



Southwestern Illinois College
Community College District #522

Annual Financial Report

For the Fiscal year Ended
June 30, 2022



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

For the Fiscal Year Ended 2022

Prepared by:
Finance Office
Jacob Wheeler, Chief Financial Officer

Introductory Section

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March 29, 2023

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, 2022 and June 30, 2021 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 75 years SWIC has prided itself on fulfilling this motto by providing an affordable, high-quality education to its students. Serving nearly 13,000 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 Finance 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, 2022

Board of Trustees

Name	Position	Term Expires
Nick Raftopoulos	Chair	2023
Steve Campo	Vice Chair	2023
Robert G. Morton	Trustee	2023
John S. Blomenkamp	Trustee	2023
Richard E. Roehrkas	Trustee	2023
Charles Hannon	Trustee	2023
Sara Soehlke	Trustee	2023
	Student Trustee	2022

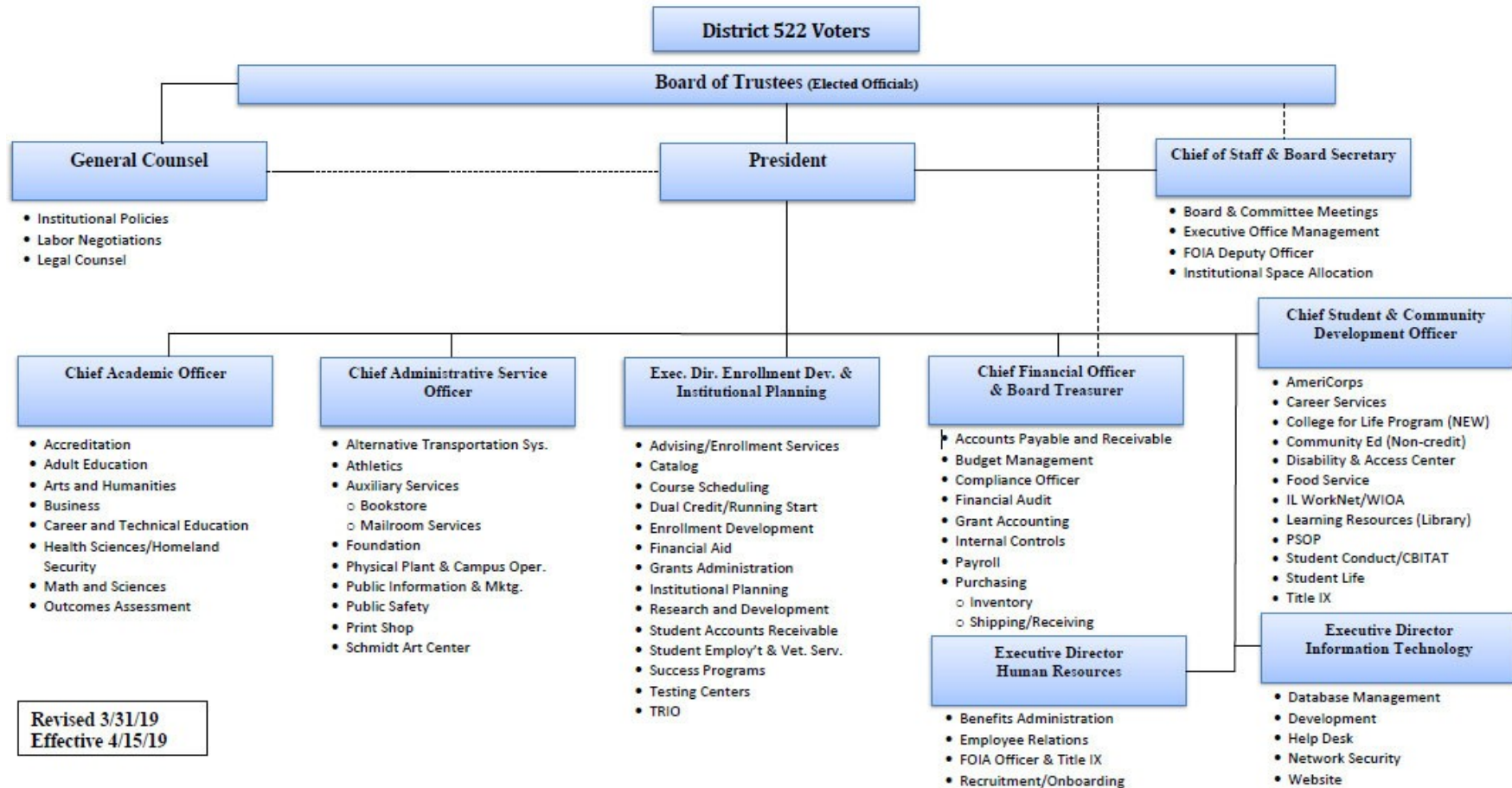
Officers of the College

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
Danielle Chambers	Interim 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



Revised 3/31/19
Effective 4/15/19

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Financial Section



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit and the aggregate remaining fund information of the Southwestern Illinois College, Community College District #522 (the District), as of and for the years ended June 30, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the discretely presented component unit and the aggregate remaining fund information of the Southwestern Illinois College, Community College District #522, as of June 30, 2022 and 2021, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Southwestern Illinois College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on the internal control over financial reporting or instances of reportable noncompliance associated with Southwestern Illinois College Foundation.

Emphasis of a Matter

As disclosed in Note 1, the District restated the fiduciary net position to be in accordance with the provisions of GASB statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

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, defined benefit pension plan information on page 63, the schedule of the District's proportionate share of the net OPEB liability and the schedule of the District's contributions on page 64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Uniform Financial Statements on pages 66 through 72, the Certificate of Chargeback Reimbursement on page 73, the Combining Schedules on pages 74 through 78, and the Internal Service Fund financial statements on pages 79 through 81, the Consolidated Year-End Financial Report on page 94 and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on page 100 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the Schedule of Changes in Assets and Liabilities – Fiduciary Fund, the Uniform Financial Statements on, the Certificate of Chargeback Reimbursement, the Combining Schedules, and the Internal Service Fund financial statements on, the Consolidated Year-End Financial Report and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the documentation of residency verification steps on pages 92 through 93 but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2023, 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.



Belleville, Illinois
May 5, 2023

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, 2022 and 2021. 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 \$147.6 million as of June 30, 2022. Of this amount, \$54.4 million is the net investment in capital assets, \$18.7 million is restricted, and \$67.9 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, 2022, was \$106.3 million. State grants and contracts represented 14% of the total, local property taxes 30%, and federal grants and contracts 22%. Student tuition and fees comprised approximately 86% of the total operating revenues.

Total operating expenses for the year ended June 30, 2022, were \$83.0 million, excluding SURS and OPEB on-behalf payments. Instruction, academic support, student services and operation and maintenance of plant represented 63% of total operating expenses, while institutional, auxiliary enterprises, and public service expenses were 33%. Depreciation and amortization, which was \$4.0 million, represented 4% 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)

	Net Position		As of June 30,		
	(in millions)		(in millions)		
	2022	2021	Increase (Decrease) 2021-2020	2020	Increase (Decrease) 2020-2019
Current assets	\$ 200.1	\$ 186.4	\$ 13.7	\$ 153.2	\$ 33.2
Non-current assets					
Capital assets, net of depreciation	57.1	56.6	0.5	59.1	(2.5)
Deferred outflows	0.9	1.1	(0.2)	1.4	(0.3)
Total assets	258.1	244.1	14.0	213.7	30.4
Current liabilities	20.1	18.7	1.4	17.0	1.7
Non-current liabilities	33.6	40.5	(6.9)	36.0	4.5
Deferred inflows	63.4	61.2	2.2	57.8	3.4
Total liabilities and Deferred inflows	117.1	120.4	(3.3)	110.8	9.6
Net position					
Investment in capital assets	54.4	53.6	0.8	54.0	(0.4)
Unrestricted	67.9	52.4	15.5	34.6	17.8
Restricted	18.7	17.7	1.0	14.3	3.4
Total net position	\$ 141.0	\$ 123.7	\$ 17.3	\$ 102.9	\$ 20.8
Total revenue	\$ 121.4	\$ 124.8	\$ (3.4)	\$ 115.5	\$ 9.3
Total expenses	\$ 104.1	\$ 103.9	\$ 0.2	\$ 99.8	\$ 4.1

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, 2022, the District's net position was \$141.0 million, of which 39% represents investment in capital assets, 13% 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 48% represents unrestricted resources. The District's current assets totaled \$200.1 million, of which 65% represents cash and cash equivalents and 26% represents property taxes receivable. Total liabilities and deferred inflows of resources were \$117.1 million, of which 54% were deferred inflows of property taxes and OPEB related deferred inflows, 17% was current liabilities, and 29% was noncurrent liabilities.

Fiscal Year 2022 Compared to 2021

Total assets were \$258.1 million in the current year, an increase of \$14.1 million over the prior year. An increase in the Cash and Cash Equivalents of \$17.9 million and a decrease in government receivable of \$6.0 million. The increase in construction-in-progress offset by the normal depreciation of property, building and equipment resulted in a net increase of \$0.5 million.

Total liabilities and deferred inflows decreased \$3.3 million in comparison with the prior year. The main decrease was due to the repayments of bonds in the current fiscal year. Accounts payable for the District increased \$1.5 million in the current fiscal year.

The net OPEB liability for the District decreased \$2.5 million which was offset by an increase in deferred inflow of resources for the OPEB liability of \$0.8 million.

Fiscal Year 2021 Compared to 2020

Total assets were \$244.1 million in the current year, an increase of \$30.4 million over the prior year. An increase in the Cash and Cash Equivalents of \$24.5 million and an increase in government receivable of \$6.6 million was offset by the normal depreciation of property, building and equipment, net of \$2.5 million.

Total liabilities and deferred inflows increased \$9.6 million in comparison with the prior year. The main increase was due to the issuance of bonds in the current fiscal year. Similarly, accounts payable for the District increased \$1.0 million in the current fiscal year.

The net OPEB liability for the District decreased \$3.4 million which was offset by an increase in deferred inflow of resources for the OPEB liability of \$2.7 million.

Net Position

	2022	2021	Increase (Decrease) 2021-2020	2020	Increase (Decrease) 2020-2019
Net position					
Net invested in capital assets, net of related debt	\$ 54.4	\$ 53.6	\$ 0.8	\$ 54.0	\$ (0.4)
Unrestricted	67.9	52.4	15.5	34.6	17.8
Restricted	18.7	17.7	1.0	14.3	3.4
Total	<u>\$ 141.0</u>	<u>\$ 123.7</u>	<u>\$ 17.3</u>	<u>\$ 102.9</u>	<u>\$ 20.8</u>

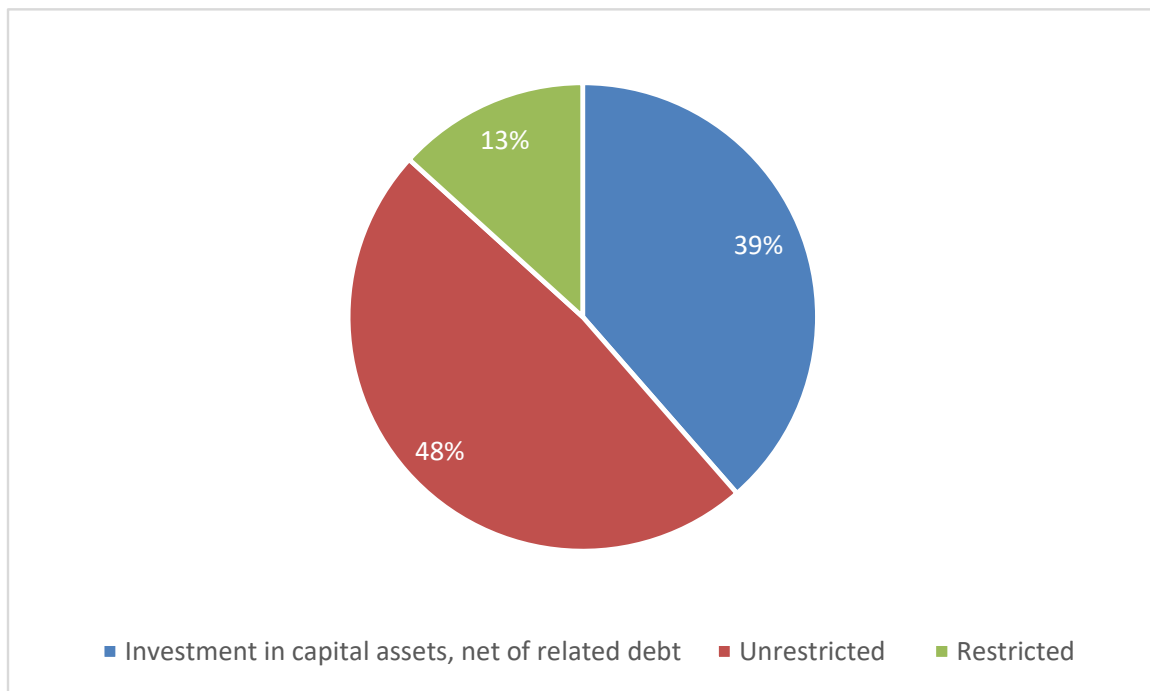
Fiscal Year 2022 Compared to 2021

The increase in net invested in capital assets is due primarily to construction-in-progress offset by normal depreciation of capital assets. The unrestricted net position increased \$15.5 million in comparison with the prior year. The increase of unrestricted funds was again due to consistent revenue streams including Higher Education Emergency Relief Funds in which the District expended on various allowable operating expenses. In addition, the District continues to closely monitor expenses.

Fiscal Year 2021 Compared to 2020

The decrease in net invested in capital assets is due primarily to normal depreciation of capital assets. The unrestricted net position increased \$17.8 million in comparison with the prior year. The increase of unrestricted funds was again due to consistent revenue streams including Higher Education Emergency Relief Funds in which the District was able to claim lost revenue. In addition, the District continues to closely monitor expenses.

The following is a graph illustration of net position:



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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease) 2021-2020</u>	<u>2020</u>	<u>Increase (Decrease) 2020-2019</u>
Operating revenue					
Tuition and fees	\$ 12.7	\$ 12.8	\$ (0.1)	\$ 13.3	\$ (0.5)
Other	2.1	2.2	(0.1)	2.7	(0.5)
Total operating revenue	14.8	15.0	(0.2)	16.0	(1.0)
Less operating expenses	103.8	103.8	-	99.4	4.4
Operating (loss)	(89.0)	(88.8)	(0.2)	(83.4)	(5.4)
Non-operating revenue (expense)					
Property taxes	34.1	33.5	0.6	32.8	0.7
Federal grants and contracts	25.2	24.0	1.2	14.3	9.7
State grants and contracts	15.8	15.0	0.8	14.7	0.3
Other	31.5	37.3	(5.8)	37.8	(0.5)
Interest expense	(0.3)	(0.2)	(0.1)	(0.4)	0.2
	106.3	109.6	(3.3)	99.2	10.4
Income (loss) before contributions	17.3	20.8	(3.5)	15.8	5.0
Capital contributions	-	-	-	-	-
Change in net position	17.3	20.8	(3.5)	15.8	5.0
Net position, beginning of year	123.7	102.9	20.8	87.1	15.8
Change in accounting principle	-	-	-	-	-
Net position, beginning of year, as restated	123.7	102.9	20.8	87.1	15.8
Net position, end of year	<u>\$ 141.0</u>	<u>\$ 123.7</u>	<u>\$ 17.3</u>	<u>\$ 102.9</u>	<u>\$ 20.8</u>

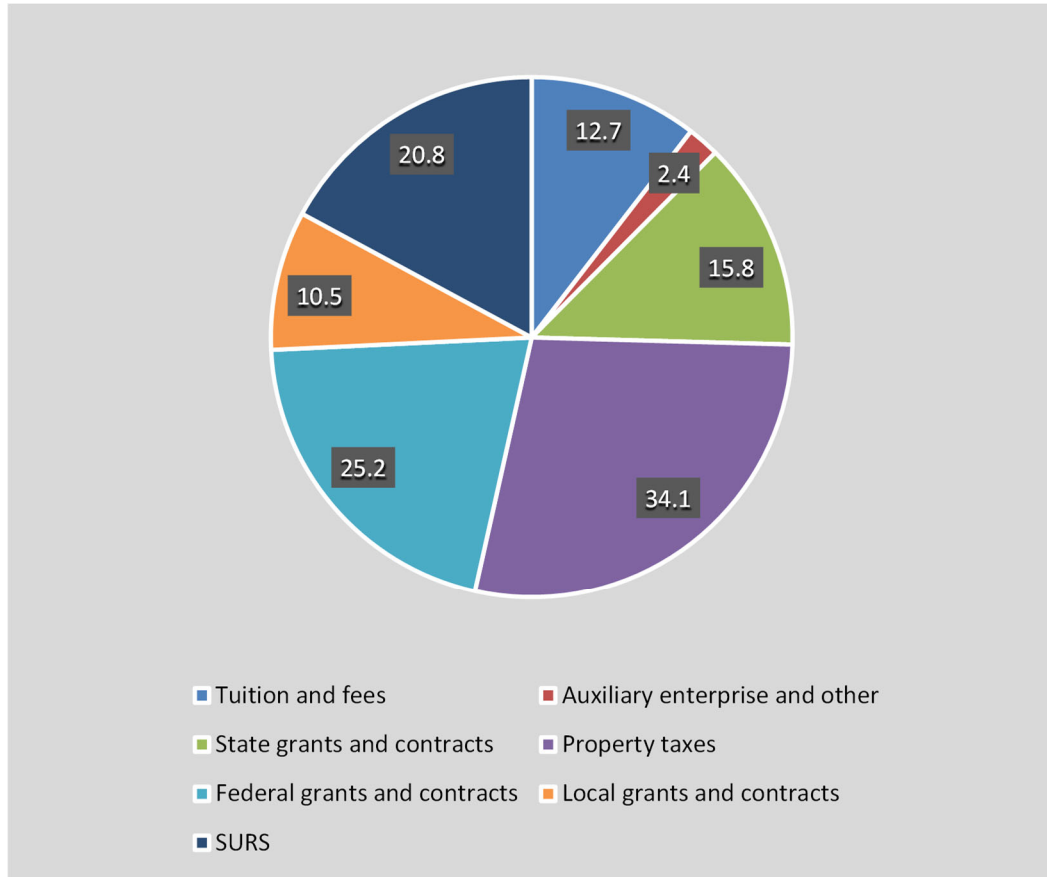
Fiscal Year 2022 Compared to 2021

Nonoperating revenue decreased in comparison with the prior year due to the decrease in SURS contributions. The overall net position increased again due to the close monitoring of expenses and cost savings strategies.

Fiscal Year 2021 Compared to 2020

Nonoperating revenue increased in comparison with the prior year due to the increase in Federal grants and contracts that were allocated as part of the Higher Education Emergency Relief Funds. The overall net position increased again due to the close monitoring of expenses and cost savings strategies.

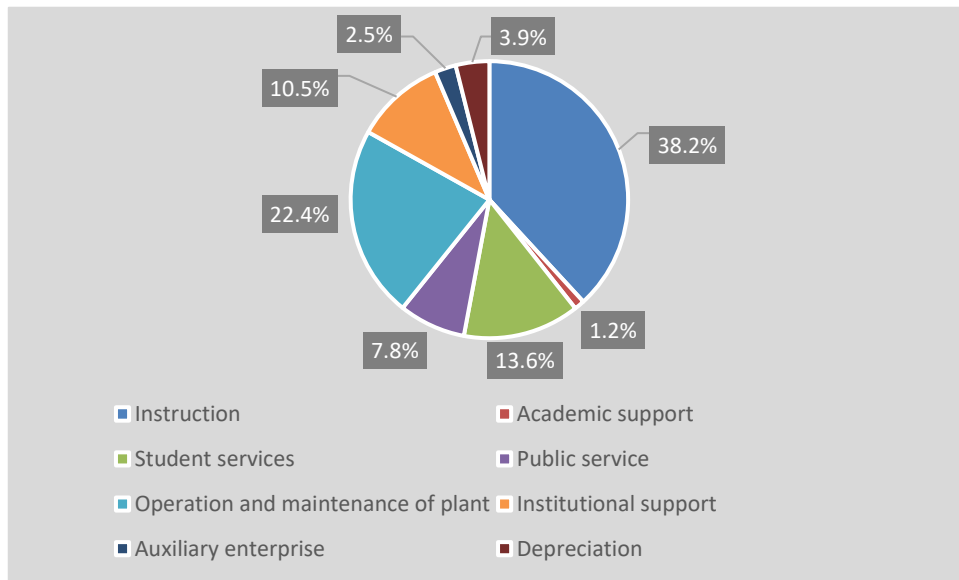
The following is a graph illustration of June 30, 2022 revenues by source:



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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease) 2021-2020</u>	<u>2020</u>	<u>Increase (Decrease) 2020-2019</u>
Operating expenses by program					
Instruction	\$ 39.7	\$ 43.5	\$ (3.8)	\$ 43.7	\$ (0.2)
Academic support	1.2	1.3	(0.1)	1.5	(0.2)
Student services	14.1	11.2	2.9	9.8	1.4
Public service	8.1	8.6	(0.5)	8.8	(0.2)
Institutional support	23.2	20.9	2.3	18.3	2.6
Operation and maintenance of plant	10.9	11.8	(0.9)	10.8	1.0
Auxiliary enterprise	2.6	2.1	0.5	2.0	0.1
Depreciation	4.0	4.4	(0.4)	4.5	(0.1)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 103.8</u>	<u>\$ 103.8</u>	<u>\$ 0.0</u>	<u>\$ 99.4</u>	<u>\$ 4.4</u>

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

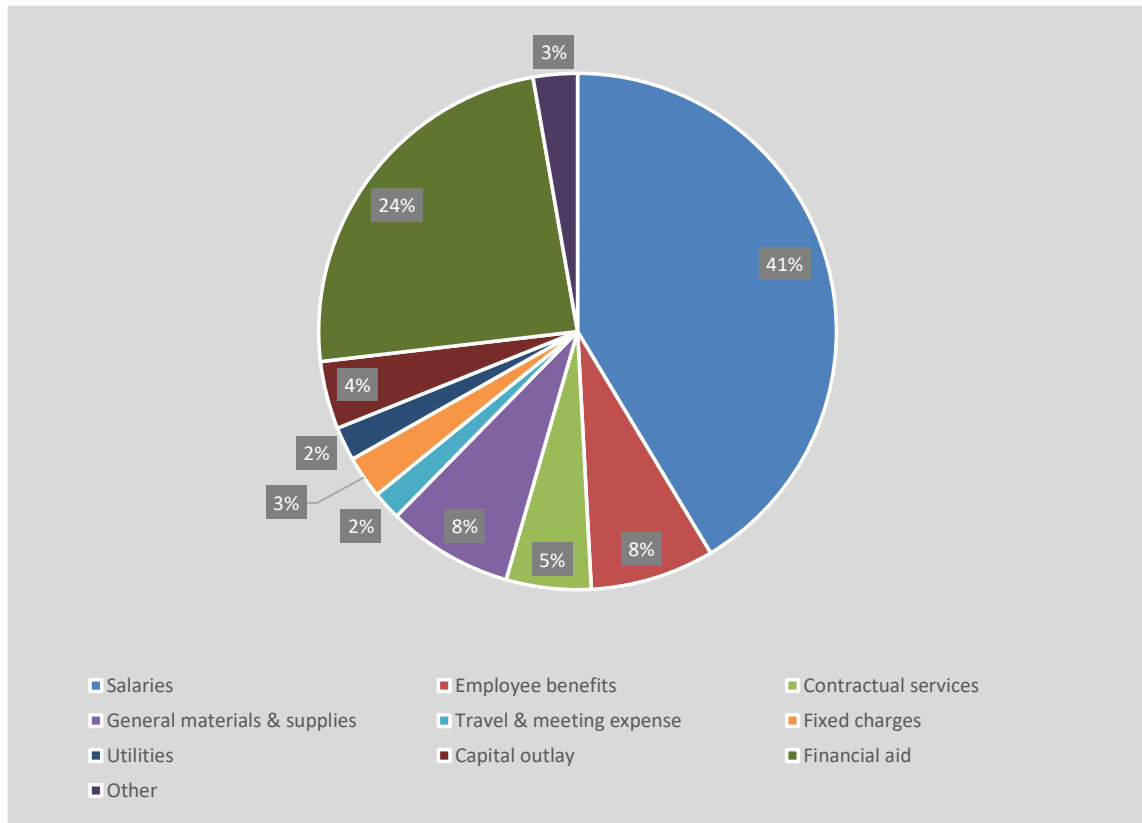


While operating expenses by program provide an important piece of financial information for managing and reporting purposes, operating expenses by object are also a valuable financial management tool. The following schedule is a summary of operating expenses by object for the Current Unrestricted and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

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

	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease) 2021-2020</u>	<u>2020</u>	<u>Increase (Decrease) 2020-2019</u>
Operating expenses by object					
Salaries	\$ 39.0	\$ 39.9	\$ (0.9)	\$ 40.1	\$ (0.2)
Employee benefits	7.3	6.8	0.5	6.8	-
Contractual services	5.0	4.5	0.5	3.7	0.8
General materials and supplies	7.4	3.8	3.6	2.4	1.4
Travel and meeting expense	1.7	0.7	1.0	1.2	(0.5)
Fixed charges	2.5	2.5	-	2.3	0.2
Utilities	2.0	1.6	0.4	1.4	0.2
Capital outlay	4.0	3.7	0.3	1.6	2.1
Financial aid	22.7	17.3	5.4	18.5	(1.2)
Other	2.6	9.6	(7.0)	1.8	7.8
Total	<u>\$ 94.2</u>	<u>\$ 90.4</u>	<u>\$ 3.8</u>	<u>\$ 79.8</u>	<u>\$ 10.6</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 2022 Compared to 2021

The expenses in the Current Unrestricted and Restricted funds increased \$3.8 million. In the current year, the increase primarily related to additional expenditures associated with the Higher Education Emergency Relief funds.

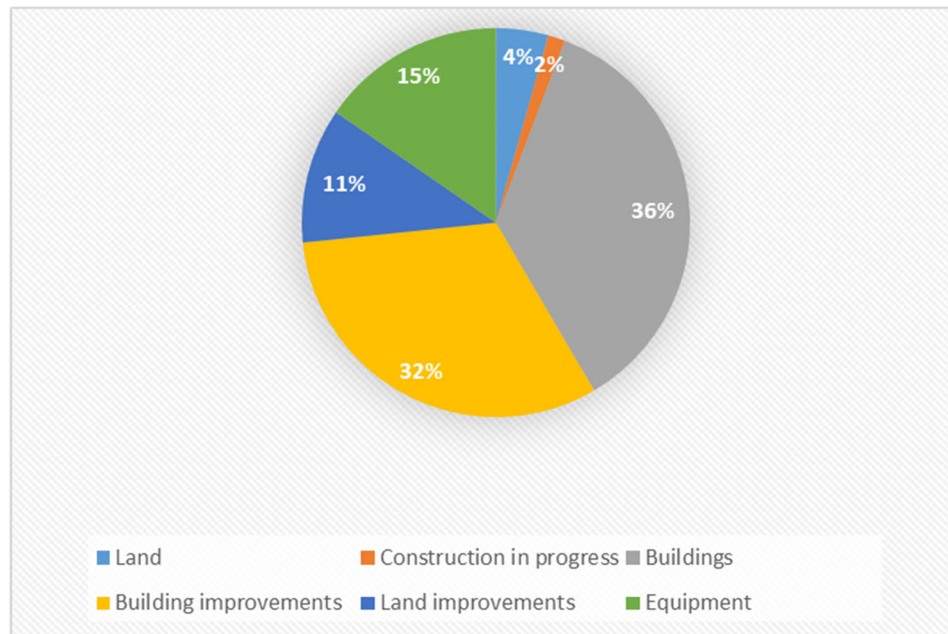
Fiscal Year 2021 Compared to 2020

The expenses in the Current Unrestricted and Restricted funds increased \$10.6 million. In the current year, the increase primarily related to additional expenditures associated with the Higher Education Emergency Relief funds.

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

	2022	2021	Increase (Decrease) 2022-2021	2020	Increase (Decrease) 2021-2020
Capital Assets					
Land	\$ 6.5	\$ 6.5	\$ -	\$ 6.5	\$ -
Construction in progress	2.1	0.8	1.3	0.8	0.0
Buildings	53.5	53.5	-	53.5	-
Building improvements	47.6	47.5	0.1	47.5	-
Land improvements	16.8	16.8	-	16.8	-
Equipment	23.0	20.8	2.2	19.1	1.8
Total	149.6	146.0	3.6	144.2	1.8
Less Accumulated Depreciation	(92.5)	(89.4)	(3.1)	(85.1)	(4.3)
Net Capital Assets	\$ 57.1	\$ 56.6	\$ 0.5	\$ 59.1	\$ (2.6)

The following is a graphic illustration June 30, 2022 capital assets:



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

Fiscal Year 2022 Compared to 2021

The increase in capital assets is due to the construction-in-progress and equipment purchases exceeding regular depreciation expense.

Fiscal Year 2021 Compared to 2020

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

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

	2022	2021	Increase (Decrease) 2022-2021	2020	Increase (Decrease) 2021-2020
Long-term debt					
Bonds and capital lease payable	\$ 13.1	\$ 17.7	\$ (4.5)	\$ 9.5	\$ 8.1
			-		-
Total	13.1	17.7	(4.5)	9.5	8.1

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

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Basic Financial Statements

Southwestern Illinois College Community College District #522

Statements of Net Position June 30

	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 130,576,479	\$ 112,628,445
Restricted cash	500,236	499,661
Receivables:		
Property taxes	52,368,931	50,496,868
Government claims	4,697,701	10,663,491
Student tuition and fees, net of allowance of \$5,845,667 in 2022 and \$3,849,000 in 2021	9,776,823	10,006,004
Other	1,817,643	1,515,398
Total receivables	<u>68,661,098</u>	<u>72,681,761</u>
Prepaid items	<u>368,881</u>	<u>581,490</u>
Total current assets	<u>200,106,694</u>	<u>186,391,357</u>
Noncurrent Assets		
Land	6,515,480	6,515,480
Construction-in-progress	2,140,541	797,019
Depreciable and amortizable property, buildings and equipment, net	<u>48,427,622</u>	<u>49,247,140</u>
Total noncurrent assets	<u>57,083,643</u>	<u>56,559,639</u>
Deferred Outflows of Resources		
Deferred Outflows related to OPEB liability	\$ 476,564	\$ 713,794
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	<u>404,690</u>	<u>360,563</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 258,071,591</u>	<u>\$ 244,025,353</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 3,163,437	\$ 3,090,298
Accrued expenses	1,800,077	1,351,685
Unearned revenues:		
Student tuition and fees	5,802,938	5,715,004
Other	2,626,003	1,733,686
Compensated absences, current	2,139,966	2,242,757
Bonds, lease and note payable, current	<u>4,574,935</u>	<u>4,544,019</u>
Total current liabilities	<u>20,107,356</u>	<u>18,677,449</u>
Noncurrent Liabilities		
Bonds, lease and note payable due in more than one year	8,560,154	13,122,472
Net OPEB liability	24,869,544	27,369,252
Compensated absences due in more than one year	<u>149,173</u>	<u>-</u>
Total noncurrent liabilities	<u>33,578,871</u>	<u>40,491,724</u>
Deferred Inflows of Resources		
Subsequent year's property taxes	52,425,801	51,064,237
Deferred Inflow for OPEB liability	<u>10,972,816</u>	<u>10,137,871</u>
Total Liabilities and Deferred Inflows of Resources	<u>117,084,844</u>	<u>120,371,281</u>
Net Position		
Net investment in capital assets	54,434,707	53,633,931
Restricted for:		
Capital projects	15,875,004	15,038,922
Restricted current funds	368,881	581,490
Restricted loan funds	393,997	374,960
Grants	2,062,764	1,667,358
Unrestricted	<u>67,851,394</u>	<u>52,357,411</u>
Total net position	<u>\$ 140,986,747</u>	<u>\$ 123,654,072</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

	2022	2021
Revenues:		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$9,265,841 and \$8,924,878 respectively	\$ 12,663,719	\$ 12,760,237
Auxiliary enterprise revenue	144,712	134,901
Facilities revenue	168,403	125,129
Other operating revenue	1,841,788	1,907,190
Total operating revenues	14,818,622	14,927,457
Expenses:		
Operating expenses		
Instruction	39,720,747	43,514,077
Academic support	1,174,181	1,339,363
Student services	14,127,283	11,226,318
Public service	8,117,946	8,566,800
Institutional support	23,234,568	20,800,728
Operation and maintenance of plant and capital outlay	10,868,167	11,834,294
Auxiliary enterprise	2,590,566	2,085,414
Depreciation and amortization	4,024,245	4,359,955
Total operating expenses	103,857,703	103,726,949
Operating (loss)	(89,039,081)	(88,799,492)
Nonoperating revenues (expenses):		
Property taxes	34,104,460	33,506,685
Local grants and contracts	10,501,343	6,949,100
State grants and contracts	15,790,870	14,966,021
Federal grants and contracts	25,221,395	24,054,209
Investment income	259,441	65,536
Interest expense	(260,504)	(235,167)
Contributions provided by state	20,796,026	30,286,542
Total nonoperating revenues	106,413,031	109,592,926
Income (loss) before contributions	17,373,950	20,793,434
Capital contributions	(41,275)	-
Change in net position	17,332,675	20,793,434
Net position		
Net position - beginning of year	123,654,072	102,860,638
Net position - end of year	<u>\$ 140,986,747</u>	<u>\$ 123,654,072</u>

See Notes to Financial Statements.

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

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$ 13,873,151	\$ 12,076,633
Payments to employees	(45,861,958)	(46,631,604)
Payments to suppliers	(33,866,612)	(21,862,687)
Auxiliary enterprise charges	144,712	134,901
Other receipts	1,707,946	1,690,689
Net cash used by operating activities	(64,002,761)	(54,592,068)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
State, federal and local grants and contracts	58,799,687	40,096,145
Property taxes	32,232,397	32,862,811
Net cash provided by noncapital financing activities	91,032,084	72,958,956
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(4,548,442)	(1,813,444)
Loss on disposal of capital assets	-	8,107
Proceeds on bond issuance	-	17,279,920
Proceeds from lease issuance	-	16,816
Principal paid on debt and leases	(4,406,006)	(9,023,795)
Interest paid on debt and leases	(385,707)	(358,955)
Net cash provided (used) by capital and related financing activities	(9,340,155)	6,108,649
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest on investments	259,441	65,536
Net cash provided by investing activities	259,441	65,536
Net increase (decrease) in cash	17,948,609	24,541,073
Cash at beginning of year	113,128,106	88,587,033
Cash at end of year	<u>\$ 131,076,715</u>	<u>\$ 113,128,106</u>
Cash and cash equivalents	\$ 130,576,479	\$ 112,628,445
Restricted cash	500,236	499,661
	<u>\$ 131,076,715</u>	<u>\$ 113,128,106</u>

See Notes to Financial Statements.

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

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

	2022	2021
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:		
Operating loss	\$ (89,039,081)	\$ (88,799,492)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation	4,024,245	4,359,955
Contribution paid by the State	20,796,026	30,286,542
Changes in assets and liabilities:		
(Increase) decrease in receivables	(73,064)	(1,319,753)
(Increase) decrease in prepaid items	212,609	(83,651)
Increase (decrease) in accounts payable	73,139	957,383
Increase (decrease) in accrued expenditures	(2,051,316)	(3,319,734)
Increase (decrease) in unearned revenue	980,251	294,519
Increase in compensated absences	46,382	71,813
Increase in Deferred Inflows of Resources	834,945	2,657,803
Increase in Deferred Outflows of Resources	193,103	302,547
Total adjustments	25,036,320	34,207,424
Net cash used by operating activities	<u>\$ (64,002,761)</u>	<u>\$ (54,592,068)</u>
Noncash, capital and related financing activities:		
SURS contribution paid by the State	<u>\$ 20,796,026</u>	<u>\$ 30,286,542</u>

See Notes to Financial Statements.

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

**Statements of Fiduciary Net Position
June 30**

	2022	2021 (Restated)
Assets		
Cash and cash equivalents	\$ 841,609	\$ 754,256
Miscellaneous receivables	8,694	6,729
Total assets	\$ 850,303	\$ 760,985
Liabilities		
Accounts payable	\$ 12,694	\$ 10,695
Total liabilities	12,694	10,695
Net Position		
Restricted for:		
Individuals and organizations	837,609	750,290
Total net position	\$ 837,609	\$ 750,290

**Statements of Changes in Fiduciary Net Position
Years ended June 30**

	2022	2021 (Restated)
Additions		
Deposits by student clubs and organizations	\$ 293,951	\$ 60,576
Total additions	293,951	60,576
Deductions		
Disbursements to student clubs and organizations	206,632	73,765
Total deductions	206,632	73,765
Net increase (decrease) in fiduciary net position	87,319	(13,189)
Net Position-beginning of year	750,290	-
Change in Accounting Principle	-	763,479
Net Position-beginning of year, as restated	750,290	763,479
Net Position-ending	\$ 837,609	\$ 750,290

Southwestern Illinois College Foundation
Statements of Financial Position
December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
ASSETS		
Cash and Cash Equivalents	\$ 566,447	\$ 511,819
Investments	11,354,144	9,913,434
Beneficial Interest in Perpetual Trust	77,144	77,144
Pledge Receivable	-	100
Property and Equipment, Net	3,975	5,313
Art Collections	<u>448,848</u>	<u>448,848</u>
Total Assets	<u>\$ 12,450,558</u>	<u>\$ 10,956,658</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 1,361	\$ 1,681
Total Liabilities	<u>1,361</u>	<u>1,681</u>
NET ASSETS		
Without Donor Restrictions	1,488,042	1,453,882
With Donor Restrictions	<u>10,961,155</u>	<u>9,501,095</u>
Total Net Assets	<u>12,449,197</u>	<u>10,954,977</u>
Total Liabilities and Net Assets	<u>\$ 12,450,558</u>	<u>\$ 10,956,658</u>

Southwestern Illinois College Foundation

Statement of Activities Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Gifts and Grants	\$ 2,689	\$ 305,377	\$ 308,066
Revenue from Fundraising Events	-	46,544	46,544
Less: Direct Cost of Fundraising Events	-	(19,370)	(19,370)
Net Fundraising Events	-	27,174	27,174
Investment Income (Loss), Net of Fees	(38,714)	330,739	292,025
Gifts-in-Kind from Southwestern			
Illinois College	381,030	-	381,030
Net Realized Gains on Investments	88,075	1,413,009	1,501,084
Net Unrealized Loss on Investments	(15,554)	(283,986)	(299,540)
Net Assets Released from Restrictions	331,993	(331,993)	-
Total Support and Revenues	749,519	1,460,320	2,209,839
EXPENSES			
Program:			
Students Grants and Scholarships	298,888	-	298,888
Interest Distributions	-	201	201
Program Costs	32,903	-	32,903
Total Program Expenses	331,791	201	331,992
Support:			
Management and General Costs Paid by Southwestern Illinois College	381,030	-	381,030
Fundraising	1,200	59	1,259
Depreciation	1,338	-	1,338
Total Support Expenses	383,568	59	383,627
Total Expenses	715,359	260	715,619
CHANGE IN NET ASSETS	34,160	1,460,060	1,494,220
Net Assets - Beginning of Year	1,453,882	9,501,095	10,954,977
NET ASSETS - END OF YEAR	<u>\$ 1,488,042</u>	<u>\$ 10,961,155</u>	<u>\$ 12,449,197</u>

See Notes to the Financial Statements.

Southwestern Illinois College Foundation

Statement of Activities

Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Gifts and Grants	\$ 4,209	\$ 305,731	\$ 309,940
Art Class Program	-	150	150
Revenue from Fundraising Events	-	290	290
Less: Direct Cost of Fundraising Events	-	(1,155)	(1,155)
Net Fundraising Events	-	(865)	(865)
Investment Income (Loss), Net of Fees	(21,578)	208,758	187,180
Gifts-in-Kind from Southwestern Illinois College	363,005	-	363,005
Net Realized Gains on Investments	14,565	247,136	261,701
Net Unrealized Gains on Investments	37,882	685,915	723,797
Miscellaneous Income	-	200	200
Net Assets Released from Restrictions	337,228	(337,228)	-
Total Support and Revenues	735,311	1,109,797	1,845,108
EXPENSES			
Program:			
Students Grants and Scholarships	300,055	-	300,055
Interest Distributions	-	349	349
Program Costs	36,813	59	36,872
Total Program Expenses	336,868	408	337,276
Support:			
Management and General Costs Paid by Southwestern Illinois College	363,005	-	363,005
Fundraising	860	-	860
Depreciation	1,764	-	1,764
Total Support Expenses	365,629	-	365,629
Total Expenses	702,497	408	702,905
CHANGE IN NET ASSETS	32,814	1,109,389	1,142,203
Net Assets - Beginning of Year	1,421,068	8,391,706	9,812,774
NET ASSETS - END OF YEAR	<u>\$ 1,453,882</u>	<u>\$ 9,501,095</u>	<u>\$ 10,954,977</u>

See Notes to the Financial Statements.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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).

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.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 1. Organization and Significant Accounting Policies (Continued)

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 are classified as custodial funds.

Prior Period Adjustment: The District restated beginning net position of the fiduciary fund for amounts that were previously reported as deposits held in custody for others. The provisions of GASB Statement No. 84, *Fiduciary Activities* state that a liability should be recognized when an event has occurred that compels the government to disburse fiduciary resources to a beneficiary of the fiduciary activity.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 \$404,690 and \$360,563 being recorded as Deferred Outflow of Resources as of June 30, 2022 and 2021, respectively. Implementation of GASB 75 in 2018 resulted in disclosing deferred outflows related to the Other Postretirement Benefit Liability (OPEB) of \$476,564 and \$713,794 as of June 30, 2022 and 2021, 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 as of June 30, 2022 and 2021 of \$52,425,801 and \$51,064,237, respectively, 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 \$10,972,816 and \$10,137,871 as of June 30, 2022 and 2021, 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, 2022 AND 2021**

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 fair market value at the date of donation. Interest costs on construction in progress are capitalized when amounts are significant. During the fiscal year ended June 30, 2022 and 2021, the College did not capitalize interest.

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, 2022 AND 2021**

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, 2022, the District's deposits had the following balance.

Cash and Cash Equivalents	\$ 131,918,325
Less: Amounts reclassified as investments	<u>(121,463,095)</u>
Carrying amounts of deposits	<u>\$ 10,455,230</u>

At June 30, 2021, the District's deposits had the following balance.

Cash and Cash Equivalents	\$ 113,882,361
Less: Amounts reclassified as investments	<u>(98,287,565)</u>
Carrying amounts of deposits	<u>\$ 15,594,796</u>

Summary of Cash

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 130,576,480	\$ 112,628,445
Restricted Cash	500,236	499,661
Fiduciary cash and cash equivalents	841,609	754,255
	<u>\$ 131,918,325</u>	<u>\$ 113,882,361</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 2. Cash and Cash Equivalents (Continued)

B. Deposits

At June 30, 2022, the District's investment balances were as follows:

	Fair Market Value	Less Than 6 Months	6-12 Months	1-3 Years	Standard & Poor's Rating
Illinois Funds	\$ 77,143,727	\$ 77,143,727	\$ -	\$ -	AAAm
Illinois School District Liquid Asset Fund-Money Market	2,083,010	2,083,010	-	-	Not Rated
US Treasuries		-	-	-	Not Rated
Savings Deposit Accounts	42,236,357	42,236,357	-	-	Not Rated
Total	<u>\$ 121,463,094</u>	<u>\$ 121,463,094</u>	<u>\$ -</u>	<u>\$ -</u>	

At June 30, 2021, the District's investment balances were as follows:

	Fair Market Value	Less Than 6 Months	6-12 Months	1-3 Years	Standard & Poor's Rating
Illinois Funds	\$ 54,034,737	\$ 54,034,737	\$ -	\$ -	AAAm
Illinois School District Liquid Asset Fund-Money Market	2,080,264	2,080,264	-	-	Not Rated
US Treasuries		-	-	-	Not Rated
Savings Deposit Accounts	42,172,564	42,172,564	-	-	Not Rated
Total	<u>\$ 98,287,565</u>	<u>\$ 98,287,565</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, 2022 AND 2021**

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, 2022 and 2021, the District's deposits were not fully collateralized.

Concentration of Credit Risk

At June 30, 2022 and 2021, 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 District's 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 'AAAm' 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
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 3. Restricted Net Position – Restricted Current Funds

At June 30, 2022, the restricted for current funds net position amount consists of \$393,997 for debt service, \$2,062,764 for grant programs, and \$368,881 for prepaid items. At June 30, 2021 the restricted for current funds net position amount consists of \$374,960 for debt service, \$1,667,358 for grant programs, and \$581,489 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	
		2022	2021
Education	0.1320	0.1317	0.1313
Equity	0.1312	0.1304	0.1302
Building	0.0280	0.0279	0.0279
Tort immunity	-	0.0539	0.0483
Audit	0.0050	0.0008	0.0008
Bond and interest	-	0.0573	0.0636
Protection, health, safety	0.0500	0.0412	0.0429
Social security	-	0.0079	0.0079
		<u>0.4511</u>	<u>0.4529</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 5. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2022, is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Construction in progress	797,019	1,410,102	(66,580)	2,140,541
Total capital assets not being depreciated	<u>7,312,499</u>	<u>1,410,102</u>	<u>(66,580)</u>	<u>8,656,021</u>
Capital assets being depreciated:				
Buildings	53,524,255	-	-	53,524,255
Building Improvements	47,531,003	66,580	(15,828)	47,581,755
Land improvements	16,819,234	-	-	16,819,234
Equipment	20,010,446	3,138,340	(920,549)	22,228,237
Right-of-Use Leased Assets	613,177	-	-	613,177
Total capital assets being depreciated	<u>138,498,115</u>	<u>3,204,920</u>	<u>(936,377)</u>	<u>140,766,658</u>
Less accumulated depreciation for:				
Buildings	18,917,463	1,167,468	-	20,084,931
Building Improvements	45,282,250	311,836	(15,826)	45,578,260
Land improvements	9,622,947	767,809	-	10,390,756
Equipment	15,626,157	1,777,132	(920,358)	16,482,931
Right-of-Use Leased Assets	161,083	162,203	-	323,286
Total accumulated depreciation	<u>89,609,900</u>	<u>4,186,448</u>	<u>(936,184)</u>	<u>92,860,164</u>
Total capital assets being depreciated, net	<u>48,888,215</u>	<u>(981,528)</u>	<u>(193)</u>	<u>47,906,494</u>
Total capital assets, net	<u>\$ 56,200,714</u>	<u>\$ 428,574</u>	<u>\$ (66,773)</u>	<u>\$ 56,562,515</u>

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 5. Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021, is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Construction in progress	763,732	33,287	-	797,019
Total capital assets not being depreciated	<u>7,279,212</u>	<u>33,287</u>	<u>-</u>	<u>7,312,499</u>
Capital assets being depreciated:				
Buildings	53,524,255	-	-	53,524,255
Building Improvements	47,531,003	-	-	47,531,003
Land improvements	16,819,234	-	-	16,819,234
Equipment	18,270,040	1,763,341	(22,935)	20,010,446
Right-of-Use Leased Assets	596,361	16,816	-	613,177
Total capital assets being depreciated	<u>136,740,893</u>	<u>1,780,157</u>	<u>(22,935)</u>	<u>138,498,115</u>
Less accumulated depreciation for:				
Buildings	17,749,250	1,168,213	-	18,917,463
Building Improvements	44,105,393	1,176,857	-	45,282,250
Land improvements	8,848,850	774,097	-	9,622,947
Equipment	14,202,355	1,079,705	(14,828)	15,267,232
Right-of-Use Leased Assets	-	161,083	-	161,083
Total accumulated depreciation	<u>84,905,848</u>	<u>4,359,955</u>	<u>(14,828)</u>	<u>89,250,975</u>
Total capital assets being depreciated, net	<u>51,835,045</u>	<u>(2,579,804)</u>	<u>(8,108)</u>	<u>49,247,140</u>
Total capital assets, net	<u>\$ 59,114,257</u>	<u>\$ (2,546,516)</u>	<u>\$ (8,108)</u>	<u>\$ 56,559,639</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 6. Long-term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2022 as follows:

	<u>Balance July 1, 2021</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2022</u>	<u>Due Within One year</u>
Bonds, contracts and leases payable:					
Bonds payable	\$ 16,790,000	\$ -	\$ (4,255,000)	\$ 12,535,000	\$ 4,290,000
Lease Payable	470,169	-	(151,006)	319,163	167,315
Unamortized bond premium	406,322	-	(125,396)	280,926	117,620
	<u>17,666,491</u>	<u>-</u>	<u>(4,531,402)</u>	<u>13,135,089</u>	<u>4,574,935</u>
Other liabilities:					
Compensated absences and sick leave	2,242,757	1,087,467	(1,041,085)	2,289,139	2,139,966
Total other liabilities	<u>2,242,757</u>	<u>1,087,467</u>	<u>(1,041,085)</u>	<u>2,289,139</u>	<u>2,139,966</u>
	<u>\$ 19,909,248</u>	<u>\$ 1,087,467</u>	<u>\$ (5,572,487)</u>	<u>\$ 15,424,228</u>	<u>\$ 6,714,901</u>

A summary of changes in long-term liabilities for the year ended June 30, 2021 is as follows:

	<u>Balance June 30, 2020</u>	<u>Additions</u>	<u>Repayments</u>	<u>Balance June 30, 2021</u>	<u>Due Within One year</u>
Bonds, contracts and leases payable:					
Bonds payable	\$ 8,865,000	\$ 16,790,000	\$ (8,865,000)	\$ 16,790,000	\$ 4,255,000
Lease Payable	612,148	16,816	(158,795)	470,169	163,623
Unamortized bond premium	40,191	489,919	(123,788)	406,322	125,396
	<u>9,517,339</u>	<u>17,296,735</u>	<u>(9,147,583)</u>	<u>17,666,491</u>	<u>4,544,019</u>
Other liabilities:					
Compensated absences and sick leave	2,170,944	1,747,590	(1,675,777)	2,242,757	2,242,757
Total other liabilities	<u>2,170,944</u>	<u>1,747,590</u>	<u>(1,675,777)</u>	<u>2,242,757</u>	<u>2,242,757</u>
	<u>\$ 11,688,283</u>	<u>\$ 19,044,325</u>	<u>\$ (10,823,360)</u>	<u>\$ 19,909,248</u>	<u>\$ 6,786,776</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 6. Long-term Liabilities (Continued)

General obligation bonds

Series 2020A: In September 2020, the Board approved a \$12,500,000 taxable Working Cash Bond Issue dated November 17, 2020. The proceeds of the bonds were used to increase the District's Working Cash Fund, which was needed due to the possibility of delayed and reduced State of Illinois Operating Grant payments. Serial retirement of principal and interest begins on December 1, 2021, with interest payable semiannually at less than 1% which began on June 1, 2021. Maturity date is December 1, 2023.

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	4,290,000	57,164	4,347,164
2024	3,955,000	19,498	3,974,498
	<u>\$ 8,245,000</u>	<u>\$ 76,663</u>	<u>\$ 8,321,663</u>

Series 2020B: In September 2020, the Board approved a \$4,290,000 General Obligation Refunding Bond Issue. The proceeds of the bonds were used to refinance the District's General Obligation 2007 bond series issued in fiscal year 2008. Serial retirement of principal and interest began on December 1, 2023, with interest payable semiannually at 4.0% which began on June 1, 2021. Maturity date is December 1, 2024. 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.

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	-	171,600	171,600
2024	380,000	164,000	544,000
2025	3,910,000	78,200	3,988,200
	<u>\$ 4,290,000</u>	<u>\$ 413,800</u>	<u>\$ 4,703,800</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 6. Long-term Liabilities (Continued)

Lease Payable: The District has entered into several lease agreements with Xerox and Cannon to lease copiers and accessory equipment that are recorded as lease payables. The cost of the assets recorded under leases was \$811,019. Related accumulated depreciation for the assets for the year ended June 30, 2022 was \$521,128 and the net book value of the equipment under lease was \$289,891.

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	167,315	5,192	172,507
2024	147,115	1,540	148,655
2025	3,532	94	3,626
2026	1,201	8	1,209
	<u>\$ 319,163</u>	<u>\$ 6,834</u>	<u>\$ 325,997</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 7. Operating Expenses by Functional Classification

The following table provides information related to operating expenses by functional classification for the year ended June 30, 2022:

	Salaries and Benefits	Contractual Services	Supplies	Travel and Meeting	Fixed Charges	Utilities	Capital Outlay	Other	TOTAL
Instruction	\$ 35,318,550	\$ 1,351,372	\$ 2,019,540	\$ 918,930	\$ 1,865	\$ -	\$ -	\$ 110,490	\$ 39,720,747
Academic support	958,660	119,619	45,931	526	49,445	-	-	-	1,174,181
Student services	5,671,672	216,178	237,377	64,311	39,520	300	-	7,897,925	14,127,283
Public service	6,126,092	406,147	153,383	311,573	917,121	7,606	-	196,024	8,117,946
Institutional support	12,034,940	2,727,586	4,247,511	69,960	1,197,262	8,018	-	2,949,291	23,234,568
Operation and maintenance of plant and capital outlay	6,098,821	545,710	590,661	24,811	49,255	1,988,821	1,569,757	331	10,868,167
Auxiliary enterprise	944,023	734,127	72,136	324,481	262,255	1,680	-	251,864	2,590,566
Depreciation and amortization	-	-	-	-	-	-	-	4,024,245	4,024,245
	<u>\$ 67,152,758</u>	<u>\$ 6,100,739</u>	<u>\$ 7,366,539</u>	<u>\$ 1,714,592</u>	<u>\$ 2,516,723</u>	<u>\$ 2,006,425</u>	<u>\$ 1,569,757</u>	<u>\$ 15,430,170</u>	<u>\$ 103,857,703</u>

The following table provides information related to operating expenses by functional classification for the year ended June 30, 2021:

	Salaries and Benefits	Contractual Services	Supplies	Travel and Meeting	Fixed Charges	Utilities	Capital Outlay	Other	TOTAL
Instruction	\$ 40,350,332	\$ 947,122	\$ 1,714,281	\$ 361,263	\$ 1,533	\$ -	\$ -	\$ 139,546	\$ 43,514,077
Academic support	1,168,498	93,623	28,426	-	48,816	-	-	-	1,339,363
Student services	7,613,013	262,315	269,085	18,915	40,640	370	-	3,021,980	11,226,318
Public service	6,911,671	229,480	129,297	125,419	760,822	7,030	-	403,081	8,566,800
Institutional support	12,779,250	1,382,650	1,214,809	89,488	606,056	7,890	-	4,720,585	20,800,728
Operation and maintenance of plant and capital outlay	7,442,797	402,078	441,638	19,354	7,461	1,564,820	1,952,023	4,123	11,834,294
Auxiliary enterprise	774,332	882,951	14,182	134,497	213,529	1,680	-	64,243	2,085,414
Depreciation and amortization	-	-	-	-	-	-	-	4,359,955	4,359,955
	<u>\$ 77,039,893</u>	<u>\$ 4,200,219</u>	<u>\$ 3,811,718</u>	<u>\$ 748,936</u>	<u>\$ 1,678,857</u>	<u>\$ 1,581,790</u>	<u>\$ 1,952,023</u>	<u>\$ 12,713,513</u>	<u>\$ 103,726,949</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, 2022, and 2021, employees had earned but not taken annual vacation leave which, at salary rates in effect at the end of the year, totaled \$1,595,256 and \$1,645,124, 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, 2022 and 2021, to be \$693,883 and \$597,633, respectively, using the termination payment method. Of such amounts, the District estimated that \$544,710 and \$597,633 at June 30, 2022 and 2021, respectively, would be paid in the next fiscal year.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 Comprehensive Annual Financial Report as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided: A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2021 can be found in the SURS 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 2021 and 2022 respectively, was 12.70% and 12.32% 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, 2022 AND 2021**

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

SURS reported a net pension liability of \$28,528,477,079 at June 20, 2021 and \$30,619,504,321 at June 30, 2020. The net pension liabilities were measured as of June 30, 2021 and June 30, 2020, respectively.

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 \$252,054,801 or .8835% and \$271,207,7447 or 0.8857% as of June 30, 2021 and 2020, respectively. The Southwestern Illinois College's proportionate share changed by (0.0022%) from 0.8857% since the last measurement date on June 30, 2020. This amount is not recognized in the District's financial statements. The net pension liability and total pension liability as of June 30, 2020, respectively was determined based on the June 30, 2019, 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 2021 and 2020, respectively.

Pension Expense

At June 30, 2021 and 2020, SURS reported a collective net pension expense of \$2,342,460,058 and \$3,364,411,021.

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 2021 and 2020. As a result, the District recognized on-behalf revenue and pension expense of \$20,696,103 and \$29,799,774.45 for the fiscal years ended June 30, 2022 and 2021.

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. Conversely, deferred inflows of resources are the acquisition of net position by SURS 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	\$ 113,467,689	\$ -
Changes in Assumptions	776,968,084	-
Net difference between projected and actual earnings on pension plan investments		2,283,514,660
Total	<u>\$ 890,435,773</u>	<u>\$ 2,283,514,660</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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
2023	\$ 34,095,451
2024	(197,005,703)
2025	(538,343,058)
2026	(691,825,577)
Total	<u>\$ (1,393,078,887)</u>

Employer Deferral of Pension Expense

Employer paid \$404,690 in federal, trust, or grant contributions for the fiscal year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021, and are recognized as Deferred Outflows of Resources as of June 30, 2022.

Employer paid \$360,563 in federal, trust, or grant contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability measurement date of June 30, 2020, and are recognized as Deferred Outflows of Resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 – 2020. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.725 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

Mortality rates were based on the Pub-2010 employee and retiree 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 consultant(s) and actuary (actuaries). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2021, 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, 2022 AND 2021**

Note 10. Defined Benefit Pension Plans (Continued)

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	41.0%	6.30%
Stabilized Growth		
Credit Fixed Income	14.0%	1.82%
Core Real Assets	5.0%	3.92%
Options Strategies	6.0%	4.20%
Non-Traditional Growth		
Private Equity	7.5%	10.45%
Non-Core Real Assets	2.5%	8.83%
Inflation Sensitive		
U.S. TIPS	6.0%	-0.22%
Principal Protection		
Core Fixed Income	8.0%	-0.81%
Crisis Risk Offset		
Systematic Trend Following	3.5%	3.45%
Alternative Risk Premia	3.0%	2.30%
Long Duration	3.5%	0.91%
Total	100%	4.43%
Inflation		2.25%
Expected Arithmetic Return		6.68%

Discount Rate. A single discount rate of 6.12% and 6.49% at June 30, 2021 and June 30, 2020, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50% and 6.75% at June 30, 2021 and June 30, 2020, respectively, and a municipal bond rate of 1.92% and 2.45% at June 30, 2021 and June 30, 2020, respectively (based on the weekly rate closest to but not later than the measurement date of the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021 and 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 as of June 30, 2020). 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 6.12% and 6.49% at June 30, 2021 and June 30, 2020, respectively, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage-point lower or 1 percentage-point higher:

June 30, 2021		
1% Decrease	Current Single Discount Rate Assumption	1% Increase
5.12%	6.12%	7.12%
\$35,000,704,353	\$28,528,477,079	\$23,155,085,730

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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 10. Defined Benefit Pension Plans (Continued)

June 30, 2020		
Current Single Discount		
1% Decrease	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.

Changes of Benefit Terms

There were no benefit changes recognized in the total pension liability as of June 30, 2021 or 2020.

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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- *Salary Increase:* Change in the overall assumed salary increase rates, ranging from 3.00% to 12.75% based on years of service, with underlying wage inflation of 2.25%.
- *Investment Return:* Decrease in the investment return assumption to 6.50%. This reflects decreasing the assumed real rate of return to 4.25% and maintaining the underlying assumed price inflation of 2.25%.
- *Effective Rate of Interest:* Decrease in the long-term assumption for the ERI for crediting the money purchase accounts to 6.50%.
- *Normal/Early Retirement Rates:* Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- *Turnover Rates:* Change in rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- *Mortality Rates:* Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scales from the MP-2017 to the MP-2020 scale.
- *Disability Rates:* Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- *Plan Election:* Change plan election assumptions to 75% Tier 2 and 25% Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55% Tier 2 and 45% (RSP) for academic members.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 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, 2022 and 2021 were \$134,936 and \$133,325, respectively.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 \$24,859,545 and \$27,369,252 as of June 30, 2022 and 2021, respectively. 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 \$24,859,545 and \$27,369,252, respectively. The net OPEB liability was measured as of June 30, 2021 and 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020 and 2019, respectively, with procedures performed to roll forward the total OPEB liability to the June 30, 2021 and 2020 measurement dates. 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, 2021 and 2020, the District's proportion was 1.432963% and 1.501525%, respectively.

For the year ended June 30, 2022 and 2021, the District recognized OPEB expense of \$(1,292,764) and \$590,722, respectively, for its proportionate share of the OPEB expense. In addition, the District recognized an additional \$(205,321) and \$486,768, respectively, as OPEB expense (and revenue) for its proportionate share of the State of Illinois' contribution to the plan.

At June 30, 2022, 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	\$ 157,384	\$ 1,817,670
Changes of Assumptions	-	4,750,870
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Earnings on OPEB Plan Investments	-	716
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	184,385	4,403,560
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	341,769	10,972,816
OPEB Contributions made subsequent to the Measurement Date	134,795	-
Total Deferred Amounts Related to OPEB	476,564	10,972,816

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 11. Postemployment Benefits Other than Pensions (Continued)

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Deferred Amounts Related to OPEB	Deferred Outflow of Resources	Deferred Inflow of Resources
Deferred Amounts to be Recognized in OPEB Expense in Future Periods		
Differences between Expected and Actual Experience	\$ 248,626	\$ 1,531,801
Changes of Assumptions	-	4,375,342
Net Difference between Projected and Actual Investment Earnings on OPEB Plan Investments		
Earnings on OPEB Plan Investments	-	1,159
Changes in Proportion and Differences between Employer Contributions and Share of Contributions	331,905	4,229,569
Total Deferred Amounts to be Recognized in OPEB Expense in Future Periods	580,531	10,137,871
OPEB Contributions made subsequent to the Measurement Date	133,263	-
Total Deferred Amounts Related to OPEB	713,794	10,137,871

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:

Year ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2023	\$ 264,275	\$ 3,591,072
2024	77,494	3,044,990
2025	-	2,225,649
2026	-	1,513,712
2027	-	597,393
	\$ 341,769	10,972,816

Actuarial assumptions and other inputs

The total CIP plan's net OPEB liability was determined by an actuarial valuation as of June 30, 2019 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 2022 based on premium increases. For fiscal years on and after 2023, trend starts at 8.00% for non-Medicare costs and post Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.25%. There is no additional trend rate due to the repeal of 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.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 11. Postemployment Benefits Other than Pensions (Continued)

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2017.

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 fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 2.45% as of June 30, 2020 and 1.92% as of June 30, 2021.

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 1.92%, 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 (2.92%) or lower (0.92%) than the current rate:

	1% Decrease 0.92%	Current Single Discount Rate Assumption 1.92%	1% Increase 2.92%
Net OPEB Liability	28,333,717	24,869,545	21,877,913

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 2023 for non-Medicare and post-Medicare coverage decreasing to an ultimate trend rate of 4.25% in 2038.

	1% Decrease 20,492,109	Healthcare Cost Trend Rate Assumption 24,869,545	1% Increase 30,732,224
Net OPEB Liability			

- One percentage point decrease in healthcare trend rates are 7.00% in 2023 decreasing to an ultimate trend rate of 3.25% in 2038.
- One percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2038.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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,

	2022	2021
Property	\$259,648,878	\$251,658,018
Business auto liability	1,000,000	1,000,000
Commercial general liability	1,000,000	3,000,000
Commercial umbrella liability	10,000,000	10,000,000
Workers' compensation, Self-Insured Retention	250,000	450,000
Workers' compensation, Part B, Each Accident/Each Employee for Disease	250,000	1,000,000
Cyber Liability	3,000,000	

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, 2022 and 2021, there have been no claims exceeding the Self-Insured Retention amount of \$450,000 for regular employees.

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. Since the transition to a Health Insurance Plan through Blue Cross Blue Shield, claims have not exceeded the commercial insurance coverage limit for each respective plan year.

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
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 2022 and 2021 for asbestos remediation was \$24,579 and \$8,371 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 2022 and 2021, the District paid approximately \$215,160 and \$185,000, respectively for boarding passes under this contract.

Note 14. New Government Accounting Standards

The District adopted the following statement during the year ended June 30, 2022:

GASB Statement No. 87, *Leases*. The primary objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

The District adopted the following statement during the year ended June 30, 2021:

GASB Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The College has historically presented fiduciary activities separately and will continue to do so under this Standard.

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.

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 15. Tax Abatements (Continued)

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, 2022:

	T I F Incremental Value / Assessments	Reduced Tax Revenues
Various Redevelopment Project Areas within the District's Geographic Area	671,989,679	\$ 3,014,839

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, 2021:

	T I F Incremental Value / Assessments	Reduced Tax Revenues
Various Redevelopment Project Areas within the District's Geographic Area	671,148,777	\$ 3,022,670

In addition, during the years ended June 30, 2022 and 2021 the District has received \$89,907 and \$87,281, respectively, of payments from various governments in association of the forgone revenue.

**Southwestern Illinois College
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**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

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 for the years ended of June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Madison	\$ 118,208	\$ 70,219
St. Clair	929	883
Total	<u>\$ 119,137</u>	<u>\$ 71,102</u>

Note 16. Discretely Presented Component Unit

The December 31, 2021 and 2020 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, 2022 AND 2021

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.

Pledge Receivables

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

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.

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 permanently restricted net assets if the terms of the gift or the board's interpretation of relevant state law requires that they be added to the principal of a permanent endowment fund;

As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income; and

As increases in unrestricted net assets in all other cases.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

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 temporarily restricted net assets to unrestricted assets 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, 2022 AND 2021**

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, 2021 and 2020.

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.

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.

If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the consolidated statements of financial position. The guidance will be required for the first fiscal year beginning after December 15, 2021.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

INVESTMENTS

The cost and fair value of investments as of December 31, 2021, are as follows:

	Cost	Fair Value
U.S. Treasury Securities	\$ 2,775,149	\$ 2,801,473
Government and Corporate Debt Securities	11,045	113,177
Fixed Income Mutual Funds	818,508	830,021
Equity Mutual Funds	2,813,344	2,879,467
Common Stocks	3,462,930	4,730,006
Total	<u>\$ 9,880,976</u>	<u>\$ 11,354,144</u>

The cost and fair value of investments as of December 31, 2020, are as follows:

	Cost	Fair Value
U.S. Treasury Securities	\$ 1,487,807	\$ 1,318,833
Government and Corporate Debt Securities	1,469,408	1,550,175
Fixed Income Mutual Funds	855,239	921,380
Equity Mutual Funds	2,596,843	3,234,383
Common Stocks	2,085,458	2,888,663
Total	<u>\$ 8,494,755</u>	<u>\$ 9,913,434</u>

Fair value of investments and cash and cash equivalents held for Endowment are \$552,673 and \$538,186 at December 31, 2021 and 2020, respectively.

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.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

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 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.

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, 2021 and 2020:

	December 31, 2021			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 2,801,473	\$ -	\$ 2,801,473	\$ -
Government and Corporate Debt Securities	113,177	-	113,177	-
Fixed Income Mutual Funds	830,021	830,021	-	-
Equity Mutual Funds	2,879,467	2,879,467	-	-
Common Stocks	4,730,006	4,730,006	-	-
Total Investments	11,354,144	8,439,494	2,914,650	-
Beneficial Interest in Perpetual Trust	77,144	-	-	77,144
Total	<u>\$11,431,288</u>	<u>\$ 8,439,494</u>	<u>\$ 2,914,650</u>	<u>\$ 77,144</u>

	December 31, 2020			
	Total	Level 1	Level 2	Level 3
U.S. Treasury Securities	\$ 1,318,833	\$ -	\$ 1,318,833	\$ -
Government and Corporate Debt Securities	1,550,175	-	1,550,175	-
Fixed Income Mutual Funds	921,380	921,380	-	-
Equity Mutual Funds	3,234,383	3,234,383	-	-
Common Stocks	2,888,663	2,888,663	-	-
Total Investments	9,913,434	7,044,426	2,869,008	-
Beneficial Interest in Perpetual Trust	77,144	-	-	77,144
Total	<u>\$ 9,990,578</u>	<u>\$ 7,044,426</u>	<u>\$ 2,869,008</u>	<u>\$ 77,144</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

FAIR VALUE MEASUREMENTS (CONTINUED)

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, 2021 and 2020:

	Beneficial Interest in Perpetual Trust	
	2021	2020
Balance as of January 1	\$ 77,144	\$ 74,139
Increase in Value of Beneficial Interest	-	3,005
Balance as of December 31	<u>\$ 77,144</u>	<u>\$ 77,144</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 \$381,030 and \$363,005 for the years ended December 31, 2021 and 2020, respectively.

CONCENTRATION OF CREDIT RISK

During the years ended December 31, 2021 and 2020, 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.

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

NET ASSETS

Net assets are available as follows at December 31:

	2021	2020
<u>Net Assets without Donor Restrictions</u>		
Unrestricted	\$ 1,011,750	\$ 1,028,313
Board-Designated for Scholarships	476,292	425,569
Total Net Assets without Donor Restriction	<u>\$ 1,488,042</u>	<u>\$ 1,453,882</u>
<u>Net Assets with Donor Restrictions</u>		
Life Income Fund	\$ 22,070	\$ 19,488
Scholarships	6,599,492	6,052,385
Academic Costs	3,858,779	2,947,407
	<u>10,480,341</u>	<u>9,019,280</u>
<u>Net Assets Held in Perpetuity</u>		
Scholarships	<u>480,814</u>	<u>481,815</u>
Total Net Assets with Donor Restriction	<u>\$ 10,961,155</u>	<u>\$ 9,501,095</u>

LIQUIDITY

The Foundation has \$1,036,580 of financial assets available within one year of the balance sheet date consisting of cash of \$546,644 and short term investments of \$489,936. 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 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:

	2021	2020
Scholarships and Grants	\$ 298,888	\$ 300,055
Academic Expenses	33,105	37,173
Total	<u>\$ 331,993</u>	<u>\$ 337,228</u>

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 16. Discretely Presented Component Unit (Continued)

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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UMIFA.

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 in unrestricted net assets. At December 31, 2021 and 2020, 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.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 16. Discretely Presented Component Unit (Continued)

ENDOWMENTS (CONTINUED)

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 permanent endowment 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.

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, 2021 and 2020:

	2021			
	Without Donor Restriction	With Donor Restriction		Total
		Expendable	Held In Perpetuity	
Donor-Restricted Endowment Funds	\$ -	\$ 130,343	\$ 422,330	\$ 552,673
2020				
Donor-Restricted Endowment Funds	\$ -	\$ 115,856	\$ 422,330	\$ 538,186

Southwestern Illinois College
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NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021

Note 16. Discretely Presented Component Unit (Continued)

ENDOWMENTS (CONTINUED)

Change in endowment net assets for the years ended December 31, 2021 and 2020:

	2021			
	Without Donor Restriction	With Donor Restriction		Total
		Expendable	Held In Perpetuity	
Beginning of Year	\$ -	\$ 115,856	\$ 422,330	\$ 538,186
Investment Return:				
Investment Income	-	4,248	-	4,248
Net Appreciation (Realized and Unrealized)	-	14,503	-	14,503
Total Investment Return	-	18,751	-	18,751
Appropriation of Endowment				
Assets for Expenditure	-	(4,265)	-	(4,265)
End of Year	<u>\$ -</u>	<u>\$ 130,343</u>	<u>\$ 422,330</u>	<u>\$ 552,673</u>

	2020			
	Without Donor Restriction	With Donor Restriction		Total
		Expendable	Held In Perpetuity	
Beginning of Year	\$ -	\$ 103,117	\$ 422,330	\$ 525,447
Investment Return:				
Investment Income	-	3,305	-	3,305
Net Appreciation (Realized and Unrealized)	-	14,773	-	14,773
Total Investment Return	-	18,078	-	18,078
Appropriation of Endowment				
Assets for Expenditure	-	(5,339)	-	(5,339)
End of Year	<u>\$ -</u>	<u>\$ 115,856</u>	<u>\$ 422,330</u>	<u>\$ 538,186</u>

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

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021**

Note 16. Discretely Presented Component Unit (Continued)

The following is a detail of expenses by functional classification for the year ended December 31, 2021 :

	Program	General and Administrative	Fundraising	Total
Scholarship Awards	\$ 298,888	\$ -	\$ -	\$ 298,888
Grants to College Programs	32,903	-	-	32,903
Interest	201	-	-	201
Fundraising Events	-	-	19,370	19,370
Depreciation	-	1,338	-	1,338
Supplies and Other	-	-	1,259	1,259
<u>Expenses Paid by the College</u>				
Salaries	-	271,823	-	271,823
Benefits	-	31,663	-	31,663
Supplies and Other	-	4,440	-	4,440
Contracted Services	-	42,360	-	42,360
Accounting	-	8,820	-	8,820
Occupancy	-	21,924	-	21,924
Total Expenses	331,992	382,368	20,629	734,989
Less: Expenses Netted Against Revenue on the Statement of Activities	-	-	(19,370)	(19,370)
Total Expenses Presented on the Statement of Activities	<u>\$ 331,992</u>	<u>\$ 382,368</u>	<u>\$ 1,259</u>	<u>\$ 715,619</u>

The following is a detail of expenses by functional classification for the year ended December 31, 2020 :

	Program	General and Administrative	Fundraising	Total
Scholarship Awards	\$ 300,055	\$ -	\$ -	\$ 300,055
Grants to College Programs	36,872	-	-	36,872
Interest	349	-	-	349
Fundraising Events	-	-	1,155	1,155
Depreciation	-	1,764	-	1,764
Supplies and Other	-	-	860	860
<u>Expenses Paid by the College</u>				
Salaries	-	231,328	-	231,328
Benefits	-	23,110	-	23,110
Supplies and Other	-	4,523	-	4,523
Contracted Services	-	73,500	-	73,500
Accounting	-	8,620	-	8,620
Occupancy	-	21,924	-	21,924
Total Expenses	337,276	364,769	2,015	704,060
Less: Expenses Netted Against Revenue on the Statement of Activities	-	-	(1,155)	(1,155)
Total Expenses Presented on the Statement of Activities	<u>\$ 337,276</u>	<u>\$ 364,769</u>	<u>\$ 860</u>	<u>\$ 702,905</u>

REQUIRED SUPPLEMENTAL INFORMATION

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

Required Supplementary Information for the Year Ended June 30, 2022 and 2021

Schedule of the Districts Proportionate Share of the Net Pension Liability		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
District's Percentage of the Collective Net Pension Liability	0%	0%	0%	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	\$ 270,530,669	\$ 252,054,801
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>	<u>\$ 270,530,669</u>	<u>\$ 252,054,801</u>
Employer DB Covered-Employee Payroll		\$ 41,382,491	\$ 39,610,031	\$ 39,884,515	\$ 38,040,432	\$ 34,632,804	\$ 34,395,356	\$ 32,782,689	\$ 31,080,799
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%	825.22%	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%	39.05%	45.45%
Schedule of Contributions		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Federal, Trust, Grant and Other Contribution		\$ 390,857	\$ 327,910	\$ 349,672	\$ 364,466	\$ 350,665	\$ 372,679	\$ 417,699	\$ 360,563
Contribution in relation to required contribution		\$ (390,857)	\$ (327,910)	\$ (349,672)	\$ (364,466)	\$ (350,665)	\$ (372,679)	\$ (417,699)	\$ (360,563)
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered-Employee Payroll		\$ 39,693,600	\$ 38,702,135	\$ 36,655,837	\$ 34,535,892	\$ 30,461,098	\$ 32,509,146	\$ 32,243,334	\$ 31,411,843
Contributions as a percentage of covered employee payroll	#DIV/0!	0.83%	0.90%	0.99%	1.02%	1.22%	1.28%	1.12%	1.29%
Additional Information		FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
On-Behalf Payments for Community College Health Insurance Program		\$ 155,682	\$ 153,386	\$ 158,365	\$ 155,863	\$ 147,172	\$ 146,107	\$ 138,091	\$ 133,235

**Notes to Required Supplementary Information
For the Year Ended June 30, 2022**

These pension schedules are presented to illustrate the requirements of the Governmental Accounting Standards Board's Statement No. 68 to show information for 10 years. However, until a full 10-year trend is compiled, the District will only present available information measured in accordance with the requirements of Statement No. 68.

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2021.

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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects maintaining an assumed real rate of return of 4.25 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Early retirement rates. Establish separate rates for members in academic positions and nonacademic positions to reflect that retirement rates for academic positions are lower than for nonacademic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Schedule of District's Proportionate Share of the Net OPEB Liability
Community College Health Insurance Security Fund
Year Ended June 30, 2021

	2017	2018	2019	2020	2021
District's proportion of the net OPEB liability	1.796539%	1.685298%	1.627655%	1.501525%	1.432963%
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with employer	\$ 31,867,733	\$ 30,730,314	\$ 29,533,140	\$ 26,022,528	\$ 24,869,545
Districts proportionate share of the net OPEB liability	\$ 32,762,356	\$ 31,772,113	\$ 30,738,924	\$ 27,369,252	\$ 24,869,545
District's covered payroll	\$ 31,171,527	\$ 29,429,339	\$ 29,195,729	\$ 26,562,600	\$ 26,647,000
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	105.10%	107.96%	105.29%	103.04%	93.33%
Plan fiduciary net position as a percentage of the total OPEB liability	-2.87%	-3.54%	-4.13%	-5.07%	-6.28%

Schedule of District's Contributions
Community College Health Insurance Security Fund
Year Ended June 30, 2022

Fiscal Year Ending June 30,	2017	2018	2019	2020	2021	2022
Contractually Required Contribution	155,863	147,172	146,107	138,091	133,235	134,936
Contributions in Relation to the Contractually Required Contribution	155,863	147,150	146,131	138,077	133,235	134,936
Contribution Deficiency (Excess)	-	22	(24)	14	-	-
District's Covered Payroll	31,171,527	29,429,339	29,195,729	26,562,600	26,647,000	26,987,200
Contributions as a Percentage of Covered payroll	0.5%	0.5%	0.5%	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, 2022**

NOTE 1 CHANGES IN BENEFIT TERMS

In the June 30, 2020 and June 30, 2019 actuarial valuation, there were no changes in benefit terms.

NOTE 2 CHANGES OF ASSUMPTIONS

In the June 30, 2020 actuarial valuation, the following assumptions were made:

- The discount rate was changed from 2.45% at June 30, 2020 to 1.92% at June 30, 2021.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2020, projected plan cost for plan year-end June 30, 2021, premium changes through plan year-end June 30, 2021, and expectation of future trend increases after June 30, 2021.
- Per capita claim costs for plan year-end June 30, 2021 were updated based on projected claims and enrollment experience through June 30, 2021 and updated premium rates through plan year-end 2022.
- 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 3.13% at June 30, 2019 to 2.45% at June 30, 2020.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2019, projected plan cost for plan year-end June 30, 2020, premium changes through plan year-end June 30, 2020, and expectation of future trend increases after June 30, 2020.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year-end June 30, 2020 were updated based on projected claims and enrollment experience through June 30, 2020 and updated premium rates through plan year-end 2021.
- Healthcare plan participation rates by plan were updated based on observed experience.

SUPPLEMENTAL INFORMATION

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, 2022**

	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, 2021	\$ 43,225,023	\$ 15,245,326	\$ 15,038,922	\$ 374,960	\$ (252,977)	\$ 1,703,598	\$ 39,414,281	\$ 73,010	\$ 5,841,861	\$ 120,664,004
Revenues:										
Local tax revenue	18,387,256	8,097,102	3,255,842	4,538,963	-	-	-	60,493	4,255,820	38,595,476
All other local revenue	-	-	-	-	162,345	5,847,983	-	-	-	6,010,328
ICCB Grants	10,988,082	1,370,180	801,931	-	-	1,984,176	-	-	-	15,144,369
All other state revenue	-	-	-	-	-	646,501	-	-	-	646,501
Federal revenue	26,810	-	-	-	-	28,436,817	-	-	-	28,463,627
Student tuition and fees	21,929,560	-	-	-	-	-	-	-	-	21,929,560
On-Behalf CIP	-	-	-	-	-	(205,321)	-	-	-	(205,321)
On-Behalf SURS	-	-	-	-	-	21,001,347	-	-	-	21,001,347
All other revenue	924,470	168,701	3,579	-	181,584	1,252,546	63,987	-	4	2,594,871
Total revenue	<u>52,256,178</u>	<u>9,635,983</u>	<u>4,061,352</u>	<u>4,538,963</u>	<u>343,929</u>	<u>58,964,049</u>	<u>63,987</u>	<u>60,493</u>	<u>4,255,824</u>	<u>134,180,758</u>
Expenditures:										
Instruction	24,888,236	-	-	-	-	14,863,171	-	-	-	39,751,407
Academic support	856,063	-	-	-	-	318,118	-	-	-	1,174,181
Student services	3,488,786	-	-	-	-	2,903,230	-	-	-	6,392,016
Public service/continuing education	356,674	-	-	-	-	8,074,114	-	-	-	8,430,788
Auxiliary services	-	-	-	-	2,366,607	287,548	-	-	-	2,654,155
Operations and maintenance	-	6,050,126	-	-	-	1,824,830	-	-	1,596,007	9,470,963
Institutional support	11,345,234	1,044,907	3,225,270	4,519,926	-	10,066,524	-	72,120	2,159,112	32,433,093
Scholarships, student grants, and waivers	2,526,652	-	-	-	62,614	20,243,331	-	-	-	22,832,597
Debt service:	-	-	-	-	-	-	-	-	-	-
Principal	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>43,461,645</u>	<u>7,095,033</u>	<u>3,225,270</u>	<u>4,519,926</u>	<u>2,429,221</u>	<u>58,580,866</u>	<u>-</u>	<u>72,120</u>	<u>3,755,119</u>	<u>123,139,200</u>
Net transfers	<u>(1,356,151)</u>	<u>63,934</u>	<u>-</u>	<u>-</u>	<u>1,315,160</u>	<u>40,991</u>	<u>(63,934)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance (deficit): Net position - end of year	\$ 50,663,405	\$ 17,850,210	\$ 15,875,004	\$ 393,997	\$ (1,023,109)	\$ 2,127,772	\$ 39,414,334	\$ 61,383	\$ 6,342,566	\$ 131,705,562

Southwestern Illinois College
Community College District #522

Uniform Financial Statement No. 2 - Summary of Investment in Plant Fund and Debt
Year Ended June 30, 2022

	Investment in Plant Fund <u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	Investment in Plant Fund <u>June 30, 2022</u>
Fixed assets:				
Land	\$ 6,515,480	\$ -	\$ -	\$ 6,515,480
Other Fixed Assets	117,874,492	66,580	(15,828)	117,925,244
Equipment	20,821,465	3,138,340	(920,552)	23,039,253
Construction in progress	797,019	1,410,102	(66,580)	2,140,541
Accumulated Depreciation	<u>(89,448,824)</u>	<u>(4,024,245)</u>	<u>936,188</u>	<u>(92,536,881)</u>
Net Fixed Assets	<u>\$ 56,559,634</u>	<u>\$ 590,777</u>	<u>\$ (66,772)</u>	<u>\$ 57,083,637</u>
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2022</u>
Fixed debt:				
Bonds Payable	\$ 16,790,000	\$ -	\$ (4,255,000)	\$ 12,535,000
Other Fixed Liabilities	<u>876,491</u>		<u>(276,401)</u>	<u>600,090</u>
Total fixed liabilities	<u>\$ 17,276,080</u>	<u>\$ -</u>	<u>\$ (4,531,401)</u>	<u>\$ 13,135,090</u>

Southwestern Illinois College
Community College District #522
Uniform Financial Statement No. 3 - Operating Fund Revenues and
Expenditures
Year Ended June 30, 2022

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenue by source:			
Local government:			
Local Taxes	\$ 15,917,198	\$ 6,076,145	\$ 21,993,343
Chargeback Revenue	-	-	-
CPPRT	2,470,058	2,020,957	4,491,015
	<u>18,387,256</u>	<u>8,097,102</u>	<u>26,484,358</u>
State government:			
ICCB Base Operating Grant	6,137,105	-	6,137,105
ICCB Equalization Grant	4,110,540	1,370,180	5,480,720
ICCB Career & Technical Education	732,797	-	732,797
ICCB Performance Grant	7,640	-	7,640
	<u>10,988,082</u>	<u>1,370,180</u>	<u>12,358,262</u>
Federal government	<u>26,810</u>	<u>-</u>	<u>26,810</u>
Student tuition and fees:			
Tuition	17,326,413	-	17,326,413
Fees	4,570,113	-	4,570,113
Other Student Assessments	33,034	-	33,034
	<u>21,929,560</u>	<u>-</u>	<u>21,929,560</u>
Other sources:			
Sales and Service Fees	473,599	-	473,599
Facilities Revenue	-	168,403	168,403
Investment Revenue	189,035	298	189,333
Non-Governmental Grants	-	-	-
Other	261,836	-	261,836
	<u>924,470</u>	<u>168,701</u>	<u>1,093,171</u>
Total revenues	\$ 52,256,178	\$ 9,635,983	\$ 61,892,161
Less nonoperating item:			
Tuition chargeback revenue	<u>-</u>	<u>-</u>	<u>-</u>
Adjusted revenues	<u>\$ 52,256,178</u>	<u>\$ 9,635,983</u>	<u>\$ 61,892,161</u>

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

**Uniform Financial Statement No. 3 - Operating Fund Revenues and
Expenditures (Continued)
Year Ended June 30, 2022**

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures by program:			
Instruction	\$ 24,888,236	\$ -	\$ 24,888,236
Academic Support	856,063	-	856,063
Student Services	3,488,786	-	3,488,786
Public Service/Continuing Education	356,674	-	356,674
Organized Research	-	-	-
Auxiliary Services	-	-	-
Operations and Maintenance	-	6,050,126	6,050,126
Institutional Support	12,701,385	1,044,907	13,746,292
Scholarships, Grants, Waivers	2,526,652	-	2,526,652
Total expenditures	44,817,796	7,095,033	51,912,829
Less nonoperating items:			
Tuition chargeback *	-	-	-
Instructional service contracts	-	-	-
Transfers	1,356,151	(63,934)	1,292,217
Adjusted expenditures	\$ 46,173,947	\$ 7,031,099	\$ 53,205,046
Operating expenditures by object:			
Salaries	\$ 29,888,452	\$ 2,371,937	\$ 32,260,389
Employee benefits	4,014,066	528,236	4,542,302
Contractual services	2,418,338	803,975	3,222,313
General materials and supplies	2,183,983	589,776	2,773,759
Conference and meeting expenses	119,357	5,111	124,468
Fixed charges	356,628	140,176	496,804
Utilities	8,318	1,977,044	1,985,362
Capital outlay	132,175	669,654	801,829
Other	4,340,328	9,125	4,349,453
Student Grants & Scholarships	2,526,652	-	2,526,652
Total expenditures	45,988,297	7,095,034	53,083,331
Less nonoperating items:			
Tuition chargeback *	-	-	-
Instructional service contracts	-	-	-
Transfers	1,356,151	(63,934)	1,292,217
Adjusted expenditures	\$ 47,344,448	\$ 7,031,100	\$ 54,375,548

* 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, 2022**

Revenue by source:

Total local government	\$ 5,847,983
State government:	
ICCB Adult Education	668,202
ICCB Other	1,315,974
Dept. of Transportation	
Illinois Student Assistance Commission	
On-Behalf CIP	(205,321)
On-Behalf SURS	21,001,347
Other	646,501
	<u>23,426,703</u>
Federal government:	
Department of Education	24,024,703
Department of Labor	160,629
Department of Health and Human Services	114,617
Other	894,636
	<u>25,194,585</u>
Other sources	<u>1,252,547</u>
Total restricted purposes fund revenues	\$ <u>55,721,818</u>

Expenditures by program:

Instruction	\$ 14,862,670
Academic Support	318,118
Student services	2,903,230
Public service/continuing education	8,074,114
Auxiliary Services	287,548
Operations and maintenance of plant	1,824,830
Institutional support	10,067,026
Scholarships, student grants, and waivers	<u>17,001,099</u>
Total expenditures by program	\$ <u>55,338,635</u>

Expenditures by object:

Salaries	\$ 5,096,873
Employee benefits	21,903,342
Contractual services	886,364
Student financial aid	
General materials and supplies	4,467,366
Travel & Conference//Meeting Expenses	1,245,943
Fixed Charges	917,121
Utilities	7,606
Capital Outlay	3,030,883
Other	<u>17,783,137</u>
Total expenditures by object	\$ <u>55,338,635</u>

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

**Uniform Financial Statement No. 5 - Expenditures by Activity
Current Funds
Year Ended June 30, 2022**

Instruction	\$ 40,350,226
Academic support:	
Library center	697,373
Instructional materials center	195,340
Educational media services	123,154
Academic computing support	29,918
Academic administration and planning	3,567
Other	124,881
Total academic support	1,174,233
Student services:	
Admissions and records	1,470,453
Counseling and career guidance	2,988,270
Financial aid administration	1,222,280
Other	734,561
Total student services	6,415,564
Public service/continuing education:	
Community education	-
Customized training (instructional)	1,067,846
Professional development	-
Community services	7,344,378
Other	-
Total public service/continuing education	8,412,224
Auxiliary services	2,694,202
Operations and maintenance of plant:	
Maintenance	1,179,446
Custodial services	3,264,856
Grounds	478,935
Campus security	2,162,132
Utilities	2,040,655
Administration	345,243
Total operations and maintenance of plant	9,471,267

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

**Uniform Financial Statement No. 5 - Expenditures by Activity
Current Funds (Continued)
Year Ended June 30, 2022**

Institutional support:	
Executive management	\$ 1,097,749
Fiscal operations	1,652,166
Community relations	1,016,323
Administrative support services	1,430,845
Board of trustees	279,864
General institution	7,980,193
Institutional research	211,396
Administrative data processing	5,657,538
Other	6,024,980
Total institutional support	25,351,054
Scholarships, student grants and waivers	20,189,908
Total current funds expenditures	\$ 114,058,678

CERTIFICATION OF CHARGEBACK REIMBURSEMENT FOR FISCAL YEAR 2022

ALL FISCAL YEAR 2022 NONCAPITAL AUDITED OPERATING EXPENDITURES FROM THE FOLLOWING FUNDS:

1. Education Fund	\$ 43,329,475	
2. Operations and Maintenance Fund	6,425,381	
3. Public Building Commission Operations and Maintenance Fund	-	
4. Bond and Interest Fund	4,519,926	
5. Public Building Commission Rental Fund	-	
6. Restricted Purposes Fund	22,918,675	
7. Audit Fund	72,121	
8. Liability, Protection, and Settlement Fund	3,706,370	
9. Auxiliary Enterprises Fund (subsidy only)	1,315,160	
10. TOTAL NONCAPITAL EXPENDITURES (SUM OF LINES 1-9)		\$ 82,287,108
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	\$ 2,953,001	
12. TOTAL COSTS INCLUDED (line 10 plus line 11)		\$ 85,240,109
13. Total certified semester credit hours for FY 2022	143,693.00	
14. PER CAPITA COST (line 12 divided by line 13)		\$ 593
15. All FY 2022 state and federal operating grants for noncapital expenditures. DO NOT INCLUDE ICCB GRANTS	\$ 14,414,448	
16. FY 2022 state and federal grants per semester credit hour (line 15 divided by line 13)		\$ 100
17. District's average ICCB grant rate (excluding equalization grants) for FY 2022		(40.62)
18. District's student tuition and fee rate per semester credit hour for FY 2022		127
19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		\$ 407

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, 2022**

	Current Funds		Loan	Plant Funds			
	Unrestricted	Restricted	Funds	Operations and Maintenance	Investment in Plant	Reconciliation	Total
ASSETS							
Cash and cash equivalents	\$ 113,058,216	\$ (361,151)	\$ 445,552	\$ 17,433,862	\$ -	\$ -	\$ 130,576,479
Restricted cash	-	-	-	-	-	500,236	500,236
Receivables:							
Property taxes	40,728,482	-	6,770,762	4,869,687	-	-	52,368,931
Government Claims	735,803	3,961,898	-	-	-	-	4,697,701
Student tuition and fees	9,776,823	-	-	-	-	-	9,776,823
Other	1,817,643	-	-	-	-	-	1,817,643
Total receivables	53,058,751	3,961,898	6,770,762	4,869,687	-	-	68,661,098
Due from other funds	272,889	302,144	-	471,100	-	6,355	1,052,488
Prepaid items	303,873	65,008	-	-	-	-	368,881
Land	-	-	-	-	6,515,480	-	6,515,480
Depreciable capital assets, net of accumulated depreciation	44,166	-	-	-	48,383,456	-	48,427,622
Construction in progress	-	-	-	-	2,140,541	-	2,140,541
Total assets	166,737,895	3,967,899	7,216,314	22,774,649	57,039,477	506,591	258,242,825
Deferred Outflows of Resources							
Deferred outflows related to OPEB	-	-	-	-	-	476,564	476,564
Subsequent year's pension expense related to federal, trust, or grant contributions in the current year	-	-	-	-	-	404,690	404,690
Total Assets and Deferred Outflows of Resources	\$ 166,737,895	\$ 3,967,899	\$ 7,216,314	\$ 22,774,649	\$ 57,039,477	\$ 1,387,845	\$ 259,124,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
Accounts payable	\$ 2,172,166	\$ 774,627	\$ -	\$ 216,644	\$ -	-	\$ 3,163,437
Accrued expenditures and compensated absences, current	3,763,247	113,110	44,171	-	-	19,515	3,940,043
Due to other funds	918,599	133,889	-	-	-	-	1,052,488
Unearned revenues							
Student tuition and fees	5,802,938	-	-	-	-	-	5,802,938
Other	(499)	818,501	-	1,808,001	-	-	2,626,003
Total unearned revenue	5,802,439	818,501	-	1,808,001	-	-	8,428,941
Compensated absences	-	-	-	-	-	149,173	149,173
Unamortized bond premium, more than 1 year	-	-	-	-	-	280,926	280,926
Net OPEB Liability	-	-	-	-	-	24,869,544	24,869,544
Bonds contracts and leases payable	-	-	-	-	-	12,854,163	12,854,163
Total liabilities	12,656,451	1,840,127	44,171	2,024,645	-	38,173,321	54,738,715
Deferred inflows of resources							
Subsequent year's property taxes	40,772,655	-	6,778,146	4,875,000	-	-	52,425,801
Deferred inflows related to OPEB	-	-	-	-	-	10,972,816	10,972,816
FUND BALANCES							
Nonspendable	303,873	65,008	-	-	-	-	368,881
Investment in plant, net of related debt	44,166	-	-	-	57,039,477	(2,648,936)	54,434,707
Unassigned	112,960,750	-	-	-	-	(45,109,356)	67,851,394
Restricted	-	2,062,764	393,997	15,875,004	-	-	18,331,765
Total fund balances	113,308,789	2,127,772	393,997	15,875,004	57,039,477	(47,758,292)	140,986,747
Total liabilities deferred inflows of resources, and fund balances	\$ 166,737,895	\$ 3,967,899	\$ 7,216,314	\$ 22,774,649	\$ 57,039,477	\$ 1,387,845	\$ 259,124,079

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

**Combining Schedule of Changes in Fund Balances - All Fund Types
Year Ended June 30, 2022**

	Current Funds		Loan	Plant Funds		Reconciliation	Total
	Unrestricted	Restricted		Operations and Maintenance	Investment in Plant		
Revenues:							
Local government sources:							
Property taxes	\$ 26,309,657	\$ -	\$ 4,538,962	\$ 3,255,841	\$ -	\$ -	\$ 34,104,460
Corporate personal property replacement taxes	4,491,015	-	-	-	-	-	4,491,015
Other local sources	162,345	5,847,983	-	-	-	-	6,010,328
State government sources:							
ICCB state grants	12,358,262	1,984,176	-	-	-	-	14,342,438
Other state grants	-	646,501	-	801,931	-	-	1,448,432
Federal government	26,810	28,436,817	-	-	-	(3,242,232)	25,221,395
Student tuition and fees	21,929,560	-	-	-	-	(9,265,841)	12,663,719
Investment income	253,320	2,542	-	3,579	-	-	259,441
Auxiliary enterprise revenue	144,712	-	-	-	-	-	144,712
Facilities revenue	168,403	-	-	-	-	-	168,403
Other sources	772,312	1,250,005	-	-	-	(305,925)	1,716,392
Payments on Behalf of the District	-	20,796,026	-	-	-	-	20,796,026
Expended for capital assets	-	-	-	-	4,506,975	(4,548,250)	(41,275)
Total revenues	66,616,396	58,964,050	4,538,962	4,061,351	4,506,975	(17,362,248)	121,325,486
Expenditures:							
Current:							
Instruction	24,858,077	14,862,670	-	-	-	-	39,720,747
Academic support	856,063	318,118	-	-	-	-	1,174,181
Student services	3,488,786	23,146,561	-	-	-	(12,508,064)	14,127,283
Public service	356,674	8,074,114	-	-	-	(312,842)	8,117,946
Institutional support	16,500,163	7,036,142	2,100	1,106,348	-	(1,259,179)	23,385,574
Operations and maintenance of plant	7,473,579	1,824,830	-	-	-	-	9,298,409
Auxiliary enterprises	2,303,018	287,548	-	-	-	-	2,590,566
Depreciation	8,577	-	-	-	4,015,668	-	4,024,245
Capital Outlay	968,203	3,030,884	-	2,118,921	-	(4,548,250)	1,569,758
Debt Service							
Principal	-	-	4,255,000	-	-	(4,406,006)	(151,006)
Interest	-	-	262,825	-	-	(2,321)	260,504
Total expenditures	56,813,140	58,580,867	4,519,925	3,225,269	4,015,668	(23,036,662)	104,118,207
Excess (deficiency) of revenues over expenditures	9,803,256	383,183	19,037	836,082	491,307	5,674,414	17,207,279
Other financing sources (uses):							
Transfers in	1,419,094	40,991	-	-	-	-	1,460,085
Transfers out	(1,460,085)	-	-	-	-	-	(1,460,085)
Debt proceeds	-	-	-	-	-	-	-
Bond premium amortization	-	-	-	-	-	125,396	125,396
	(40,991)	40,991	-	-	-	125,396	125,396
Excess (deficiency) of revenues over expenditures and transfers	9,762,265	424,174	19,037	836,082	491,307	5,799,810	17,332,675
Fund Balance							
Fund Balances beginning of year	103,546,524	1,703,598	374,960	15,038,922	56,548,170	(53,558,102)	123,654,072
Change in Accounting Principle							-
Fund balances (deficit) beginning of year, as restated	103,546,524	1,703,598	374,960	15,038,922	56,548,170	(53,558,102)	123,654,072
Fund balances (deficit) end of year	\$ 113,308,789	\$ 2,127,772	\$ 393,997	\$ 15,875,004	\$ 57,039,477	\$ (47,758,292)	\$ 140,986,747

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

Combining Balance Sheet - Current Unrestricted Funds

June 30, 2022

	Education	Operation and Maintenance	Auxiliary Enterprises	Working Cash	Audit	Liability, Protection, and Settlement	Total
ASSETS							
Cash and cash equivalents	\$ 48,477,452	\$ 18,752,170	\$ (1,003,448)	\$ 39,414,334	\$ 31,506	\$ 7,386,202	\$ 113,058,216
Receivables:							
Property taxes	24,806,352	9,464,179	-	-	89,897	6,368,054	\$ 40,728,482
Government Claims	404,692	331,111	-	-	-	-	\$ 735,803
Student tuition and fees	9,776,823	-	-	-	-	-	\$ 9,776,823
Other	1,742,643	-	75,000	-	-	-	\$ 1,817,643
Total Receivables	36,730,510	9,795,290	75,000	-	89,897	6,368,054	\$ 53,058,751
Due from other funds	232,235	1,654	15,740	-	-	23,260	\$ 272,889
Prepaid items	214,042	45,175	14,010	-	-	30,646	\$ 303,873
Depreciable capital assets, net of depreciation	-	-	44,166	-	-	-	\$ 44,166
Total Assets	\$ 85,654,239	\$ 28,594,289	\$ (854,532)	\$ 39,414,334	\$ 121,403	\$ 13,808,162	\$ 166,737,895
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ 1,337,701	\$ 600,528	\$ 110,123	\$ -	\$ 15,020	\$ 108,794	\$ 2,172,166
Accrued liabilities	2,602,466	178,169	58,013	-	-	924,599	3,763,247
Due to other funds	415,369	490,886	141	-	(45,000)	57,203	918,599
Unearned revenues:							
Student tuition and fees	5,802,938	-	-	-	-	-	5,802,938
Other	(799)	-	300	-	-	-	(499)
Total unearned revenue	5,802,139	-	300	-	-	-	5,802,439
Total liabilities	10,157,675	1,269,583	168,577	-	(29,980)	1,090,596	12,656,451
Deferred inflows of resources:							
Subsequent year's property taxes	24,833,159	9,474,496	-	-	90,000	6,375,000	40,772,655
FUND BALANCE							
Nonspendable	214,042	45,175	14,010	-	-	30,646	303,873
Investment, in plant, net of related debt	-	-	44,166	-	-	-	44,166
Unassigned	50,449,363	17,805,035	(1,081,285)	39,414,334	61,383	6,311,920	112,960,750
Total fund balance	50,663,405	17,850,210	(1,023,109)	39,414,334	61,383	6,342,566	113,308,789
Total liabilities, Deferred inflows of resources, and fund balance	\$ 85,654,239	\$ 28,594,289	\$ (854,532)	\$ 39,414,334	\$ 121,403	\$ 13,808,162	\$ 166,737,895

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

**Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
Current Unrestricted Funds
Year Ended June 30, 2022**

	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	\$ 15,917,198	\$ 6,076,146	\$ -	\$ -	\$ 60,493	\$ 4,255,820	\$ 26,309,657
Corporate personal property replacement taxes	2,470,058	2,020,957	-	-	-	-	4,491,015
Other local government	-	-	162,345	-	-	-	162,345
State government sources:							
ICCB state grants	10,988,082	1,370,180	-	-	-	-	12,358,262
Federal government	26,810	-	-	-	-	-	26,810
Student tuition and fees	21,929,560	-	-	-	-	-	21,929,560
Investment income	189,035	298	-	63,987	-	-	253,320
Auxiliary enterprise revenue	-	-	144,712	-	-	-	144,712
Facilities revenue	-	168,403	-	-	-	-	168,403
Other sources	735,435	-	36,872	-	-	5	772,312
SURS contribution provided by State	-	-	-	-	-	-	-
Total revenues	52,256,178	9,635,984	343,929	63,987	60,493	4,255,825	66,616,396
Expenditures:							
Current							
Instruction	24,858,077	-	-	-	-	-	24,858,077
Academic support	856,063	-	-	-	-	-	856,063
Student services	3,488,786	-	-	-	-	-	3,488,786
Public service	356,674	-	-	-	-	-	356,674
Institutional support	13,769,870	499,060	-	-	72,120	2,159,113	16,500,163
Operations and maintenance of plant	-	5,926,321	-	-	-	1,547,258	7,473,579
Auxiliary enterprises	-	-	2,303,018	-	-	-	2,303,018
Depreciation	-	-	8,577	-	-	-	8,577
SURS contribution provided by State	-	-	-	-	-	-	-
Capital Outlay	132,175	669,654	117,625	-	-	48,749	968,203
Debt Service							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total expenditures	43,461,645	7,095,035	2,429,220	-	72,120	3,755,120	56,813,140
Excess (deficiency) of revenues over expenditures	8,794,533	2,540,949	(2,085,291)	63,987	(11,627)	500,705	9,803,256
Other financing sources (uses):							
Transfers in	-	63,934	1,355,160	-	-	-	1,419,094
Transfers out	(1,356,151)	-	(40,000)	(63,934)	-	-	(1,460,085)
Debt proceeds	-	-	-	-	-	-	-
	(1,356,151)	63,934	1,315,160	(63,934)	-	-	(40,991)
Excess (deficiency) of revenues over expenditures and other financing uses	7,438,382	2,604,883	(770,131)	53	(11,627)	500,705	9,762,265
Fund Balance							
Fund balance (deficit) beginning of year	43,225,023	15,245,327	(252,978)	39,414,281	73,010	5,841,861	103,546,524
Fund balances (deficit) end of year	50,663,405	\$ 17,850,210	\$ (1,023,109)	\$ 39,414,334	\$ 61,383	\$ 6,342,566	\$ 113,308,789

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, 2022**

	Budget	Education Fund	Operation and Maintenance Fund	Total	Variance Favorable (Unfavorable)
Revenues:					
Local government sources:					
Property taxes	\$ 21,836,249	\$ 15,917,198	\$ 6,076,146	\$ 21,993,344	\$ 157,095
Tuition chargebacks	-	-	-	-	-
Corporate personal property replacement taxes	1,973,222	2,470,058	2,020,957	4,491,015	2,517,793
State government sources:					
ICCB state grants	11,728,542	10,988,082	1,370,180	12,358,262	629,720
Other State Sources	-	-	-	-	-
Federal government	143,275	26,810	-	26,810	(116,465)
Student tuition and fees	24,064,687	21,929,560	-	21,929,560	(2,135,127)
Investment income	45,500	189,035	298	189,333	143,833
Facilities revenue	125,029	-	168,403	168,403	43,374
Other sources	868,642	735,435	-	735,435	(133,207)
Total revenues	60,785,146	52,256,178	9,635,984	61,892,162	1,107,016
Expenditures:					
Current:					
Instruction	28,493,279	24,990,252	-	24,990,252	3,503,027
Academic support	1,186,403	856,063	-	856,063	330,340
Student services	4,905,196	3,488,786	-	3,488,786	1,416,410
Public service	387,054	356,674	-	356,674	30,380
Institutional support	15,485,189	13,769,870	499,060	14,268,930	1,216,259
Operations and maintenance of plant	7,146,311	-	6,595,975	6,595,975	550,336
Total expenditures	57,603,432	43,461,645	7,095,035	50,556,680	7,046,752
Excess of revenues over expenditures	3,181,714	8,794,533	2,540,949	11,335,482	8,153,768
Other financing sources (uses):					
Transfers in	-	-	63,934	63,934	63,934
Transfers out	2,355,000	(1,356,151)	-	(1,356,151)	(3,711,151)
	2,355,000	(1,356,151)	63,934	(1,292,217)	(3,647,217)
Excess (deficiency) of revenues over expenditures and other financing uses	5,536,714	7,438,382	2,604,883	10,043,265	4,506,551
Fund balances beginning of year	58,470,349	43,225,023	15,245,327	58,470,350	1
Fund balances end of year	\$ 64,007,063	\$ 50,663,405	\$ 17,850,210	\$ 68,513,615	\$ 4,506,552

Note: SURS contribution provided by State was excluded for purposes of this schedule. It is not a budgeted line item as the amount is determined each year by the State of Illinois.

Southwestern Illinois College
Community College District #522

Schedule of Net Position
Internal Service Fund
June 30, 2022

Assets	
Cash and cash equivalents	\$ 500,236
Receivable - Interfund	
Total assets	<u><u>\$ 500,236</u></u>
Liabilities - accrued expenditures	<u>\$ -</u>
Net Position	<u>500,236</u>
Total liabilities and net position	<u><u>\$ 500,236</u></u>

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

**Schedule of Revenues, Expenses, and Changes in Net Position
Internal Service Fund
Year Ended June 30, 2022**

Revenues:

Operating revenues

Employer paid premiums

\$ -

Employee paid premiums

-

Total operating revenues

-

Expenses:

Operating expenses

Health claims

-

Reinsurance premiums

-

Contractual payments

-

Total operating expenses

-

Operating income

-

Nonoperating revenues:

Investment income

575

Total nonoperating revenues

575

Change in net position

575

Net position - beginning of year

499,661

Net position - end of year

\$ 500,236

**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 Audit of the Financial Statements

Opinion

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, 2022, 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.

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 Grant Program as of June 30, 2022, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The financial statements of the Adult Education and Family Literacy Grant Program are intended to present the net position and changes in net position of only that portion of the business-type activities of the District that is attributable to the Adult Education and Family Literacy Grant Program. These financial statements do not purport to, and do not, present fairly the statement of net position of the District as of June 30, 2022, or the statement of revenues, expenses, and changes in net position of the District for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Adult Education and Family Literacy Grant Program's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary 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 Grant Program's financial statements. The supplementary schedule, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information 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. The 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 GAAS. In our opinion, the supplementary schedule is fairly stated in all material respects in relation to the financial statements as a whole.

CliftonLarsonAllen LLP

Belleville, Illinois
May 5, 2023

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

**Adult Education and Family Literacy Grant Programs
Balance Sheet
June 30, 2022**

			Total (Memorandum Only)
ASSETS	<u>State Basic</u>	<u>Performance</u>	<u>Only</u>
Cash	\$ 36	\$ -	\$ 36
Due from the Illinois Community College Board	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 36</u>
LIABILITIES AND FUND BALANCE			
Due to Other Programs	\$ -	\$ -	\$ -
Accounts Payable	36	-	36
Accrued Payroll	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>36</u>	<u>-</u>	<u>36</u>
Fund Balance - Unreserved	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL FUND BALANCE	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCE	<u>\$ 36</u>	<u>\$ -</u>	<u>\$ 36</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, 2022**

	<u>State Basic</u>	<u>Performance</u>	<u>Total (Memorandum Only)</u>
Revenue:			
State sources	\$ 494,527	\$ 173,675	\$ 668,202
Total revenue	\$ 494,527	\$ 173,675	\$ 668,202
Expenditures:			
Contractual Services	\$ 3,788	\$ -	\$ 3,788
Direct Program Support	-	-	-
Direct Instruction	301,002	30,649	331,651
Social Work Services	39,431	-	39,431
Literary Services	17,841	-	17,841
Student Services	-	67,164	67,164
Transportation	-	-	-
Guidance services	26,287	-	26,287
Assessment and testing	4,000	-	4,000
Subtotal instructional and student services	392,349	97,813	490,162
Improvement of instructional services	-	-	-
General administration	81,545	62,068	143,613
Workforce coordination	-	1,743	1,743
Data and information services	20,633	12,051	32,684
Subtotal program support	102,178	75,862	178,040
Return of prior period unexpended grant funds	-	-	-
Total expenditures	494,527	173,675	668,202
Revenues over (under) expenditures	\$ -	\$ -	\$ -

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, 2021**

Summary of Significant Accounting Policies

General: The accompanying statements include only those transactions resulting from the Career and Technical Education – Program Improvement and the 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, 2022. 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, 2022 and 2021, the District's deposits were not fully collateralized.

Concentration of Credit Risk: At June 30, 2022 and 2021, 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 GRANTS/SPECIAL INITIATIVES

Career and Technical Education - Program Improvement Grants

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

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, 2022**

<u>State Basic</u>	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
Instruction (45% Minimum Required)	\$ 301,002	61%
General Administration (20% Maximum Allowed)	\$ 81,545	16%

**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, 2022. Management is responsible for preparation of the Schedules in accordance with the guidelines of the Illinois Community College Board's Fiscal Management Manual. Our responsibility is to express an opinion on the Schedules based upon our examination.

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

We are required to be independent and to meet our ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

In our opinion, the Schedules for the year ended June 30, 2022 are presented in accordance with the provisions of the aforementioned guidelines, in all material respects.



Belleville, Illinois
May 5, 2023

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

**Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
Year Ended June 30, 2022**

(Notes 1 and 2) Categories:	Total Reimbursable						Total
	Semester Credit Hours by Term						
	Summer		Fall		Spring		
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	8,744.0	53.0	36,978.0	152.0	33,924.0	184.0	80,035.0
Business Occupational	883.5	6.0	7,323.5	60.0	7,948.5	36.0	16,257.5
Technical Occupational	1,832.5	143.0	11,118.0	434.5	12,120.0	319.5	25,967.5
Health Occupational	1,475.5	234.0	5,130.0	359.0	5,356.0	758.0	13,312.5
Remedial/Development	407.0	-	1,557.0	-	1,269.0	-	3,233.0
Adult Basic Education/Adult Secondary Education	-	797.0	-	2,077.0		2,013.5	4,887.5
Total credit hours certified	13,342.5	1,233.0	62,106.5	3,082.5	60,617.5	3,311.0	143,693.0

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)	119,026.0	0.0	119,026.0
	Dual Credit	Dual Enrollment	Total
Semester credit hours (all terms)	23,742.5	273.0	24,015.5
District 2020 Equalized Assessed Valuation			\$ 7,601,812,811

(Continued)

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

**Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
Year Ended June 30, 2022**

RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS

	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
Categories:						
Baccalaureate	83,282.0	83,282.0	-	292.00	292.00	-
Business Occupational	13,379.0	13,379.0	-	86.00	86.00	-
Technical Occupational	20,854.5	20,854.5	-	918.00	918.00	-
Health Occupational	11,204.0	11,204.0	-	786.00	786.00	-
Remedial/Development	3,773.0	3,773.0	-	-	-	-
Adult Basic Education/Adult Secondary Education	-	-	-	4,048.0	4,048.0	-
Total credit hours	132,492.5	132,492.5	-	6,130.0	6,130.0	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK REIMBURSABLE CREDIT HOURS

	Total Attending	Total Attending as Certified to the ICCB	Difference
Reimbursable in-district residents	124,941.5	124,941.5	-
Reimbursable out-of-district on chargeback or contractual agreement	-	-	-
Total credit hours	124,941.5	124,941.5	-

	Total Reimbursable	Total Reimbursable as Certified to the ICCB	Difference
Dual Credit	23,742.5	23,742.5	-
Dual Enrollment	273.0	273.0	-
Total credit hours	24,015.5	24,015.5	-

**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, 2021**

CYEFR		2022			
CSFA#	Program Name	\$ State	\$ Federal	\$ Other	\$ Total
402-00-1458	Foster Grandparent Program	28,460	-	-	28,460
402-00-1459	Retired and Senior Volunteer Program	35,773	-	-	35,773
402-00-1481	Federal Senior Companion Program State Match	20,440	-	-	20,440
482-00-0781	Serve Illinois - Americorps Competitive	-	-	-	-
601-00-0748	Illinois Cooperative Work Study Program	9,349	-	-	9,349
684-00-0465	Career and Technical Education Basic Grants to States	-	799,888	-	799,888
684-00-0818	Illinois Veteran's Grant	192,664	-	-	192,664
684-00-0820	Career and Technical Education Formula Grants	732,797	-	-	732,797
684-00-0822	Career and Technical Education Early School Leaver Transition Program	60,000	-	-	60,000
684-00-0825	Base Operating Grants	6,137,105	-	-	6,137,105
684-00-0826	Equalization Grants	5,480,720	-	-	5,480,720
684-00-2455	Governor's Emergency Education Relief	-	670,055	-	670,055
684-01-1625	Adult Education- Basic Grants to States Funding Combined	618,526	425,390	-	1,043,916
684-01-2213	Workforce Equity Initiative	1,316,613	-	-	1,316,613
	Other Grant Programs and Activities	-	25,080,163	6,049,315	31,129,478
	All other cost not allocated	-	-	56,200,445	56,200,445
	Total	14,632,447	26,975,496	62,249,760	103,857,703

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, 2022, 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 May 5, 2023. The financial statements of the District's component unit, Southwestern Illinois College Foundation (the Foundation) were not audited in accordance with *Government Auditing Standards*.

Report on 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.

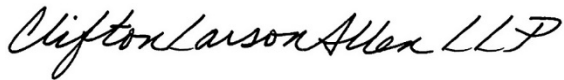
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

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

CliftonLarsonAllen LLP

St. Louis, Missouri
May 5, 2023



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

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

**Report on Compliance for Each Major Federal Program
Opinion on Each Major Federal Program**

We have audited Southwestern Illinois Community College District #522's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Southwestern Illinois Community College District #522's major federal programs for the year ended June 30, 2022. Southwestern Illinois 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.

In our opinion, Southwestern Illinois Community College District #522 complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Southwestern Illinois Community College District #522 and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Southwestern Illinois Community College District #522's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Southwestern Illinois Community College District #522's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Southwestern Illinois Community College District #522's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Southwestern Illinois Community College District #522's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Southwestern Illinois Community College District #522's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Southwestern Illinois Community College District #522's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Southwestern Illinois Community College District #522's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on Southwestern Illinois Community College District #522's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Southwestern Illinois Community College District #522's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

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.



Belleville, Illinois
May 5, 2023

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Education				
Work Study	84.033			\$ 148,124
SEOG	84.007			237,766
Pell Grant	84.063			7,768,448
Pell Admin Costs	84.063			11,950
Subtotal ALN 84.063				<u>7,780,398</u>
Direct Loan Subsidized	84.268			1,780,732
Direct Loan Unsubsidized	84.268			966,897
Direct Loan Plus	84.268			35,565
Subtotal ALN 84.268				<u>2,783,194</u>
Subtotal Student Financial Assistance Cluster				<u>10,949,482</u>
COVID-19 - Education Stabilization Fund-Student Portion	84.425E			8,537,250
COVID-19 - Education Stabilization Fund - Institutional Portion	84.425F			5,477,273
Passed-through Illinois Community College Board:				
COVID-19 - Governor's Emergency Education Relief	84.425C	GEER-522		670,056
Subtotal ALN 84.425				<u>14,684,579</u>
TRIO- Student Support Services	84.042A			205,026
TRIO- Student Support Services	84.042A			43,827
Subtotal ALN 84.042				<u>248,853</u>
Passed-through Illinois Community College Board				
Career and Technical Education-Perkins Postsecondary	84.048	CTE52221		799,899
Subtotal ALN 84.048				<u>799,899</u>
Federal Adult Basic Education	84.002	S220121		360,178
EL Civics	84.002	S220121		65,210
Subtotal ALN 84.002				<u>425,388</u>
Early Childhood Consortium	93.575	2101ILccc5 / ECE-52201-22		1,519
Subtotal				<u>1,226,806</u>
Total - Department of Education				27,109,720
Department of Labor				
Passed-Through St Clair County Intergovernmental Grants				
Out of School Youth-Fee for Services	17.259	115675738		160,628
Subtotal				<u>160,628</u>
Total - Department of Labor				160,628

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Health and Human Services				
Passed-Through AgeSmart Community Resources				
3 E Caregiver Counseling	93.052			\$ 25,213
3 E Caregiver Counseling	93.052			9,162
3 E Alzheimer's Education	93.052			1,265
Subtotal				<u>35,640</u>
Total - Department of Health and Human Services				35,640
Department of Housing & Urban Development				
Passed-Through St Clair County Housing Authority				
Service Coordination Program	14.850	IL-030		74,000
Subtotal				<u>74,000</u>
Total - Department of Housing & Urban Development				74,000
Corporation for National and Community Services				
Retired and Senior Volunteer Program	94.002	19SRNIL001		34,692
Retired and Senior Volunteer Program	94.002	19SRNIL001		1,268
Subtotal ALN 94.002				<u>35,960</u>
Senior Companion Program	94.016	19SCNIL002		386,536
Foster Grandparent Program	94.011	18SFNIL002		280,069
Subtotal				<u>702,565</u>
Passed-Through The State of Illinois, Department of Public Health				
Southwestern Illinois College-Belleville Americorps	94.006	173800041		141,527
Southwestern Illinois College-Belleville Americorps	94.006	07380004H		46,514
Subtotal				<u>188,041</u>
Total - Corporation for National and Community Services				890,606
National Endowment for the Arts				
National Endowment for the Arts Grant	45.025	1863387-61-20		4,000
Subtotal				<u>4,000</u>
Total -National Endowment for the Arts				4,000
Community Service Block				
St. Clair County Community Action Agency	93.569	2020-11		4,978
Subtotal				<u>4,978</u>
Total Community Service Block				4,978
GRAND TOTAL				<u>\$ 28,279,572</u>

Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2022

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, 2022. 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, 2022.

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.

**SOUTHWESTERN ILLINOIS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Assistance Listing Number(s)

84.425

Name of Federal Program or Cluster

COVID-19 Education Stabilization Fund

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

\$848,387

Auditee qualified as low-risk auditee?

 X yes _____ no

**SOUTHWESTERN ILLINOIS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**SOUTHWESTERN ILLINOIS COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section III – Findings and Questioned Costs – Major Federal Programs

2022-001 Cash Management

Federal agency: U.S Department of Education

Federal program title: Higher Education Emergency Relief Fund

Assistant Listing Number: 84.425E / 84.425F

Federal Award Identification Number: P425E203569 / P425F203111

Award Period: July 1, 2021 to June 30, 2022

Type of Finding:

- Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: Per Uniform Guidance 2 CFR 200.303, non-Federal entities receiving Federal awards are required to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations and program compliance requirements. The College is required to have proper established controls over its cash management process related to cash drawdowns from the G5 system.

Condition and Context: The College did not have a formal documented review process in place to ensure G5 drawdowns were reviewed prior to submitting the drawdown request.

Questioned costs: None.

Cause: The College did not properly implement internal control procedures over cash management procedures pertaining to its cash drawdowns from the G5 system.

Effect: Failure to properly review Cash Management drawdowns could result in an improper amount of funds being requested.

Repeat Finding: No.

Recommendation: We recommend the College implement controls related to cash management that designates a different reviewer and signer of drawdowns that occur within a given year.

Views of responsible officials and management's response: The College agrees with the finding.