towards health, dental, and vision benefits. Annuitants also receive life insurance coverage equal to the annual salary of the last day of employment until age 60, at which time the benefit becomes \$5,000.

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 contribution to the plan at a rate of 0.5% of salary. The statute also requires every community college district, as an employer under 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 (covered payroll). Retirees pay a premium for coverage. Based on the ILCS, the premium paid by retirees is determined by the Director of the Department of Central Management Services. State Pension Funds Continuing Appropriation Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the CIP in an amount certified by the SURS Board of Trustees. State appropriation covers any expected expenditures in excess of the contributions by active employees, employers, and retirees. The employer contributions made by the State of Illinois on behalf of the District to CIP and the College's contributions for the years ended June 30, 2020 and 2019 were \$138,077 and \$146,131, respectively.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 11. Postemployment Benefits Other than Pensions (Continued)

Illinois Community College Health Insurance Security Fund – OPEB Liabilities, Expense, Deferred Outflow of Resources and Deferred Inflow of Resources Related to the OPEB

The District reported a liability of \$30,738,920 as of June 30, 2020. This amount is the District's proportional share of the net OPEB liability. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of a special funding situation. The State of Illinois' proportionate share of the net pension liability associated with the District totaled \$30,738,920. The net OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018 with procedures performed to roll forward the total OPEB liability to the June 30, 2019 measurement date. The District's proportion of the net OPEB liability was based on the District's share of contributions to the OPEB plan relative to the contributions of all participating employers and the state of Illinois. At June 30, 2019, the District's proportion was 1.627655%.

For the year ended June 30, 2020, the District recognized OPEB expense of \$1,396,688 for its proportionate share of the OPEB expense. In addition, the District recognized an additional \$1,284,007 as OPEB expense (and revenue) for its proportionate share of the State of Illinois' contribution to the plan.

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Deferred Amounts Related to OPEB		
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between Expected and Actual Experience	\$ 360,256	\$ 650,059
Changes of Assumptions	-	4,282,648
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Earnings on OPEB Plan Investments	-	1,357
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	460,872	2,546,003
 Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	 821,128	 7,480,067
 OPEB Contributions made subsequent to the Measurement Date	 138,077	 -
 Total Deferred Amounts Related to OPEB	 \$ 959,205	 \$ 7,480,067

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 11. Postemployment Benefits Other than Pensions (Continued)

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

<u>Year ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2020	\$ 382,445	\$ 1,885,446
2021	244,369	1,885,446
2022	244,369	1,884,768
2023	88,022	1,352,012
2024	-	472,395
	<u>\$ 959,205</u>	<u>\$ 7,480,067</u>

Actuarial assumptions and other inputs

The total CIP plan's net OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

- Inflation: 2.25%
- Salary Increases: Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% 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 2018. For fiscal years on and after 2020, trend starts at 8.00% and 9.00% for non-Medicare costs and post Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.5%. Additional trend rate of 0.40% is added to non-Medicare cost on and after 2022 to account for the Excise tax.

Mortality rates for retirement and beneficiary annuitants were based on the RP-2014 White Collar Annuitant Mortality Table. For disabled annuitants mortality rates were based on the RP-2014 Disabled Annuitant table. Mortality rates for pre-retirement were based on the RP-2014 White Collar Table. Tables were adjusted for SURS experience. All tables reflect mortality improvements using Projection Scale MP-2017.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

Changes in assumptions reflect a change in the single discount rate from 3.62% in 2018 to 3.13% in 2019.

Discount Rate

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax –exempt municipal bond rate based on an index of 20 year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.62% as of June 30, 2018 and 3.13% as of June 30, 2019.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 11. Postemployment Benefits Other than Pensions (Continued)

Changes Net OPEB liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018:	29,634,906	(1,050,489)	30,685,395
Changes for the year:			-
Service Cost	1,629,904	-	1,629,904
Interest on Total OPEB liability	972,360	-	972,360
Differences Between Expected and Actual	-	-	-
Experience of the Total OPEB Liability	(725,898)	-	(725,898)
Changes of Assumptions	(1,587,088)	-	(1,587,088)
Employer Contributions	-	227,465	(227,465)
Active Member Contributions	-	73,049	(73,049)
Net Investment Income - Projected	-	781	(781)
Benefit Payments, Including Refunds of Employee Contributions	(403,658)	(403,658)	-
Operating Expenses	-	(68,329)	68,329
Other	-	2,783	(2,783)
Net Changes	<u>(114,380)</u>	<u>(167,909)</u>	<u>53,529.00</u>
Balances at June 30, 2019	<u>29,520,526</u>	<u>(1,218,398)</u>	<u>30,738,924</u>

Sensitivity of CIP's Net OPEB Liability to changes in the Single Discount Rate

The following presents the CIP plan's net OPEB liability, calculated using a Single Discount Rate of 3.13%, as well as what the total CIP's plan net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point higher (4.13%) or lower (2.13%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2019 to the Single Discount Rate Assumption

	1% Decrease 2.13%	Current Single Discount Rate Assumption 3.13%	1% Increase 4.13%
Net OPEB Liability	<u>35,280,167</u>	<u>30,738,924</u>	<u>26,884,526</u>

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 11. Postemployment Benefits Other than Pensions (Continued)

Sensitivity of the CIP's plan Net OPEB liability to changes in the healthcare cost trend rates

The following presents the CIP's plan net OPEB liability, calculated using the healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2020 decreasing to an ultimate trend rate of 4.90% in 2027, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.5% in 2029 for Medicare coverage.

Sensitivity of Net OPEB Liability as of June 30, 2019 to the Healthcare Cost Trend Rate Assumption

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
Net OPEB Liability	25,511,434	30,738,924	37,646,747

- One percentage point decrease in healthcare trend rates are 7.00% in 2020 decreasing to an ultimate trend rate of 3.90% in 2027, for non-Medicare coverage, and 8.00% in 2020 decreasing to an ultimate trend rate of 3.50% in 2029 for Medicare coverage.
- One percentage point increase in healthcare trend rates are 9.00% in 2020 decreasing to an ultimate trend rate of 5.90% in 2027, for non-Medicare coverage, and 10.00% in 2020 decreasing to an ultimate trend rate of 5.50% in 2029 for Medicare coverage.

Note 12. Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to handle these risks of loss. The aggregate loss limits for the commercial insurance vary depending on the type of loss and include the following limits at June 30,

	<u>2020</u>	<u>2019</u>
Property	\$213,025,032	\$213,025,032
Business auto liability	1,000,000	1,000,000
Commercial general liability	3,000,000	3,000,000
Commercial umbrella liability	10,000,000	10,000,000
Workers' compensation, Self-Insured Retention	450,000	450,000
Workers' compensation, Part B, Each Accident/Each Employee for Disease	1,000,000	1,000,000

All employees are covered under the workers' compensation, Self-Insured Retention policy. The District utilizes the services of a third-party administrator for claims management and payments. The District purchases commercial insurance for claims in excess of the Self-Insured Retention amount. For the years ended June 30, 2020 and 2019, there have been no claims exceeding the Self-Insured Retention amount of \$450,000 for regular employees.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 12 Risk Management (continued)

During fiscal year 2005, the District established the Employee Benefit Fund (Fund), an internal service fund, to account for and finance its uninsured risks of loss related to employee health care costs. As of December 31, 2017, the District transitioned from the comprehensive self-insurance plan through a third-party administrator to a Health Insurance Plan through Blue Cross Blue Shield. While the District was self insured during the calendar year 2017, the Fund provided coverage of the District's employee health and accident insurance up to \$100,000 in eligible claims per covered member per year. Additionally, the District purchased commercial insurance for claims in excess of coverage provided by the Fund. For the years ended June 30, 2020, 2019, and 2018, claims did not exceeded the commercial insurance coverage limit for each respective plan year.

The reserve for health care costs reported in the Fund at June 30, 2020 and 2019, is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In the prior fiscal year, claims liability included all known claims and an amount for claims that have been incurred but not reported (IBNR) as well as an estimate of the related loss adjustment expense. In the current fiscal year, the District determined that the liability for claims could be decreased to zero as only adjustments to reimburse previously paid claims have occurred.

The following is a reconciliation of changes in the reserve for health care costs for the current and prior two fiscal years. The reserve is based on deposits net of changes for the past year when the plan began.

	2020	2019	2018
Reserve for health care costs at July 1	\$ -	\$ 175,000	\$ 1,416,112
Claims incurred during the period	-	-	3,967,015
Changes in the estimate	-	(175,000)	(1,210,531)
Payments on claims	-	-	(3,997,596)
Reserve for health care costs at June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,000</u>

The District is named as a defendant in various legal actions arising in the normal course of operations. The District's management believes the resolution of those actions will not have material effect on the District's financial statements.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 13. Commitments and Building Construction

All known asbestos, if not in the process of being abated during a current renovation project, is contained and poses no immediate threat to public health. Such asbestos may be remediated when future renovation occurs, if the District deems appropriate. The amount expended in fiscal years 2020 and 2019 for asbestos remediation was \$0 and \$1,762, respectively. The amounts were funded by Protection, Health and Safety property tax revenues.

Southwestern Illinois College has a contract with Bi-State Development Agency of the Missouri-Illinois Metropolitan District for transportation services. The contract requires the College to pay a set boarding fee for passes adopted by the Agency Board of Commissioners. During fiscal years 2020 and 2019, the District paid approximately \$300,000 each year for boarding passes under this contract.

Note 14. New Government Accounting Standards

The District adopted the following statement during the year ended June 30, 2020:

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic, which was effective immediately upon issuance in May of 2020. This Statement postponed the effective dates of certain standards that first became effective or are scheduled to become effective for periods beginning after June 15, 2018. This Statement postponed the implementation of most standards by one year, with the exception of GASB Statement No. 87, *Leases*, which was postponed by 18 months.

The District adopted the following statement during the year ended June 30, 2019:

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The District elected to early adopt the statement and discontinue capitalization of interest related to the construction of capital assets.

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 15. Tax Abatements

Tax abatements, as defined by Governmental Accounting Standards Board (“GASB”) (“GASB”) Statement No. 77, Tax Abatement Disclosures (“GASB 77”), are agreements between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. This Statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues.

Since the District does not and has not entered into tax abatement agreements directly with any individuals or entities, the following estimates are from tax abatements entered into by other governments, specifically the county and municipalities within the District’s boundary, that have reduced the District’s tax revenues.

Tax Increment Financing affecting SWIC

Illinois’ Tax Increment Allocation Redevelopment Act enables local governments to finance certain redevelopment costs with the revenue generated from (i) payments in lieu of real estate taxes, as measured by the net increase in assessed valuation resulting from redevelopment and (ii) a portion of the increase in other local tax revenue associated with new economic activity. When a tax increment financing (“TIF”) plan is adopted, real estate taxes in the redevelopment area are affected. By applying the real estate tax rate of all taxing districts having taxing power within the redevelopment area to the increased assessed valuation resulting from redevelopment, a tax “increment” is produced.

The estimated TIF incremental values and the District’s net reduced tax revenue resulting from the TIFs adopted are as follows for the year ended June 30, 2020:

	TIF Incremental Value / Assessments	Reduced Tax Revenues
Various Redevelopment Project Areas within the District's Geographic Area	<u>613,105,143</u>	<u>\$ 2,802,089</u>

In addition, the District has received \$178,160 of payments from various governments in association of the forgone revenue.

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 15. Tax Abatements (Continued)

Tax Abatements affecting SWIC

The District's property tax revenues were reduced through Enterprise Zone Abatements. The Illinois Enterprise Zone Program is designed to stimulate economic growth and neighborhood revitalization in economically depressed areas of the state through state and local tax incentives, regulatory relief and improved governmental services. The amount of the District's tax revenues that were abated by the county and cities initiating the programs are reported in the following table.

	<u>Abated EAV</u>	<u>Abated Tax</u>
Madison	\$ 14,724,577	\$ 66,908
St. Clair	199,713	916
Total	<u>\$ 14,924,290</u>	<u>\$ 67,824</u>

Note 16. Discretely Presented Component Unit

The December 31, 2019 and 2018 footnotes of Southwestern Illinois College Foundation, a discretely presented component unit of the District are as follows:

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of certain significant accounting policies followed in the preparation of the financial statements.

Nature of Activities

The Southwestern Illinois College Foundation (the Foundation) was organized in 1975 as a nonprofit corporation. The purpose of the Foundation is to assist in developing and increasing the facilities of Southwestern Illinois College by encouraging the donation of gifts, to administer such gifts, and to solicit, receive, hold, and administer contributions for scholarships, programs, and enhancement grants.

The Foundation, which raises and holds economic resources for the direct benefit of Southwestern Illinois College, is considered to have a significant relationship with and is considered a component unit of Southwestern Illinois College.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis.

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

The Foundation reports information regarding its financial position and activities according to four categories of net assets. A description of the net asset categories follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include money market funds with average maturities of three months or less.

Investments

The Foundation carries all investments in debt securities and investments in equity securities with readily determinable fair values at fair value in the statement of financial position, with realized and unrealized gains and losses being reflected in the statement of activities.

Beneficial Interest in Perpetual Trusts

The Foundation is the beneficiary of a perpetual trust held by a third party. Under the terms of the trust, the Foundation has the irrevocable right to receive the income generated by the trust in perpetuity, but never receive the corpus of the trust. The beneficial interest in the perpetual trust is recorded at the Foundation's proportional share of the fair value of the underlying trust assets.

Contribution Receivable under Remainder Trust

The Foundation is the beneficiary of a remainder trust held by a third party. Under the terms of the trust, the Foundation is the beneficiary of a decedent's trust assets which was received by the Foundation in 2017. The contribution receivable under the remainder trust at December 31, 2016 is recorded at the Foundation's proportional share of the fair value of the underlying trust assets as of the date of death. Management considers the amount fully collectible.

Pledge Receivables

Management believes pledge receivables are fully collectible; consequently, no allowance for bad debts has been recorded.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Property and equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful life of each asset.

Art Collections

Accessions of art collection items are capitalized at cost if the items were purchased or at their appraised fair value on the accession date (the date which the item is accepted by the Foundation's board of directors) or insurance replacement value if the items were contributed. Art collection items are not depreciated. Gains and losses from deaccessions of these items are reflected in the statement of activities as changes in the appropriate net asset classes, depending on the existence and type of donor-imposed restrictions, if any.

Gifts and Grants

Gifts and grants are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as "Net Assets Released from Restrictions."

Donated marketable securities and other noncash donations are recorded as gifts at their estimated fair values at the date of donation.

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases in liabilities, or decreases in expenses depending on the form of the benefits received. Unconditional promises to give that are expected to be collected are recorded at net realizable value.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. When collected prior to satisfaction of donor restrictions, amounts are reported as refundable advances.

Investment Income

Investment income consists of interest and dividends. Income and losses are allocated based on the percentage of the respective ending unrestricted, temporarily restricted, and permanently restricted net asset balance, before the allocation of investment income. Investment income earned on permanently restricted funds is reported in temporarily restricted net assets, as income earned on these funds is available for current use.

Investment income is reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift or the board's interpretation of relevant state law requires that they be added to the principal of an endowment fund with donor restrictions;
- As increases in net assets with donor restrictions if the terms of the gift impose restrictions on the use of the income; and
- As increases in net assets without donor restrictions in all other cases.

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Materials, Facilities, and Services

Donated supplies and materials are recorded as contributions and as expenses of the appropriate program or supporting service at their determinable fair value at the date of donation.

Donated property and equipment and art collections are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment and art collections are reported as increases in restricted net assets. Absent donor stipulations regarding how long the donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated facilities are recorded as contributions and expenses at the date of donation at the amount of (a) the fair rental value of the facilities if the Foundation receives the use of the facilities at no cost or (b) the fair rental value of the facilities less the Foundation's contractual lease obligation if it receives the use of the facilities at below-market rates.

Donated services are recorded as contributions and expenses at their estimated fair value at the date of donation if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Foundation have been summarized on a functional basis in the statements of activities. Expenses are charged to program, management and general, and fundraising based on management's best estimates of payroll allocation, square footage, and total direct expenses. Management and general expenses include those expenses that are not directly identifiable with direct benefit of the students at SWIC but provide for the overall support and direction of the Foundation. Program expenses include direct support of programs offered and scholarships provided to students of Southwestern Illinois College.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Foundation is an organization exempt from income taxes as defined in the Internal Revenue Code Section 501(c)(3).

The Foundation follows standards governing the accounting for uncertainty in income taxes. This guidance prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Foundation evaluated its tax positions and determined it has no uncertain tax positions as of December 31, 2017 and 2016.

The Foundation's income tax returns are subject to review and examination by federal and state authorities. The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Change in Accounting Principles

In May 2014, FASB issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). Subsequent to May 2014, the FASB has issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity and understandability of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. FASB issued ASU 2020-05 on June 3, 2020 to delay the effective date of implementation of ASU 2014-09 for one year. The Foundation has decided to early implement ASU 2014-09 for the year ended December 31, 2019.

No cumulative-effect adjustment in net assets was recorded as the adoption of ASU 2014-09 did not significantly impact the Foundation's reported historical revenue.

Additionally in June 2018, FASB issued Accounting Standards (ASU) 2018-08, Accounting Guidance for Contributions Received and Made. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assists entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Accounting Pronouncements

Leases

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.

INVESTMENTS

The cost and fair value of investments as of December 31, 2019, are as follows:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Securities	\$ 1,168,261	\$ 1,188,261
Government and Corporate Debt Securities	1,255,257	1,309,404
Fixed Income Mutual Funds	1,318,879	1,344,235
Equity Mutual Funds	2,636,866	2,914,033
Common Stocks	1,638,249	2,204,407
Total	<u>\$ 8,017,512</u>	<u>\$ 8,960,340</u>

The cost and fair value of investments as of December 31, 2018, are as follows:

	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury Securities	\$ 1,059,333	\$ 1,032,344
Government and Corporate Debt Securities	1,240,742	1,188,499
Fixed Income Mutual Funds	1,267,411	1,237,044
Equity Mutual Funds	2,543,007	2,340,384
Common Stocks	1,657,418	1,703,497
Total	<u>\$ 7,767,911</u>	<u>\$ 7,501,768</u>

Fair value of investments and cash and cash equivalents held for Endowment are \$515,447 and \$500,874 at December 31, 2019 and 2018, respectively.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. It also establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments. The category generally includes certain U.S. Government and agency mortgage-backed debt securities and corporate debt securities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant measurement judgment or estimation. This category generally includes certain private debt and equity investments.

FAIR VALUE MEASUREMENTS (CONTINUED)

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows, and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular asset.

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

The following tables present the Foundation's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	December 31, 2019			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 1,188,261	\$ -	\$ 1,188,261	\$ -
Government and Corporate				
Debt Securities	1,309,404	-	1,309,404	-
Fixed Income Mutual Funds	1,344,235	1,344,235	-	-
Equity Mutual Funds	2,914,033	2,914,033	-	-
Common Stocks	2,204,407	2,204,407	-	-
Total Investments	8,960,340	6,462,675	2,497,665	-
Beneficial Interest in Perpetual Trust	74,139	-	-	74,139
Total	<u>\$ 9,034,479</u>	<u>\$ 6,462,675</u>	<u>\$ 2,497,665</u>	<u>\$ 74,139</u>

	December 31, 2018			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 1,032,344	\$ -	\$ 1,032,344	\$ -
Government and Corporate				
Debt Securities	1,188,499	-	1,188,499	-
Fixed Income Mutual Funds	1,237,044	1,237,044	-	-
Equity Mutual Funds	2,340,384	2,340,384	-	-
Common Stocks	1,703,497	1,703,497	-	-
Total Investments	7,501,768	5,280,925	2,220,843	-
Beneficial Interest in Perpetual Trust	63,539	-	-	63,539
Total	<u>\$ 7,565,307</u>	<u>\$ 5,280,925</u>	<u>\$ 2,220,843</u>	<u>\$ 63,539</u>

The fair value of common stocks, mutual funds, brokered certificates of deposit, and U.S. Treasury securities has been determined from observable market quotations. Government and corporate debt securities have been valued using market quotations of similar financial instruments.

The following tables provide a summary of changes in fair value of the Foundation's Level 3 financial assets for the year ended December 31, 2019 and 2018:

	Beneficial Interest In Perpetual Trust	
	2019	2018
Balance as of January 1	\$ 63,539	\$ 72,008
(Decrease) Increase in Value of Beneficial Interest	10,600	(8,469)
Balance as of December 31	<u>\$ 74,139</u>	<u>\$ 63,539</u>

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
Property and Equipment	\$ 28,528	\$ 28,528
Less: Accumulated Depreciation	<u>21,451</u>	<u>19,688</u>
Total	<u>\$ 7,077</u>	<u>\$ 8,840</u>

RELATED PARTY CONTRIBUTION OF FACILITIES, EQUIPMENT, AND SERVICES

The Foundation received contributions of the use of facilities, the use of equipment, supplies, and services from Southwestern Illinois College totaling \$306,930 and \$318,978 for the years ended December 31, 2019 and 2018, respectively.

CONCENTRATION OF CREDIT RISK

During the years ended December 31, 2019 and 2018, certain cash and investment balances exceeded the Federal Deposit Insurance Corporation (FDIC) insurance limits and the Securities Investors Protection Corporation (SIPC) insurance limits. However, the Foundation has not experienced any losses in such accounts.

NET ASSETS

Net assets are available as follows at December 31:

	<u>2019</u>	<u>2018</u>
<u>Net Assets without Donor Restrictions</u>		
Unrestricted	\$ 1,034,030	\$ 1,030,872
Board Designated	<u>387,038</u>	<u>331,401</u>
Total Net Assets without Donor Restriction	<u>\$ 1,421,068</u>	<u>\$ 1,362,273</u>
 <u>Net Assets with Donor Restrictions</u>		
Life Income Fund	18,332	19,471
Scholarships	5,013,897	4,412,831
Academic Costs	<u>2,880,666</u>	<u>2,080,629</u>
	7,912,895	6,512,931
 <u>Endowments Held in Perpetuity</u>		
Endowed Scholarships	<u>478,811</u>	<u>475,870</u>
 Total Net Assets with Donor Restriction	<u>\$ 8,391,706</u>	<u>\$ 6,988,801</u>

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

LIQUIDITY

The Foundation has \$973,143 of financial assets available within one year of the balance sheet date consisting of cash of \$259,443 and short term investments of \$713,700. None of the financials assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. The unconditional promises to give are subject to time restriction, but will be collected in one year. The Foundation manages its liquidity by investing in securities which can be sold readily and efficiently to ensure the ability to meet all expected or unexpected cash flow needs.

NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net Assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors as follows for the years ended December 31, 2019 and 2018:

	2019	2018
Capital Improvements	\$ -	\$ 200,000
Scholarships & Grants	303,228	295,383
Academic Expenses	107,597	138,284
Total	\$ 410,825	\$ 633,667

ENDOWMENTS

Interpretation of Relevant Law

The Foundation's endowment consists of individual funds established primarily for scholarship purposes. The funds are all donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of directors of the Foundation has interpreted Illinois' Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as Net Assets with Donor Restriction – Held in Perpetuity (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time accumulation is added to the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as Net Assets with Donor Restriction – Held in Perpetuity is classified as Net Assets with Donor Restriction – Expendable until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UMIFA.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 16. Discretely Presented Component Unit (Continued)

ENDOWMENTS (CONTINUED)

The state of Illinois adoption of Uniform Prudent Management of Institutional Funds Act UPMIFA added certain prudent spending measures to UMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate appreciation of donor-restricted endowment funds:

- (1) The long and short term needs of the Foundation in carrying out its purposes
- (2) Present and anticipated financial requirements
- (3) General economic conditions
- (4) Price level trends
- (5) The expected total return on its investments

Funds with Deficiencies

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UMIFA requires the Foundation to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported as net assets without donor restriction. At December 31, 2019 and 2018, there were no such deficiencies.

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of assets. The Foundation's goal of its endowment funds, over a ten-year time period, is to provide an absolute rate of return of approximately 6%. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation's endowment with donor restriction funds are limited to fixed income investments to achieve its long-term return objectives with prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation has a policy of appropriating for distribution each year 4.75% of its portfolio market value, based upon a three year moving average method. In establishing this policy, the Foundation considered the long-term expected return on its investments. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowments to grow. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Southwestern Illinois College
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

Note 16. Discretely Presented Component Unit (Continued)

ENDOWMENTS (CONTINUED)

The following is a summary of endowment funds subject to the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The tables exclude the perpetual trust endowment funds, as these are not subject to UPMIFA:

Endowment Net Asset Composition by Type of Fund as of December 31, 2019 and 2018:

	2019			Total
	Without Donor Restriction	With Donor Restriction		
		Expendable	Held In Perpetuity	
Donor-Restricted Endowment Funds	\$ -	\$ 103,117	\$ 422,330	\$ 525,447
	2018			
Donor-Restricted Endowment Funds	\$ -	\$ 88,934	\$ 412,330	\$ 501,264

Change in endowment net assets for the years ended December 31, 2019 and 2018:

	2019			Total
	Without Donor Restriction	With Donor Restriction		
		Expendable	Held In Perpetuity	
Beginning of Year	\$ -	\$ 88,934	\$ 412,330	\$ 501,264
Investment Return:				
Investment Income	-	3,284	-	3,284
Net Appreciation (Realized and Unrealized)	-	16,509	10,000	26,509
Total Investment Return	-	19,793	10,000	29,793
Appropriation of Endowment Assets for Expenditure	-	(5,610)	-	(5,610)
End of Year	\$ -	\$ 103,117	\$ 422,330	\$ 525,447
	2018			
Beginning of Year	\$ -	\$ 106,165	\$ 412,330	\$ 518,495
Investment Return:				
Investment Income	-	3,652	-	3,652
Net Appreciation (Realized and Unrealized)	-	(11,629)	-	(11,629)
Total Investment Return	-	(7,977)	-	(7,977)
Appropriation of Endowment Assets for Expenditure	-	(9,254)	-	(9,254)
End of Year	\$ -	\$ 88,934	\$ 412,330	\$ 501,264

**Southwestern Illinois College
Community College District #522**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

Note 16. Discretely Presented Component Unit (Continued)

The following is a detail of expenses by functional classification for the year ended December 31, 2019 :

	Program	General and Administrative	Fundraising	Total
Scholarship Awards	\$ 303,228	\$ -	\$ -	\$ 303,228
Grants to College Programs	107,381	-	-	107,381
Interest	364	-	-	364
Fundraising Events	-	-	30,644	30,644
Depreciation	-	1,763	-	1,763
Supplies and Other	-	-	2,007	2,007
<u>Expenses Paid by the College</u>				
Salaries	-	245,746	-	245,746
Benefits	-	20,685	-	20,685
Supplies and Other	-	7,205	-	7,205
Contracted Services	-	1,820	-	1,820
Accounting	-	9,550	-	9,550
Occupancy	-	21,924	-	21,924
Total Expenses	<u>410,973</u>	<u>308,693</u>	<u>32,651</u>	<u>752,317</u>
Less Expenses Netted Against Revenue on the Statement of Activities	-	-	(30,644)	(30,644)
Total Expenses Presented on the Statement of Activities	<u>\$ 410,973</u>	<u>\$ 308,693</u>	<u>\$ 2,007</u>	<u>\$ 721,673</u>

The following is a detail of expenses by functional classification for the year ended December 31, 2018 :

	Program	General and Administrative	Fundraising	Total
Scholarship Awards	\$ 295,383	\$ -	\$ -	\$ 295,383
Grants to College Programs	339,872	-	-	339,872
Interest	366	-	-	366
Fundraising Events	-	-	22,915	22,915
Depreciation	-	1,763	-	1,763
Supplies and Other	-	-	1,530	1,530
<u>Expenses Paid by the College</u>				
Salaries	-	219,646	-	219,646
Benefits	-	12,381	-	12,381
Supplies and Other	-	10,690	-	10,690
Contracted Services	-	46,512	-	46,512
Accounting	-	7,825	-	7,825
Occupancy	-	21,924	-	21,924
Total Expenses	<u>635,621</u>	<u>320,741</u>	<u>24,445</u>	<u>980,807</u>
Less Expenses Netted Against Revenue on the Statement of Activities	-	-	(22,915)	(22,915)
Total Expenses Presented on the Statement of Activities	<u>\$ 635,621</u>	<u>\$ 320,741</u>	<u>\$ 1,530</u>	<u>\$ 957,892</u>

REQUIRED SUPPLEMENTAL INFORMATION

**Southwestern Illinois College
Community College District #522**

Required Supplementary Information for the Year Ended June 30, 2020 and 2019

Schedule of the Districts Proportionate Share of the Net Pension Liability	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	
District's Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%	
District's Proportionate Amount of the Collective Net Pension Liability		\$ -	\$ -	\$ -	\$ -	\$ -	
State's Proportionate Amount of the Collective Net Pension Liability associated with the District	\$ 248,326,776	\$ 257,936,876	\$ 286,888,725	\$ 274,660,842	\$ 266,697,200	\$ 273,673,558	
Total	<u>\$ 248,326,776</u>	<u>\$ 257,936,876</u>	<u>\$ 286,888,725</u>	<u>\$ 274,660,842</u>	<u>\$ 266,697,200</u>	<u>\$ 273,673,558</u>	
Employer DB Covered-Employee Payroll	\$ 41,382,491	\$ 39,610,031	\$ 39,884,515	\$ 38,040,432	\$ 34,632,804	\$ 34,395,356	
Proportion of Collective Net Pension Liability associated with the District as a percentage of covered employee payroll	600.08%	651.19%	719.30%	722.02%	770.07%	795.67%	
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%	
Schedule of Contributions	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Federal, Trust, Grant and Other Contribution	\$ 390,857	\$ 327,910	\$ 349,672	\$ 364,466	\$ 350,665	\$ 372,679	\$ 417,699
Contribution in relation to required contribution	\$ (390,857)	\$ (327,910)	\$ (349,672)	\$ (364,466)	\$ (350,665)	\$ (372,679)	\$ (417,699)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>					
Employer Covered-Employee Payroll	\$ 41,382,491	\$ 39,693,600	\$ 38,702,135	\$ 36,655,837	\$ 34,535,892	\$ 30,461,098	\$ 32,509,146
Contributions as a percentage of covered employee payroll	0.94%	0.83%	0.90%	0.99%	1.02%	1.22%	1.28%
Additional Information	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
On-Behalf Payments for Community College Health Insurance Program	\$ 155,681.99	\$ 153,386.35	\$ 158,365.30	\$ 155,862.96	\$ 147,172.22	\$ 146,106.61	\$ 138,090.82

**Notes to Required Supplementary Information
For the Year Ended June 30, 2020**

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2019.

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, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase. Change assumption to service-based rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- 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.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

**Schedule of District's Proportionate Share of the Net OPEB Liability
Community College Health Insurance Security Fund
Year Ended June 30, 2020**

	<u>2017</u>	<u>2018</u>	<u>2019</u>
District's proportion of the net OPEB liability	1.796539%	1.685298%	1.627655%
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with employer	\$ 31,867,733	\$ 30,730,314	\$ 29,533,136
Districts proportionate share of the net OPEB liability	\$ 32,762,356	\$ 31,772,113	\$ 30,738,920
District's covered payroll	\$ 31,171,527	\$ 29,429,339	\$ 29,195,729
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.10%	107.96%	105.29%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.87%	-3.54%	-4.13%

**Schedule of District's Contributions
Community College Health Insurance Security Fund
Year Ended June 30, 2020**

Fiscal Year Ending June 30,	<u>2017</u>	<u>2018</u>	<u>2019</u>
Contractually Required Contribution	155,863	147,172	146,107
Contributions in Relation to the Contractually Required Contribution	<u>155,863</u>	<u>147,150</u>	<u>146,131</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>22</u>	<u>(24)</u>
District's Covered Payroll	31,171,527	29,429,339	29,195,729
Contributions as a Percentage of Covered payroll	0.5%	0.5%	0.5%

**SOUTHWESTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #522
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
COMMUNITY COLLEGE HEALTH INSURANCE SECURITY FUND
YEAR ENDED JUNE 30, 2020**

NOTE 1 CHANGES IN BENEFIT TERMS

In the June 30, 2019 and June 30, 2018 actuarial valuations, there were no changes of benefit terms.

NOTE 2 CHANGES OF ASSUMPTIONS

In the June 30, 2019 actuarial valuation, the following assumption changes were made:

- The discount rate was changed from 3.62 percent at June 30, 2018, to 3.13 percent at June 30, 2019.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2018, projected plan cost for plan year-end June 30, 2019, premium changes through plan year-end 2019, and expectation of future trend increases after June 30, 2019.
- The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2019.
- Per capita claim costs for plan year-end June 30, 2019, were updated based on projected claims and enrollment experience through June 30, 2019, and updated premium rates through plan year-end 2020.
- Healthcare plan participation rates by plan were updated based on observed experience.

In the June 30, 2019 actuarial valuation, the following assumption changes were made:

- The discount rate was changed from 3.56 percent at June 30, 2017, to 3.62 percent at June 30, 2018.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2017, projected plan cost for plan year-end June 30, 2018, premium changes through plan year-end 2018, and expectation of future trend increases after June 30, 2018.
- The Excise Tax trend adjustment was updated based on available premium and enrollment information as of June 30, 2018.
- Per capita claim costs for plan year-end June 30, 2018, were updated based on projected claims and enrollment experience through June 30, 2018, and updated premium rates through plan year-end 2019.
- Healthcare plan participation rates by plan were updated based on observed experience.

SUPPLEMENTAL INFORMATION

**Southwestern Illinois College
Community College District #522**

**Schedule of Changes in Assets and Liabilities - Fiduciary Fund
Year Ended June 30, 2020 and 2019**

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Assets				
Cash and cash equivalents	\$ 724,825	\$ 746,389	\$ 708,695	\$ 762,519
Miscellaneous receivables	6,735	497,921	497,927	6,729
Prepaid Items	201	-	201	-
Total Assets	\$ 731,761	\$ 1,244,310	\$ 1,206,823	\$ 769,248

Liabilities				
Accounts Payable	\$ 16,087	\$ 592,591	\$ 602,909	\$ 5,769
Deposits held in custody for others	715,674	723,528	675,723	763,479
Total liabilities	\$ 731,761	\$ 1,316,119	\$ 1,278,632	\$ 769,248

	Balance July 1, 2018	Additions	Deletions	Balance June 30, 2019
Assets				
Cash and cash equivalents	\$ 688,852	\$ 903,913	\$ 867,940	\$ 724,825
Miscellaneous receivables	92,015	1,200,118	1,285,398	6,735
Prepaid Items	1,106	201	1,106	201
Total Assets	\$ 781,973	\$ 2,104,232	\$ 2,154,444	\$ 731,761

Liabilities				
Accounts Payable	\$ 11,139	\$ 203,205	\$ 198,257	\$ 16,087
Deposits held in custody for others	770,834	2,060,087	2,115,247	715,674
Total liabilities	\$ 781,973	\$ 2,263,292	\$ 2,313,504	\$ 731,761

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ICCB STATE GRANTS FINANCIAL COMPLIANCE SECTION

**Southwestern Illinois College
Community College District #522**

**Uniform Financial Statement No. 1 - All Funds Summary
Year Ended June 30, 2020**

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund-Restricted	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection Settlement Fund	Total
Fund balance (deficit), Beginning of year, July 1, 2018	\$ 24,023,771	\$ 10,392,222	\$ 8,816,206	\$ 384,749	\$ (1,759,339)	\$ 1,633,734	\$ 26,908,202	\$ 62,922	\$ 3,811,405	\$ 74,273,872
Revenues:										
Local tax revenue	15,746,329	6,311,745	3,306,478	4,552,182	-	-	-	62,935	4,328,322	34,307,991
All other local revenue	-	-	-	-	217,175	4,284,665	-	-	-	4,501,840
ICCB Grants	11,271,082	1,566,273	-	-	-	1,376,355	-	-	-	14,213,710
All other state revenue	-	-	-	-	-	529,007	-	-	-	529,007
Federal revenue	46,785	-	-	-	-	14,236,470	-	-	-	14,283,255
Student tuition and fees	24,064,687	-	-	-	-	-	-	-	-	24,064,687
On-Behalf CIP	-	-	-	-	-	1,284,007	-	-	-	1,284,007
On-Behalf SURS	-	-	-	-	-	29,489,075	-	-	-	29,489,075
All other revenue	1,417,385	138,002	43,673	-	642,677	750,457	391,735	-	89	3,384,018
Total revenue	52,546,268	8,016,020	3,350,151	4,552,182	859,852	51,950,036	391,735	62,935	4,328,411	126,057,590
Expenditures:										
Instruction	25,037,137	-	-	-	-	19,400,182	-	-	-	44,437,319
Academic support	920,104	-	-	-	-	588,630	-	-	-	1,508,734
Student services	4,438,027	-	-	-	-	4,284,458	-	-	-	8,722,485
Public service/continuing education	337,276	-	-	-	-	8,417,766	-	-	-	8,755,042
Auxiliary services	-	-	-	-	1,591,443	237,070	-	-	-	1,828,513
Operations and maintenance	-	5,591,315	-	-	-	3,076,239	-	-	1,660,516	10,328,070
Institutional support	9,218,798	444,907	337,314	4,460,625	-	4,091,431	-	52,091	1,431,278	20,036,444
Scholarships, student grants, and waivers	2,667,257	-	-	-	248,967	12,014,254	-	-	-	14,930,478
Total expenditures	42,618,599	6,036,222	337,314	4,460,625	1,840,410	52,110,030	-	52,091	3,091,794	110,547,085
Net transfers	(2,957,592)	386,369	-	-	2,939,750	17,842	(386,369)	-	-	-
Fund balance (deficit): Net position - end of year	\$ 30,993,848	\$ 12,758,389	\$ 11,829,043	\$ 476,306	\$ 199,853	\$ 1,491,582	\$ 26,913,568	\$ 73,766	\$ 5,048,022	\$ 89,784,377

Southwestern Illinois College
Community College District #522

Uniform Financial Statement No. 2 - Summary of Investment in Plant Fund and Debt
Year Ended June 30, 2020

	Investment in Plant Fund July 1, 2019	Additions	Deletions	Investment in Plant Fund June 30, 2020
Fixed assets:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Site improvements	16,819,233	-	-	16,819,233
Buildings	53,529,565	-	(5,310)	53,524,255
Building Improvements	47,463,908	67,096	-	47,531,004
Equipment	19,062,412	992,918	(991,087)	19,064,243
Construction in progress	743,268	20,464	-	763,732
Accumulated Depreciation	<u>(81,534,666)</u>	<u>(4,480,007)</u>	<u>910,983</u>	<u>(85,103,690)</u>
Net Fixed Assets	<u>\$ 62,599,200</u>	<u>\$ (3,399,529)</u>	<u>\$ (85,414)</u>	<u>\$ 59,114,257</u>
	July 1, 2019	Additions	Deletions	June 30, 2020
Fixed debt:				
Other fixed liabilities	\$ 670,034	\$ 294,216	\$ (311,912)	\$ 652,338
Bonds payable	<u>12,865,000</u>	<u>-</u>	<u>(4,000,000)</u>	<u>8,865,000</u>
Total fixed liabilities	<u>\$ 13,535,034</u>	<u>\$ 294,216</u>	<u>\$ (4,311,912)</u>	<u>\$ 9,517,338</u>

Southwestern Illinois College
Community College District #522

Uniform Financial Statement No. 3 - Operating Fund Revenues and
Expenditures
Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenue by source:			
Local government:			
Property taxes	\$ 14,926,408	\$ 5,640,900	\$ 20,567,308
CPPRT	819,921	670,845	1,490,766
	<u>15,746,329</u>	<u>6,311,745</u>	<u>22,058,074</u>
State government:			
ICCB base operating grant	5,847,900	-	5,847,900
ICCB equalization grants	4,698,817	1,566,273	6,265,090
ICCB - Career and Technical Education	713,900	-	713,900
Other ICCB	10,465	-	10,465
	<u>11,271,082</u>	<u>1,566,273</u>	<u>12,837,355</u>
Federal government	<u>46,785</u>	-	<u>46,785</u>
Student tuition and fees:			
Tuition	19,875,853	-	19,875,853
Fees	4,153,412	-	4,153,412
Other Student Assessments	35,422	-	35,422
	<u>24,064,687</u>	<u>-</u>	<u>24,064,687</u>
Other sources:			
Sales and service fees	476,861	-	476,861
Facilities revenue	200	135,575	135,775
Investment revenue	572,239	2,427	574,666
Other	368,085	-	368,085
	<u>1,417,385</u>	<u>138,002</u>	<u>1,555,387</u>
Total revenues	\$ 52,546,268	\$ 8,016,020	\$ 60,562,288
Less nonoperating item:			
Tuition chargeback revenue	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted revenues	<u>\$ 52,546,268</u>	<u>\$ 8,016,020</u>	<u>\$ 60,562,288</u>

Southwestern Illinois College
Community College District #522

Uniform Financial Statement No. 3 - Operating Fund Revenues and
Expenditures (Continued)
Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$ 25,037,137	\$ -	\$ 25,037,137
Academic support	920,104	-	920,104
Student services	4,438,027	-	4,438,027
Public service/continuing education	337,276	-	337,276
Operations and maintenance	-	5,591,315	5,591,315
Institutional support	9,218,798	444,907	9,663,705
Scholarships, student grants, and waivers	2,667,257	-	2,667,257
	<u>42,618,599</u>	<u>6,036,222</u>	<u>48,654,821</u>
Total expenditures	42,618,599	6,036,222	48,654,821
Less nonoperating items:			
Tuition chargeback *	-	-	-
Instructional service contracts	-	-	-
Transfers	2,957,952	(386,369)	2,571,583
	<u>2,957,952</u>	<u>(386,369)</u>	<u>2,571,583</u>
Adjusted expenditures	<u>\$ 45,576,551</u>	<u>\$ 5,649,853</u>	<u>\$ 51,226,404</u>
Operating expenditures by object:			
Salaries	\$ 30,572,444	\$ 2,862,201	\$ 33,434,645
Employee benefits	3,961,232	642,392	4,603,624
Contractual services	1,628,718	450,199	2,078,917
General materials and supplies	1,370,539	383,097	1,753,636
Conference and meeting expenses	272,843	221	273,064
Fixed charges	688,934	13,152	702,086
Utilities	8,704	1,407,409	1,416,113
Capital outlay	671,068	270,133	941,201
Other	3,444,117	7,418	3,451,535
	<u>42,618,599</u>	<u>6,036,222</u>	<u>48,654,821</u>
Total expenditures	42,618,599	6,036,222	48,654,821
Less nonoperating items:			
Tuition chargeback *	-	-	-
Instructional service contracts	-	-	-
Transfers	2,957,952	(386,369)	2,571,583
	<u>2,957,952</u>	<u>(386,369)</u>	<u>2,571,583</u>
Adjusted expenditures	<u>\$ 45,576,551</u>	<u>\$ 5,649,853</u>	<u>\$ 51,226,404</u>

* Intercollege tuition chargeback expenditures are subtracted to allow for statewide comparisons

**Southwestern Illinois College
Community College District #522**

**Uniform Financial Statement No. 4 - Restricted Purposes Fund
Revenues and Expenditures
Year Ended June 30, 2020**

Revenue by source:	
Total local government	\$ 4,284,665
State government:	
ICCB Adult Education	705,503
ICCB Other	670,852
Dept. of Transportation	
Illinois Student Assistance Commission	
On-Behalf CIP	1,284,007
On-Behalf SURS	29,489,075
Other	529,007
	<u>32,678,444</u>
Federal government:	
Department of Education	12,809,739
Department of Labor	128,692
Department of Health and Human Services	116,115
Other	1,181,924
	<u>14,236,470</u>
Other sources	<u>750,458</u>
Total restricted purposes fund revenues	<u>\$ 51,950,037</u>
Expenditures by program:	
Instruction	\$ 19,400,183
Academic Support	588,630
Student services	4,284,458
Public service/continuing education	8,417,766
Auxiliary Services	237,070
Operations and maintenance of plant	3,076,239
Institutional support	4,091,431
Scholarships, student grants, and waivers	12,014,254
	<u>52,110,031</u>
Total expenditures by program	<u>\$ 52,110,031</u>
Expenditures by object:	
Salaries	\$ 5,151,738
Employee benefits	31,832,791
Contractual services	166,700
Student financial aid	10,514,234
General materials and supplies	537,526
Conference and meeting expenses	663,632
Fixed charges	631,957
Utilities	7,342
Capital outlay	614,377
Other	1,989,734
	<u>52,110,031</u>
Total expenditures by object	<u>\$ 52,110,031</u>

**Southwestern Illinois College
Community College District #522**

**Uniform Financial Statement No. 5 - Expenditures by Activity
Current Funds
Year Ended June 30, 2020**

Instruction	\$ 44,437,319
Academic support:	
Library center	875,048
Instructional materials center	249,505
Educational media services	34,528
Academic computing support	46,909
Academic administration and planning	165,640
Other	137,104
Total academic support	1,508,734
Student services:	
Admissions and records	2,026,242
Counseling and career guidance	3,815,489
Financial aid administration	1,779,534
Other	1,101,220
Total student services	8,722,485
Public service/continuing education:	
Community education	6,489
Customized training (instructional)	1,559,407
Professional development	-
Community services	7,189,111
Other	35
Total public service/continuing education	8,755,042
Auxiliary services	1,828,513
Operations and maintenance of plant:	
Maintenance	1,184,352
Custodial services	4,068,369
Grounds	447,891
Campus security	2,564,261
Utilities	1,637,152
Administration	426,045
Total operations and maintenance of plant	10,328,070

Southwestern Illinois College
Community College District #522

Uniform Financial Statement No. 5 - Expenditures by Activity
Current Funds (Continued)
Year Ended June 30, 2020

Institutional support:	
Executive management	\$ 1,036,087
Fiscal operations	1,386,264
Community relations	853,807
Administrative support services	1,373,123
Board of trustees	283,456
General institution	4,186,785
Institutional research	141,212
Administrative data processing	5,926,610
Other	51,161
Total institutional support	<u>15,238,505</u>
Scholarships, student grants and waivers	<u>14,930,478</u>
Total current funds expenditures	<u>\$ 105,749,146</u>

CERTIFICATION OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2021

ALL FISCAL YEAR 2020 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

1.	Education Fund	\$ 42,072,534	
2.	Operations and Maintenance Fund	5,766,088	
3.	Public Building Commission Operations and Maintenance Fund	-	
4.	Bond and Interest Fund	4,460,626	
5.	Public Building Commission Rental Fund	-	
6.	Restricted Purposes Fund	20,722,573	
7.	Audit Fund	52,092	
8.	Liability, Protection, and Settlement Fund	3,084,493	
9.	Auxiliary Enterprises Fund (subsidy only)	945,000	
10.	TOTAL NONCAPITAL EXPENDITURES (SUM OF LINES 1-9)		\$ 77,103,406
11.	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$ 3,222,901	
12.	TOTAL COSTS INCLUDED (line 10 plus line 11)		\$ 80,326,307
13.	Total certified semester credit hours for FY 2020	159,315.60	
14.	PER CAPITA COST (line 12 divided by line 13)		\$ 504
15.	All FY 2020 state and federal operating grants for noncapital expenditures. DO NOT INCLUDE ICCB GRANTS	\$ 9,853,229	
16.	FY 2020 state and federal grants per semester credit hour (line 15 divided by line 13)		\$ 62
17.	District's average ICCB grant rate (excluding equalization grants) for FY 2021		36.20
18.	District's student tuition and fee rate per semester credit hour for FY 2021		122
19.	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		\$ 284

Approved: _____
Chief Fiscal Officer

Date

Approved: _____
Chief Executive Officer

Date

**Southwestern Illinois College
Community College District #522**

**Combining Balance Sheet
All Fund Types
June 30, 2020**

	Current Funds		Loan Funds	Plant Funds		Reconciliation	Total	
	Unrestricted	Restricted		Operations and Maintenance				Investment in Plant
ASSETS								
Cash and cash equivalents	\$ 74,559,083	\$ 237,745	\$ 583,990	\$ 12,718,266	\$ -	\$ -	\$ 88,099,084	
Restricted cash	-	-	-	-	-	487,949	487,949	
Receivables:								
Property taxes	38,123,406	-	6,824,507	4,905,081	-	-	49,852,994	
Government Claims	1,225,528	2,813,828	-	-	-	-	4,039,356	
Student tuition and fees	9,027,881	-	-	-	-	-	9,027,881	
Other	1,172,367	1,401	-	-	-	-	1,173,768	
Total receivables	49,549,182	2,815,229	6,824,507	4,905,081	-	-	64,093,999	
Due from other funds	171,355	136,251	-	-	290,638	-	598,244	
Prepaid items	456,945	40,894	-	-	-	-	497,839	
Land	-	-	-	-	6,515,480	-	6,515,480	
Depreciable capital assets, net of accumulated depreciation	246,653	-	-	-	51,588,392	-	51,835,045	
Construction in progress	-	-	-	-	763,732	-	763,732	
Total assets	124,983,218	3,230,119	7,408,497	17,623,347	59,158,242	487,949	212,891,372	
Deferred Outflows of Resources								
Deferred outflows related to OPEB	-	-	-	-	-	959,205	959,205	
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	-	-	-	-	-	417,699	417,699	
Total Assets and Deferred Outflows of Resources	\$ 124,983,218	\$ 3,230,119	\$ 7,408,497	\$ 17,623,347	\$ 59,158,242	\$ 1,864,853	\$ 214,268,276	
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
Accounts payable	\$ 1,645,541	\$ 378,666	\$ -	\$ 108,708	\$ -	\$ -	\$ 2,132,915	
Accrued expenditures and compensated absences, current	3,104,556	107,093	44,171	-	-	31,049	3,286,869	
Due to other funds	582,129	22,482	-	-	-	(6,367)	598,244	
Unearned revenues								
Student tuition and fees	5,128,643	-	-	-	-	-	5,128,643	
Other	60,300	1,230,296	-	734,932	-	-	2,025,528	
Total unearned revenue	5,188,943	1,230,296	-	734,932	-	-	7,154,171	
Compensated absences	-	-	-	-	-	185,826	185,826	
Unamortized bond premium	-	-	-	-	-	40,190	40,190	
Net OPEB Liability	-	-	-	-	-	30,738,920	30,738,920	
Bonds contracts and leases payable	-	-	-	-	-	9,477,148	9,477,148	
Total liabilities	10,521,169	1,738,537	44,171	843,640	-	40,466,766	53,614,283	
Deferred inflows of resources								
Subsequent year's property taxes	38,474,603	-	6,888,020	4,950,664	-	-	50,313,287	
Deferred inflows related to OPEB	-	-	-	-	-	7,480,068	7,480,068	
FUND BALANCES								
Nonspendable	456,945	40,894	-	-	-	-	497,839	
Investment in plant, net of related debt	246,653	-	-	-	58,867,604	(5,155,837)	53,958,420	
Unassigned	75,283,848	-	-	-	290,638	(40,926,144)	34,648,342	
Restricted	-	1,450,688	476,306	11,829,043	-	-	13,756,037	
Total fund balances	75,987,446	1,491,582	476,306	11,829,043	59,158,242	(46,081,981)	102,860,638	
Total liabilities deferred inflows of resources, and fund balances	\$ 124,983,218	\$ 3,230,119	\$ 7,408,497	\$ 17,623,347	\$ 59,158,242	\$ 1,864,853	\$ 214,268,276	

**Southwestern Illinois College
Community College District #522**

**Combining Schedule of Changes in Fund Balances - All Fund Types
Year Ended June 30, 2020**

	Current Funds		Plant Funds			Reconciliation	Total
	Unrestricted	Restricted	Loan	Operations and Maintenance	Investment in Plant		
Revenues:							
Local government sources:							
Property taxes	\$ 24,958,566	\$ -	\$ 4,552,182	\$ 3,306,478	\$ -	\$ -	\$ 32,817,226
Corporate personal property replacement taxes	1,490,764	-	-	-	-	-	1,490,764
Other local sources	217,175	4,284,665	-	-	-	-	4,501,840
State government sources:							
ICCB state grants	12,837,355	1,376,355	-	-	-	-	14,213,710
Other state grants	-	529,007	-	-	-	-	529,007
Federal government	46,785	18,457,822	-	-	-	(4,221,352)	14,283,255
Student tuition and fees	24,064,687	-	-	-	-	(10,802,181)	13,262,506
Investment income	966,401	18,232	-	43,673	-	-	1,028,306
Auxiliary enterprise revenue	190,287	-	-	-	-	-	190,287
Facilities revenue	135,575	-	-	-	-	-	135,575
Other sources	1,297,624	732,226	-	-	-	240,427	2,270,277
Payments on Behalf of the District	-	30,773,082	-	-	-	-	30,773,082
Expended for capital assets	-	-	-	-	995,065	(995,065)	-
Total revenues	66,205,219	56,171,389	4,552,182	3,350,151	995,065	(15,778,171)	115,495,835
Expenditures:							
Current:							
Instruction	24,808,549	18,895,249	-	-	-	-	43,703,798
Academic support	920,104	588,630	-	-	-	-	1,508,734
Student services	4,438,027	20,371,208	-	-	-	(15,023,533)	9,785,702
Public service	337,276	8,457,178	-	-	-	-	8,794,454
Institutional support	12,942,899	4,091,432	2,300	337,314	-	640,832	18,014,777
Operations and maintenance of plant	7,117,736	3,076,239	-	-	-	-	10,193,975
Auxiliary enterprises	1,774,976	237,070	-	-	-	-	2,012,046
Depreciation	65,004	-	-	-	4,415,003	-	4,480,007
Capital Outlay	948,933	614,377	-	-	-	(995,065)	568,245
Debt Service							
Principal	267,983	-	4,000,000	-	-	(3,973,766)	294,217
Interest	17,627	-	458,325	-	-	(12,961)	462,991
Total expenditures	53,639,114	56,331,383	4,460,625	337,314	4,415,003	(19,364,493)	99,818,946
Excess (deficiency) of revenues over expenditures	12,566,105	(159,994)	91,557	3,012,837	(3,419,938)	3,586,322	15,676,889
Other financing sources (uses):							
Transfers in	3,430,672	122,395	-	-	-	-	3,553,067
Transfers out	(3,448,514)	(104,553)	-	-	-	-	(3,553,067)
Bond premium amortization	-	-	-	-	-	43,930	43,930
	(17,842)	17,842	-	-	-	43,930	43,930
Excess (deficiency) of revenues over expenditures and transfers	12,548,263	(142,152)	91,557	3,012,837	(3,419,938)	3,630,252	15,720,819
Fund Balance							
Fund Balances beginning of year	63,439,183	1,633,734	384,749	8,816,206	62,578,180	(49,712,233)	87,139,819
Change in Accounting Principle	-	-	-	-	-	-	-
Fund balances (deficit) beginning of year, as restated	63,439,183	1,633,734	384,749	8,816,206	62,578,180	(49,712,233)	87,139,819
Fund balances (deficit) end of year	\$ 75,987,446	\$ 1,491,582	\$ 476,306	\$ 11,829,043	\$ 59,158,242	\$ (46,081,981)	\$ 102,860,638

**Southwestern Illinois College
Community College District #522**

**Combining Balance Sheet - Current Unrestricted Funds
June 30, 2020**

	Education	Operation and Maintenance	Auxiliary Enterprises	Working Cash	Audit	Liability, Protection, and Settlement	Total
ASSETS							
Cash and cash equivalents	\$ 28,790,276	\$ 12,950,964	\$ 225,172	\$ 26,913,568	\$ 78,852	\$ 5,600,251	\$ 74,559,083
Receivables:							
Property taxes	22,885,302	8,727,808	-	-	96,212	6,414,084	38,123,406
Government Claims	810,600	226,178	188,750	-	-	-	1,225,528
Student tuition and fees	9,027,881	-	-	-	-	-	9,027,881
Other	1,172,367	-	-	-	-	-	1,172,367
Total Receivables	33,896,150	8,953,986	188,750	-	96,212	6,414,084	49,549,182
Due from other funds	110,446	1,654	14,255	-	45,000	-	171,355
Prepaid items	288,192	158,177	-	-	-	10,576	456,945
Depreciable capital assets, net of depreciation	-	-	246,653	-	-	-	246,653
Total Assets	\$ 63,085,064	\$ 22,064,781	\$ 674,830	\$ 26,913,568	\$ 220,064	\$ 12,024,911	\$ 124,983,218
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 1,208,256	\$ 281,827	\$ 86,057	\$ -	\$ 4,174	\$ 65,227	\$ 1,645,541
Accrued liabilities	2,435,483	195,986	37,982	-	-	435,105	3,104,556
Due to other funds	224,152	19,530	290,638	-	45,000	2,809	582,129
Unearned revenues:							
Student tuition and fees	5,128,643	-	-	-	-	-	5,128,643
Other	-	-	60,300	-	-	-	60,300
Total unearned revenue	5,128,643	-	60,300	-	-	-	5,188,943
Total liabilities	8,996,534	497,343	474,977	-	49,174	503,141	10,521,169
Deferred inflows of resources:							
Subsequent year's property taxes	23,094,682	8,809,049	-	-	97,124	6,473,748	38,474,603
FUND BALANCE							
Nonspendable	288,192	158,177	-	-	-	10,576	456,945
Investment, in plant, net of related debt	-	-	246,653	-	-	-	246,653
Unassigned	30,705,656	12,600,212	(46,800)	26,913,568	73,766	5,037,446	75,283,848
Total fund balance	30,993,848	12,758,389	199,853	26,913,568	73,766	5,048,022	75,987,446
Total liabilities, Deferred inflows of resources, and fund balance	\$ 63,085,064	\$ 22,064,781	\$ 674,830	\$ 26,913,568	\$ 220,064	\$ 12,024,911	\$ 124,983,218

**Southwestern Illinois College
Community College District #522**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Current Unrestricted Funds
Year Ended June 30, 2020**

	Education Fund	Operation and Maintenance Fund	Auxiliary Enterprises Fund	Working Cash Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
Revenues:							
Local government sources:							
Property taxes	\$ 14,926,408	\$ 5,640,901	\$ -	\$ -	\$ 62,935	\$ 4,328,322	\$ 24,958,566
Corporate personal property replacement taxes	819,921	670,843	-	-	-	-	1,490,764
Other local government	-	-	217,175	-	-	-	217,175
State government sources:							
ICCB state grants	11,271,082	1,566,273	-	-	-	-	12,837,355
Federal government	46,785	-	-	-	-	-	46,785
Student tuition and fees	24,064,687	-	-	-	-	-	24,064,687
Investment income	572,239	2,427	-	391,735	-	-	966,401
Auxiliary enterprise revenue	-	-	190,287	-	-	-	190,287
Facilities revenue	-	135,575	-	-	-	-	135,575
Other sources	845,146	-	452,389	-	-	89	1,297,624
SURS contribution provided by State	-	-	-	-	-	-	-
Total revenues	52,546,268	8,016,019	859,851	391,735	62,935	4,328,411	66,205,219
Expenditures:							
Current:							
Instruction	24,808,549	-	-	-	-	-	24,808,549
Academic support	920,104	-	-	-	-	-	920,104
Student services	4,438,027	-	-	-	-	-	4,438,027
Public service	337,276	-	-	-	-	-	337,276
Institutional support	11,157,965	301,565	-	-	52,091	1,431,278	12,942,899
Operations and maintenance of plant	-	5,464,523	-	-	-	1,653,213	7,117,736
Auxiliary enterprises	-	-	1,774,976	-	-	-	1,774,976
Depreciation	-	-	65,004	-	-	-	65,004
SURS contribution provided by State	-	-	-	-	-	-	-
Capital Outlay	671,068	270,133	429	-	-	7,303	948,933
Debt Service							
Principal	267,983	-	-	-	-	-	267,983
Interest	17,627	-	-	-	-	-	17,627
Total expenditures	42,618,599	6,036,221	1,840,409	-	52,091	3,091,794	53,639,114
Excess (deficiency) of revenues over expenditures	9,927,669	1,979,798	(980,558)	391,735	10,844	1,236,617	12,566,105
Other financing sources (uses):							
Transfers in	104,553	386,369	2,939,750	-	-	-	3,430,672
Transfers out	(3,062,145)	-	-	(386,369)	-	-	(3,448,514)
	<u>(2,957,592)</u>	<u>386,369</u>	<u>2,939,750</u>	<u>(386,369)</u>	<u>-</u>	<u>-</u>	<u>(17,842)</u>
Excess (deficiency) of revenues over expenditures and other financing uses	6,970,077	2,366,167	1,959,192	5,366	10,844	1,236,617	12,548,263
Fund Balance							
Fund balance (deficit) beginning of year	24,023,771	10,392,222	(1,759,339)	26,908,202	62,922	3,811,405	63,439,183
Fund balances (deficit) end of year	\$ 30,993,848	\$ 12,758,389	\$ 199,853	\$ 26,913,568	\$ 73,766	\$ 5,048,022	\$ 75,987,446

**Southwestern Illinois College
Community College District #522**

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget vs. Actual
Operating Funds (Education and Operations and Maintenance Funds)
Year Ended June 30, 2020**

	Budget	Education Fund	Operation and Maintenance Fund	Total	Variance Favorable (Unfavorable)
Revenues:					
Local government sources:					
Property taxes	\$ 20,062,230	\$ 14,926,408	\$ 5,640,901	\$ 20,567,309	\$ 505,079
Tuition chargebacks	-	-	-	-	-
Corporate personal property replacement taxes	1,167,000	819,921	670,843	1,490,764	323,764
State government sources:					
ICCB state grants	12,826,890	11,271,082	1,566,273	12,837,355	10,465
Other State Sources	-	-	-	-	-
Federal government	40,000	46,785	-	46,785	6,785
Student tuition and fees	26,961,673	24,064,687	-	24,064,687	(2,896,986)
Investment income	520,000	572,239	2,427	574,666	54,666
Facilities revenue	93,000	-	135,575	135,575	42,575
Other sources	575,000	845,146	-	845,146	270,146
Total revenues	62,245,793	52,546,268	8,016,019	60,562,287	(1,683,506)
Expenditures:					
Current:					
Instruction	29,213,162	25,037,137	-	25,037,137	4,176,025
Academic support	1,275,597	920,104	-	920,104	355,493
Student services	4,929,256	4,438,027	-	4,438,027	491,229
Public service	241,668	337,276	-	337,276	(95,608)
Institutional support	19,548,830	11,886,055	444,907	12,330,962	7,217,868
Operations and maintenance of plant	6,603,922	-	5,591,314	5,591,314	1,012,608
Total expenditures	61,812,435	42,618,599	6,036,221	48,654,820	13,157,615
Excess of revenues over expenditures	433,358	9,927,669	1,979,798	11,907,467	11,474,109
Other financing sources (uses):					
Transfers in	-	104,553	386,369	490,922	490,922
Transfers out	(1,315,000)	(3,062,145)	-	(3,062,145)	(1,747,145)
	(1,315,000)	(2,957,592)	386,369	(2,571,223)	(1,256,223)
Excess (deficiency) of revenues over expenditures and other financing uses	(881,642)	6,970,077	2,366,167	9,336,244	10,217,886
Fund balances beginning of year	26,298,452	24,023,771	10,392,222	34,415,993	8,117,541
Fund balances end of year	\$ 25,416,810	\$ 30,993,848	\$ 12,758,389	\$ 43,752,237	\$ 18,335,427

Southwestern Illinois College
Community College District #522

Schedule of Net Position
Internal Service Fund
June 30, 2020

Assets	
Cash and cash equivalents	\$ 487,949
Total assets	<u>\$ 487,949</u>
Liabilities - accrued expenditures	<u>\$ -</u>
Net Position	<u>487,949</u>
Total liabilities and net position	<u>\$ 487,949</u>

**Southwestern Illinois College
Community College District #522**

**Schedule of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2020**

Revenues:	
Operating revenues	
Employer paid premiums	\$ -
Employee paid premiums	-
Total operating revenues	<u>-</u>
Expenses:	
Operating expenses	
Health claims	(8,112)
Reinsurance premiums	-
Contractual payments	-
Total operating expenses	<u>(8,112)</u>
Operating income	<u>8,112</u>
Nonoperating revenues:	
Investment income	<u>3,358</u>
Total nonoperating revenues	<u>3,358</u>
Change in net position	11,470
Net position - beginning of year	<u>476,479</u>
Net position - end of year	<u>\$ 487,949</u>

**SOUTHWESTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #522**

NOTES TO SUPPLEMENTAL INFORMATION

Basis of Presentation

Supplemental financial statements: In order to ensure observation of limitations and restrictions placed on the use of available resources, the accounts are maintained in accordance with the principles of fund accounting as promulgated by the Illinois Community College Board *Fiscal Management Manual*. Accordingly, supplemental financial information of the District is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue, and expenditures. For reporting purposes, funds that have similar characteristics have been combined into fund groups. The various fund groups and their designated purposes are as follows:

Current Funds - The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the District and consist of the following:

Unrestricted Fund - The Unrestricted Fund accounts for the general operations of the District. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges, and the expenditures for plant assets that are not paid from other funds.

Restricted Funds - The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by outside agencies.

Loan Fund - This subfund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Plant Funds - The Plant Funds are used to account for the transactions relating to investment in the District properties, and consist of the following self-balancing subfunds:

Operations and Maintenance: - This subfund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Investment in Plant: - This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Internal Service Fund - Is used to account for services provided by one fund for all of the other funds of the District on a cost reimbursement basis.



INDEPENDENT AUDITORS' REPORT ON ADULT EDUCATION AND FAMILY LITERACY GRANTS

Board of Trustees
Southwestern Illinois College
Community College District #522
Belleville, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the Adult Education and Family Literacy Grants of Southwestern Illinois College, Community College District #522 (the District), which comprise the balance sheet as of June 30, 2020, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related note to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy Grants of Southwestern Illinois College, Community College District #522, as of June 30, 2020, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in the Note to the financial statements – grant programs, the financial statements of the Adult Education and Family Literacy Grants of Southwestern Illinois College, Community College District #522, are intended to present only the financial position and the changes in financial position of grant activity that is attributable to transactions of Southwestern Illinois College, Community College District #522. They do not purport to, and do not, present fairly the financial position of Southwestern Illinois College, Community College District #522 as of June 30, 2020, or the changes in its financial position for the period then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Management has omitted the Management Discussion and Analysis and Schedule of Proportionate Share of the Net Pension Liability and Contributions that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Adult Education and Family Literacy Grants of Southwestern Illinois College, Community College District #522 financial statements. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Program (page 89) is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant Program (page 89) 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 is fairly stated, in all material respects, to the basic grant program financial statements as a whole.



CliftonLarsonAllen LLP

Belleville, Illinois
April 15, 2021

**Southwestern Illinois College
Community College District #522**

**Adult Education and Family Literacy Grant Programs
Balance Sheet
June 30, 2020**

ASSETS	<u>State Basic</u>	<u>Performance</u>	Total (Memorandum Only)
Cash	\$ 4,069	\$ -	\$ 4,069
Due from the Illinois Community College Board	<u>-</u>	<u>34,604</u>	<u>34,604</u>
TOTAL ASSETS	<u>\$ 4,069</u>	<u>\$ 34,604</u>	<u>\$ 38,673</u>
 LIABILITIES AND FUND BALANCE			
Due to Other Programs	\$ -	\$ 31,703	\$ 31,703
Accounts Payable	1,553	-	1,553
Accrued Payroll	<u>2,536</u>	<u>2,901</u>	<u>5,437</u>
TOTAL LIABILITIES	<u>4,089</u>	<u>34,604</u>	<u>38,693</u>
Fund Balance - Unreserved	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCE	<u>\$ 4,089</u>	<u>\$ 34,604</u>	<u>\$ 38,693</u>

See Note to Financial Statements- Grant Programs.

Southwestern Illinois College
Community College District #522

Adult Education and Family Literacy Grant Programs
Statement of Revenues, Expenditures, and Changes in Fund Balance
Year Ended June 30, 2020

	<u>State Basic</u>	<u>Performance</u>	<u>Total (Memorandum Only)</u>
Revenue:			
State sources	\$ 437,287	\$ 268,216	\$ 705,503
Total revenue	<u>\$ 437,287</u>	<u>\$ 268,216</u>	<u>\$ 705,503</u>
Expenditures:			
Contractual Services	\$ -	\$ 5,843	\$ 5,843
Direct Instruction	272,774	29,531	302,305
Direct Program Support	46,665	117,354	164,019
Student Services	117,848	115,488	233,336
Subtotal instructional and student services	<u>437,287</u>	<u>268,216</u>	<u>705,503</u>
Improvement of instructional services	-	-	-
General administration	-	-	-
Workforce coordination	-	-	-
Data and information services	-	-	-
Subtotal program support	<u>-</u>	<u>-</u>	<u>-</u>
Return of prior period unexpended grant funds	-	-	-
Total expenditures	<u>437,287</u>	<u>268,216</u>	<u>705,503</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance:			
Beginning, July 1, 2019			<u>-</u>
Ending, June 30, 2020			<u>\$ -</u>

See Note to Financial Statements - Grant Programs.

**SOUTHWESTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #522**

**NOTE TO FINANCIAL STATEMENTS-GRANT PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018**

Summary of Significant Accounting Policies

General: The accompanying statements include only those transactions resulting from the Adult Education & Family Literacy programs. These transactions have been accounted for in the Restricted Purposes 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, 2020. 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 expenditures and not capitalized.

Payments of Prior Year's Encumbrances: Payments of prior year's encumbrances for goods received prior to August 31 are reflected as expenditures during the current fiscal year.

Credit Risk: The Board of Trustees has authorized the District to invest funds in accordance with the Illinois Community College Act and the Investment of Public Funds Act. The District's investment policy is to apply the prudent person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to conform with legal requirements, seek reasonable income, preserve capital, maintain liquidity and, in general avoid speculative investments.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's investment policy allows that funds on deposit in excess of FDIC limits must be secured by some form of collateral, witnessed by a written agreement, and held at an independent, third party institution in the name of the District. The District's collateralization policy is currently set at 105% of uninsured deposits. At June 30, 2020 and 2019, the District's deposits were not fully collateralized.

Concentration of Credit Risk: At June 30, 2020 and 2019, the District had greater than 5% of its overall portfolio invested in Illinois School District Liquid Asset Fund Plus Money Market. This is in accordance with the District's investment policy.

Interest Rate Risk:

The District 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.

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the College's investment in the funds is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The District's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the District and the investment agent is a direct contractual relationship and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

All funds deposited in the pool are classified as investments even though some could be withdrawn on a day's notice. Although not subject to direct regulatory oversight, the fund is administered in accordance with the provision of the Illinois Public Investment Act, 30 ILCS 235.

**SOUTHWESTERN ILLINOIS COLLEGE
COMMUNITY COLLEGE DISTRICT #522**

BACKGROUND INFORMATION ON STATE GRANTS ACTIVITY

UNRESTRICTED GRANTS

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment, with a small portion of the allocation based upon gross square footage of space at the college.

Equalization Grants

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

RESTRICTED ADULT EDUCATION GRANTS/STATE

State Basic

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

Performance

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

SUPPLEMENTARY ICCB COMPLIANCE SCHEDULE

**Southwestern Illinois College
Community College District #522**

**Adult Education and Family Literacy Grant Programs
Supplementary ICCB Compliance Schedule**

**Expenditure Amounts and Percentages for ICCB Grant Funds Only
Year Ended June 30, 2020**

<u>State Basic</u>	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Instruction (45% Minimum Required)	\$ 272,774	62%
General Administration (15% Maximum Allowed)	\$ -	0%



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

Board of Trustees
Southwestern Illinois College
Community College District #522
Belleville, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed of Southwestern Illinois College, Community College District #522 (District) for the year ended June 30, 2020. The Schedule of Enrollment Data and Other Bases upon Which Claims are Filed is the responsibility of the District's management. Our responsibility is to express an opinion on this schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and accordingly, included examining, on a test basis, evidence supporting the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified guidelines.

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases upon Which Claims are Filed is fairly presented in accordance with the provisions of the aforementioned guidelines for the year ended June 30, 2020.

This report is intended solely for information and use of the District's Board of Trustees and its reporting to the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Belleville, Illinois
April 15, 2021

**Southwestern Illinois College
Community College District #522**

**Schedule of Enrollment Data and Other Bases Upon Which Claims
are Filed
Year Ended June 30, 2020**

(Notes 1 and 2) Categories:	Total Reimbursable Semester Credit Hours by Term						Total
	Summer		Fall		Spring		
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	9,181.0	27.0	42,285.5	172.0	39,087.0	260.0	91,012.5
Business Occupational	1,033.0	11.0	6,007.0	112.0	6,515.5	115.0	13,793.5
Technical Occupational	2,234.0	45.0	13,202.0	284.0	12,056.0	263.5	28,084.5
Health Occupational	1,456.0	63.0	4,858.5	259.0	5,356.5	326.0	12,319.0
Remedial/Development	821.0	-	5,246.0	-	3,182.0	-	9,249.0
Adult Basic Education/Adult Secondary Education	-	647.4	-	2,215.7	-	1,994.0	4,857.1
Total credit hours certified	14,725.0	793.4	71,599.0	3,042.7	66,197.0	2,958.5	159,315.6

Note 1: Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note 2: Restricted credit hours are supported with more than 50% of restricted sources of funding.

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours (all terms)	140,127.0	2,703.0	142,830.0
	Dual Credit	Dual Enrollment	Total
Semester credit hours (all terms)	21,555.0	275.0	21,830.0
District 2018 Equalized Assessed Valuation			<u>\$7,069,841,927</u>

(Continued)

**Southwestern Illinois College
Community College District #522**

**Schedule of Enrollment Data and Other Bases Upon Which Claims
are Filed
Year Ended June 30, 2020**

RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS

Categories:	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	90,553.5	90,553.5	-	459.00	459.00	-
Business Occupational	13,555.5	13,555.5	-	238.00	238.00	-
Technical Occupational	27,492.0	27,492.0	-	592.50	592.50	-
Health Occupational	11,671.0	11,671.0	-	648.00	648.00	-
Remedial/Development	9,249.0	9,249.0	-	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-	4,857.1	4,857.1	-
Total credit hours	152,521.0	152,521.0	-	6,794.6	6,794.6	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK REIMBURSABLE CREDIT HOURS

	Total Attending	Total Attending as Certified to the ICCB	Difference
Reimbursable in-district residents	140,127.0	140,127.0	-
Reimbursable out-of-district on chargeback or contractual agreement	2,703.0	2,703.0	-
Total credit hours	142,830.0	142,830.0	-

	Total Reimbursable	Total Reimbursable as Certified to the ICCB	Difference
Dual Credit	21,555.0	21,555.0	-
Dual Enrollment	275.0	275.0	-
Total credit hours	21,830.0	21,830.0	-

**Southwestern Illinois College
Community College District #522**

RESIDENCY VERIFICATION PROCESS

Residency is verified by Admissions and Records personnel or program coordinators of the College. The following items are acceptable forms of documentation:

Automobile insurance ID card
Automobile license registration card
Bank statements
Driver's license
Federal, state, or county official documents
Income tax forms (i.e., W-2)
Lease agreement
Military orders
Occupancy permit
Pay stub
Real estate or property tax bill
Utility bill or receipt
Voter's registration card

New students and those changing from an out-of-district to an in-district address will be required to provide proof of residency.

Residency for students under age 18 shall be considered to be that of the parent or legal guardian, unless the student is self-supporting.

College personnel will verify residency visually for new students visiting Southwestern in-person and then indicate on the New Student Information Form that they attest to having reviewed documentation supporting residency and understand the impact with respect to state funding.

New students who mail, fax, or submit via our website the New Student Information form are sent a letter requesting that they submit acceptable documentation proving residency within 14 days. If they do not respond within that timeframe, their student record is restricted and they are not allowed to register until they do so.

Employees who verify residency of students after the 14-day grace period photocopy the documentation for appropriate filing in the student's permanent file.

Students are appropriately coded in our student information system for state funding purposes as follows:

A student is considered to be in-district if the student's legal residence is within the boundaries of Community College District #522 and can be established 30 days prior to the beginning date of the student's earliest class of the semester.

A student living outside District #522, who is a resident of the state of Illinois and does not attend Southwestern under the terms of a joint agreement or chargeback agreement, will be designated as an out-of-district student and will be charged the appropriate tuition.

(Continued)

**Southwestern Illinois College
Community College District #522**

RESIDENCY VERIFICATION PROCESS (Continued)

Any student who is a resident of another state or country will be considered an out-of-state student and will be charged the appropriate tuition. International students who have been issued an I-20 to attend Southwestern may not establish eligibility for in-district tuition rates.

Out-of-district and out-of-state students who receive training from and are employed at least 35 hours per week by an entity located within District #522 may qualify for in-district rates. These students must complete an appropriate Southwestern form from the Admissions and Records Office and have it completed and signed by their employee. This form must be submitted to Southwestern before the midterm date of the affected class(es).

Out-of-district students who have received chargeback tuition authorization from the community college district in which they live, will pay Southwestern in-district tuition. Students must contact the community college district in which they live for chargeback authorization at least 30 days prior to the beginning of any semester. Out-of-district students attending Southwestern without chargeback authorization will pay out-of-district tuition.

Out-of-district students who attend Southwestern Illinois College under the terms of a joint agreement between Southwestern and another community college district will pay Southwestern in-district tuition.

Students attending McKendree College, located in district with Southwestern, may attend Southwestern as an in-district student if they provide a student ID card from McKendree. The Director of Admissions from Southwestern, then verifies current enrollment status with the Registrar at McKendree College. This document becomes part of the student's Southwestern permanent file and must be provided and verified each semester he/she wishes to attend Southwestern.

Annual State of Illinois Financial Compliance Section

Southwestern Illinois College
Community College District #522

Consolidated Year-End Financial Report
Year Ended June 30, 2020

CYEFR		2020			
CSFA#	Program Name	State	Federal	Other	Total
402-00-145	Foster Grandparent Program	\$ 22,427	\$ -	\$ -	\$ 22,427
402-00-145	Retired and Senior Volunteer Program	53,993	-	-	53,993
402-00-148	Federal Senior Companion Program State Match	112,579	-	-	112,579
482-00-078	Serve Illinois - Americorps Competitive	-	296,142	-	296,142
601-00-074	Illinois Cooperative Work Study Program	6,209	-	-	6,209
684-00-046	Career and Technical Education Basic Grants to States	-	651,582	-	651,582
684-00-081	Illinois Veteran's Grant	190,500	-	-	190,500
684-00-082	Career and Technical Education Formula Grants	713,900	-	-	713,900
684-00-082	Career and Technical Education Early School Leaver Transition Program	70,000	-	-	70,000
684-00-082	Base Operating Grants	5,847,900	-	-	5,847,900
684-00-082	Equalization Grants	6,265,090	-	-	6,265,090
684-00-233	Transitional Instruction Math and English Pilot Grant	6,280	-	-	6,280
684-01-162	Adult Education- Basic Grants to States Funding Combined	705,502	377,762	-	1,083,264
684-01-221	Workforce Equity Initiative	595,734	-	-	595,734
	Other Grant Programs and Activities	-	17,059,887	5,600,204	22,660,091
	All other cost not allocated	-	-	60,780,264	60,780,264
	Total	\$14,590,114	\$18,385,373	\$66,380,468	\$99,355,955

Federal Financial Compliance Section



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

Board of Trustees
Southwestern Illinois College
Community College District #522
Belleville, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Southwestern Illinois College, Community College District #522 (the District) and its discretely presented component unit, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Southwestern Illinois College, Community College District #522's basic financial statements, and have issued our report thereon dated April 15, 2021. The financial statements of the District's component unit, Southwestern Illinois College Foundation (the Foundation) were not audited in accordance with *Government Auditing Standards*.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered Southwestern Illinois College, Community College District #522's internal control over financial reporting (internal control) as a basis for designing 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 Southwestern Illinois College, Community College District #522's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwestern Illinois College, Community College District #522's internal control.

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

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

Board of Trustees
Southwestern Illinois College
Community College District #522

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwestern Illinois College, Community College District #522's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



CliftonLarsonAllen LLP

Belleville, Illinois
April 15, 2021



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

Board of Trustees
Southwestern Illinois College
Community College District #522
Belleville, Illinois

Report on Compliance for Each Major Federal Program

We have audited Southwestern Illinois College, Community College District #522's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southwestern Illinois College, Community College District #522's major federal programs for the year ended June 30, 2020. Southwestern Illinois College, Community College District #522's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Southwestern Illinois College, Community College District #522's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwestern Illinois College, Community College District #522's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southwestern Illinois College, Community College District #522's compliance.

Opinion on Each Major Federal Program

In our opinion, Southwestern Illinois College, Community College District #522's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on each major federal program is not modified with respect to these matters.

Southwestern Illinois College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Illinois College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Southwestern Illinois College, Community College District #522 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southwestern Illinois College, Community College District #522's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwestern Illinois College, Community College District #522's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

Southwestern Illinois College, Community College District #522's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Southwestern Illinois College, Community College District #522's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Board of Trustees
Southwestern Illinois College
Community College District #522

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Belleville, Illinois
April 15, 2021

**Southwestern Illinois College
Community College District #522**

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Student Financial Aid (Direct) - Cluster				
Pell Grant	84.063			\$ 10,044,417
Pell Admin Costs	84.063			<u>14,575</u>
Subtotal CFDA 84.063				10,058,992
Direct Loan Subsidized	84.268			2,361,653
Direct Loan Unsubsidized	84.268			1,317,210
Direct Loan Plus	84.268			<u>58,871</u>
Subtotal CFDA 84.268				3,737,734
Work Study	84.033			205,028
SEOG	84.007			<u>347,079</u>
Total Student Financial Aid Cluster				<u>14,348,833</u>
CARES ACT Student portion	84.425E			1,298,315
CARES ACT Institutional portion	84.425F			<u>-</u>
				<u>1,298,315</u>
TRIO- Student Support Services	84.042			42,995
TRIO- Student Support Services	84.042			<u>239,769</u>
Subtotal CFDA 84.042				<u>282,764</u>
Passed-through ICCB				
Federal Adult Basic Education	84.002	S220120		312,501
EL Civics	84.002	S220120		<u>65,260</u>
Subtotal CFDA 84.002				377,761
Perkins	84.048	CTE53320		<u>651,582</u>
Subtotal				<u>1,029,343</u>
Total - Department of Education				16,959,255
Department of Labor				
Passed-Through St Clair County Intergovernmental Grants Out of School Youth-Fee for Services	17.259	115675738		<u>128,692</u>
Total - Department of Labor				128,692
Department of Health and Human Services				
Passed-Through AgeSmart Community Resources				
National Family Caregiver Support, Title III-E	93.052	Title III-E FY2019		4,505
National Family Caregiver Support, Title III-E	93.052	Title III-E FY2020		<u>31,107</u>
Subtotal CFDA 93.052				35,612
Senior Health Insurance Program	93.324	Senior Health Ins FY2019-2020		<u>3,500</u>
Subtotal				39,112
Total - Department of Health and Human Services				39,112

See accompanying Notes to Schedule of Expenditures of Federal Awards

**Southwestern Illinois College
Community College District #522**

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Housing & Urban Development Passed-Through St Clair County Housing Authority Service Coordination Program	14.850	IL-030	<u>69,198</u>
Total - Department of Housing & Urban Development			69,198
Corporation for National and Community Services Senior Companion Program	94.016	19SCNIL002	400,651
Foster Grandparent Program	94.011	18SFNIL002	<u>286,314</u>
Subtotal			686,965
Retired and Senior Volunteer Program	94.002	19SRNIL001	3,256
Retired and Senior Volunteer Program	94.002	19SRNIL001	<u>92,851</u>
Subtotal CFDA 94.002			96,107
Passed-Through Illinois Department of Public Health Americorp Program	94.006	07380004H	231,847
Americorp Program	94.006	97380004G	<u>64,295</u>
Subtotal CFDA 94.006			<u>296,142</u>
Total - Corporation for National and Community Services			1,079,213
National Science Foundation Education and Human Resources	47.076		<u>\$ 100,375</u>
Total - Education and Human Resources			100,375
National Endowment for the Arts National Endowment for the Arts Grant	45.025		<u>4,000</u>
Total - National Endowment for the Arts			4,000
Transportation St. Clair County Community Action Agency	93.569		<u>5,527</u>
Total -Transportation Program			5,527
Total Expenditures of Federal Awards			<u>\$ 18,385,373</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**Southwestern Illinois College
Community College District #522**

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Southwestern Illinois College and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Uniform Grant Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Southwestern Illinois College has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Grant Guidance.

NOTE 2 NONCASH ASSISTANCE

Southwestern Illinois College did not receive any noncash assistance through federal award programs during the year ended June 30, 2020. In addition, there was no insurance in effect during the year that came through federal sources.

NOTE 3 LOANS OUTSTANDING

The federal award program of Southwestern Illinois College had no outstanding loan balances nor were there any loan guarantees as of June 30, 2020.

NOTE 4 SUB-RECIPIENTS

All of the federal award program funds received by Southwestern Illinois College were retained by the District. There were no amounts passed to sub-recipients.

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

84.007, 84.033, 84.063, and 84.268
84.425E

Name of Federal Program or Cluster

(1) Student Financial Aid Cluster
HEERF Student Aid Portion (COVID-19)

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section II – Financial Statement Findings

CURRENT YEAR

None

Section III – Findings and Questioned Costs – Major Federal Programs

2020 – 001 National Student Loan Data System (NSLDS) Error Correcting

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid

CFDA Numbers: 84.007, 84.033, 84.063, 84.268

Award Period: July 1, 2019 to June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date. In addition, regulations require that an institution make necessary corrections and return the records within 10 days for any roster files that do not pass the NSLDS enrollment reporting edits.

Condition: During our testing, we noted that the rosters returned for the College yielded error reports that were not corrected and resubmitted within the required 10 days throughout the year.

Questioned Costs: None

Context: During the year, 3 error records repeated the majority of the year under audit. It appears management initially attempted to correct errors, although, when errors repeated, there was no evidence management attempted to resolve the errors.

Cause: Management indicated that enrollment status changes were sent to NSC within the 10 day timeframe, but due to delays at NSC, NSLDS did not receive the corrections within the 10 day timeframe required and they were not followed up on.

Effect: The NSLDS system is not updated with the student information which can cause over awarding should the student transfer to another institution and the students may not properly enter the repayment period.

Repeat Finding: No

Recommendation: We recommend that the Business Office and the Financial Aid office work with NCS to ensure that error record corrections are properly reported to NSLDS within the ten-day timeframe required.

Views of responsible officials: Management indicated that enrollment status changes were sent to NSC within the 10 day timeframe, but due to delays at NSC, NSLDS did not receive the corrections within the 10 day timeframe required and they were not followed up on.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2020 – 002 NSLDS Enrollment Reporting

Federal agency: U.S. Department of Education

Federal program title: Student Financial Aid

CFDA Numbers: 84.007, 84.033, 84.063, 84.268

Award Period: July 1, 2019 to June 30, 2020

Type of Finding:

- Significant Deficiency in Internal Control over Compliance
- Other Matters

Criteria or specific requirement: The Code of Federal Regulations, 34 CFR 685.309(b), states schools must have some arrangement to report student enrollment data to the National Student Loan Data System (NSLDS) through an enrollment roster file. The school is required to report changes in the student's enrollment status, the effective date of the status, and an anticipated completion date. The Code of Federal Regulations, 34 CFR 682.610, states that institutions must report accurately the enrollment status of all students regardless if they receive aid from the institution or not. This includes the enrollment effective date and related enrollment status, which must be reported for both the Campus-Level and the Program-Level as well as the program begin date. In addition, at a minimum, schools are required to certify enrollment every 60 days, and respond within 15 days of the date that NSLDS sends a Roster file to the school or its third-party servicer. The Code of Federal Regulations, 34 CFR 685.309 requires that enrollment status changes for students be reported to NSLDS within 30 days or within 60 days if the student with the status change will be reported on a scheduled transmission within 60 days of the change in status. Regulations require the status include an accurate effective date.

Condition: During our testing, we noted that six out of the 40 students tested, the program begin date reported to NSLDS did not match the College's Records for first date of attendance in the corresponding reported program. We also noted that one out of the 40 students tested, was not reported to NSLDS

Questioned Costs: None

Context: During our testing, it was noted the College does not have a process in place to ensure timeliness and accuracy of NSLDS reporting.

Cause: The College did not timely or accurately report student enrollment information to NSLDS through their third-party servicer, National Student Clearinghouse (NSC).

Effect: The College did not comply with Department of Education (ED) regulations by reporting student enrollment status changes accurately and timely.

Repeat Finding: No

Recommendation: We recommend the College review its reporting procedures to ensure that students' statuses are accurately and timely reported to NSLDS as required by regulations.

**Southwestern Illinois College
Community College District #522**

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

2020 – 002 NSLDS Enrollment Reporting (Continued)

Views of responsible officials: Students were initially admitted to the College with the Program Enrollment date reflected in NSLDS. Students then enrolled in a later term, and the enrollment date and withdrawal status were submitted to NSC in proper manner. We recognize our role and responsibility to the timely submission of data to NSLDS. We will review the current processes and procedures to ensure we are in full compliance.