

**SOUTHEASTERN ILLINOIS COLLEGE  
COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**FINANCIAL STATEMENTS  
JUNE 30, 2019**

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Southeastern Illinois Community College District No. 533  
Harrisburg, Illinois 62946

We have audited the accompanying financial statements of the business-type activities of Southeastern Illinois Community College District No. 533 and the discretely presented component unit, Southeastern Illinois College Foundation, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Southeastern Illinois College's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Southeastern Illinois Community College District No. 533, as of June 30, 2019, and the respective changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and State Universities Retirement System of Illinois Trend Data and Other Post-Employment Benefit System of Illinois Trend Data and Schedule of Contributions on pages 6-14 and 63-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southeastern Illinois Community College District No. 533's basic financial statements. The supplemental information on pages 67-75 and 78-84 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on pages 97-98 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental information, including the schedule of expenditures of federal awards, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information, except for the portion marked unaudited, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the supplemental information and the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information presented on pages 76-77 and page 85 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2019, on our consideration of Southeastern Illinois Community College District No. 533's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Southeastern Illinois Community College District No. 533's internal control over financial reporting and compliance.

*Kemper CPA Group LLP*

Kemper CPA Group LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Harrisburg, Illinois  
December 2, 2019



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

Board of Trustees  
Southeastern Illinois Community College District No. 533  
Harrisburg, Illinois 62946

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Southeastern Illinois Community College District No. 533 as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Southeastern Illinois Community College District No. 533’s basic financial statements and have issued our report thereon dated December 2, 2019. The financial statements of the Southeastern Illinois College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Southeastern Illinois College Foundation.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Southeastern Illinois Community College District No. 533’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeastern Illinois Community College District No. 533’s internal control. Accordingly, we do not express an opinion on the effectiveness of Southeastern Illinois Community College District No. 533’s internal control.

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



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

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Southeastern Illinois Community College District No. 533's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

*Kemper CPA Group LLP*

Kemper CPA Group LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Harrisburg, Illinois  
December 2, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**SOUTHEASTERN ILLINOIS COLLEGE  
COMMUNITY COLLEGE DISTRICT #533  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

This section of Southeastern Illinois College's Financial Statements represents management's discussion and analysis of the College's financial activity during the fiscal year ended June 30, 2019. Since this discussion and analysis is designed to focus on current activities and currently known facts, please read it in conjunction with the basic financial statements (pages 15-17) and the footnotes (pages 18-62). Responsibility for the completeness and fairness of this information rests with the College.

**Using this Annual Report**

These financial statements incorporate data from all the primary governmental and proprietary funds (see pages 15-17) and for financial reporting purposes we are considered a special purpose government engaged in only business-type activities. We focus on economic resources measurement and use the accrual basis of accounting just like a private sector business. The Statement of Net Position is to be considered the statement of financial position for the College showing all assets and liabilities. The Statement of Revenues, Expenses and Changes in Net Position present all transactions and events that affect net position using the economic resources measurement focus. These activities are supported by property taxes, state revenues, tuition and other revenues. This approach is intended to summarize and simplify the user's evaluation of the cost of various College services to students and the public.

For detailed information pertaining to the Foundation (the College's discretely presented component unit), refer to Note 9 Discretely Presented Component Unit beginning on page 51 and the separately issued Foundation financial statements for the year ended June 30, 2019.

**Financial Highlights**

As of June 30, 2019, the College's end of the year total net position increased from \$14,543,093 to \$15,965,634, an increase of \$1,422,541. The increase to net position for the prior year was \$3,517,450. Revenues decreased over the prior year by \$2,318,065. This was due to the decrease in Gifts and Other Non-Operating Revenue as the college received a \$2,525,000 donation in FY2018 for the construction of the Hise Museum. Total expenditures decreased over the prior year by \$223,156.

Cash and cash equivalents, both restricted and unrestricted, on page 15 of the Statement of Net Position equal \$21,371,697. This was an increase of \$1,328,082 compared to the June 30, 2018 balance of \$20,043,615. The Statement of Cash Flows on page 17 identifies the source and use of cash throughout the year.

Protection, Health, and Safety Bonds were issued in May 2019 in the amount of \$2,870,000 and will mature December 2027. The proceeds are being used to finance the alteration and repair of existing physical facilities for energy conservation, health and safety, environmental protection and handicapped accessibility purposes. Current projects include Energy Conservation & Interior Lighting Upgrades for all buildings on campus, Asbestos Abatement & Floor Replacement in Buildings A,B,&C, HVAC Replacement in Buildings D,E,&F, Roof Repair and Topcoat for the Child Study Center, Walk-In Cooler & Freezer Replacement for the cafeteria, Enclose Loading Dock, and Exterior Water Protection/Weatherproofing for Buildings A,B,&C. All projects are scheduled to be completed by June 2020.

The renovation of the new Learning Commons Area began in March 2019. The project was substantially complete in November with final completion date scheduled for December 2019. Funds to complete the construction portion of the project totaled \$571,772 and included General Obligation Funds, PHS Funds, and Illinois Capital Development Board Funds. The additional cost of equipment and furniture was provided by General Obligation Funds and SIC Operating Funds and partially offset by donations from individuals and local businesses.

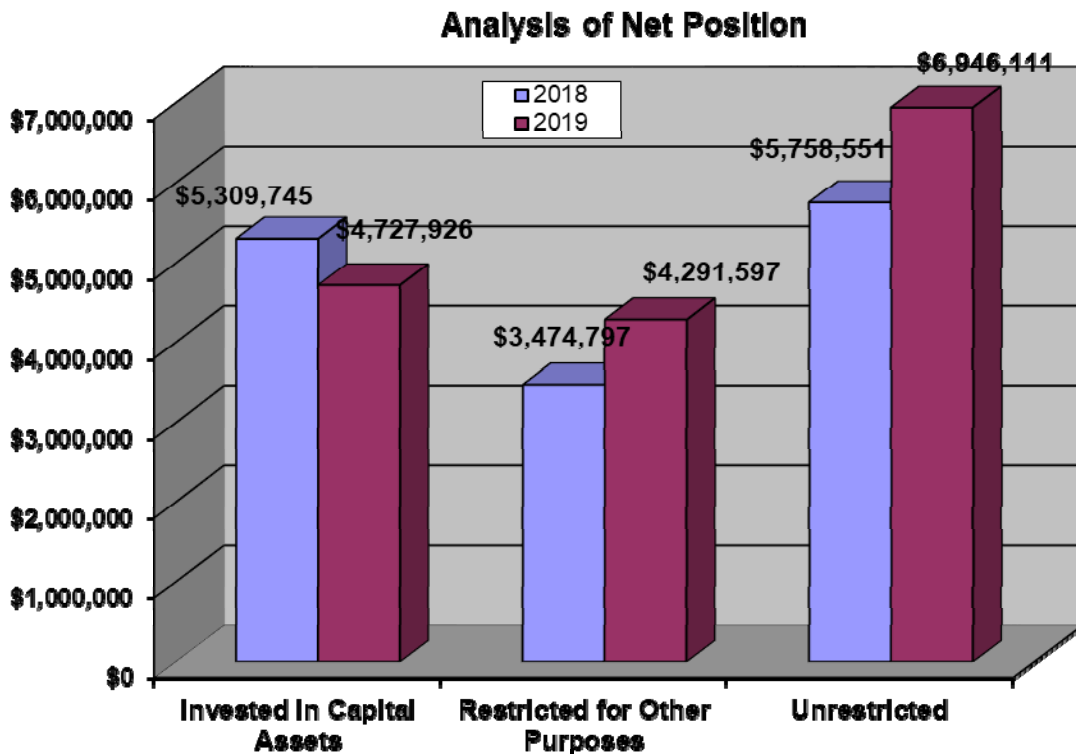
Construction on the Ella Elizabeth Hise Museum of Regional Art began the latter part of May 2018. A donation given by retired Air Force Colonel William C. Hise of \$2,525,000 was used to construct the museum and provide additional funds for an operational endowment. The museum was completed in August 2019 and will be used for the study and collection of regional art. Traveling exhibits, art talks, and other venues will be scheduled at the museum.

## Financial Analysis of the College as a Whole

This schedule is prepared from the College's Statement of Net Position (page 15), which is presented on the accrual basis of accounting whereby assets are capitalized and depreciated.

### Analysis of Net Position

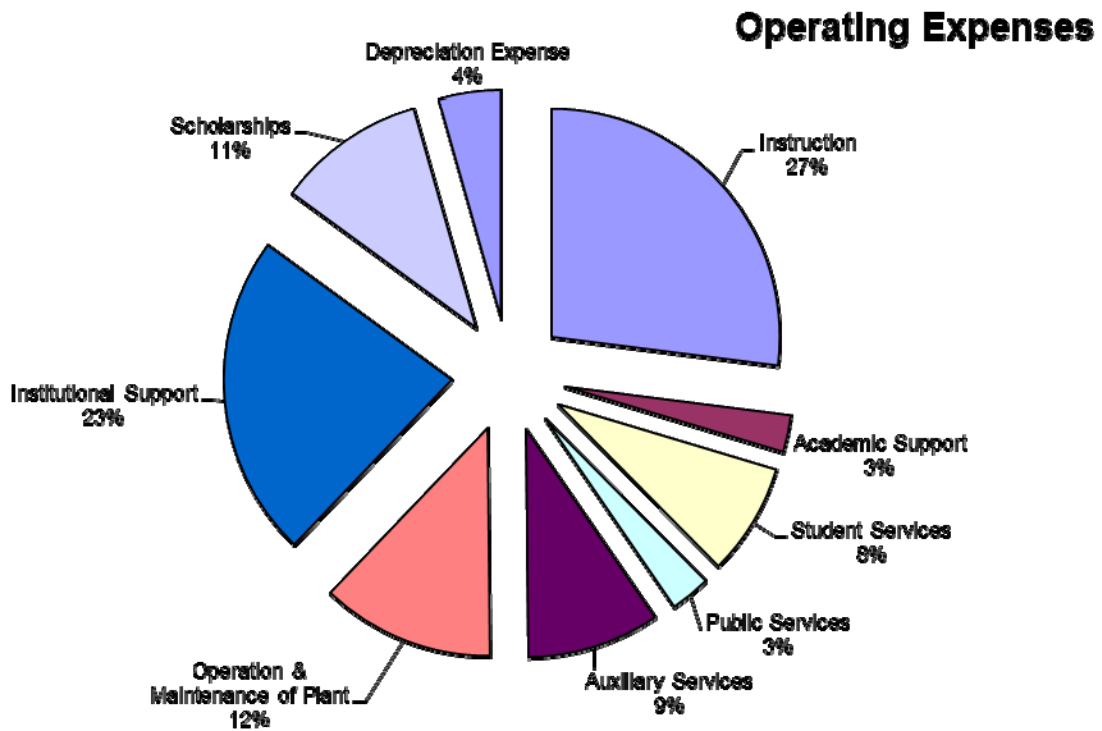
<b>Assets</b>	<b>2018</b>	<b>2019</b>
<b>Current</b>		
Current Assets	\$25,829,051	\$27,448,649
Non-current Assets	\$13,699,293	\$15,982,945
Total Assets	\$39,528,344	\$43,431,594
Total Deferred Outflows	\$36,006	\$112,951
<b>Liabilities</b>		
Current Liabilities	\$2,816,493	\$2,962,659
Non-current Liabilities	\$16,184,127	\$17,812,570
Total Liabilities	\$19,000,620	\$20,775,229
Total Deferred Inflows	\$6,020,637	\$6,803,682
<b>Net Position</b>		
Invested in Capital Assets	\$5,309,745	\$4,727,926
Restricted for Other Purposes	\$3,474,797	\$4,291,597
Unrestricted	\$5,758,551	\$6,946,111
Total Net Position	\$14,543,093	\$15,965,634



Operating expenses for the College shown on page 16 for the fiscal year ending June 30, 2019 were \$17,651,830 compared to \$17,874,986 incurred in the previous year.

	2018	2019
<b>Operating Expenses:</b>		
Instruction	4,412,662	3,666,752
Academic Support	329,059	356,658
Student Services	1,000,587	1,078,126
Public Services	366,886	386,913
Auxiliary Services	1,283,302	1,277,818
Operation & Maintenance of Plant	1,678,395	1,669,602
Institutional Support	2,759,516	3,110,928
Scholarships	1,375,926	1,429,360
On Behalf Payments	4,095,113	4,050,240
Depreciation Expense	573,540	599,929
	<hr/>	<hr/>
Total Operating Expenses	17,874,986	17,626,326

The following is a graphic illustration of operating expenses excluding on behalf payments of pension and health insurance - see page 10 and note 6 beginning on page 35:



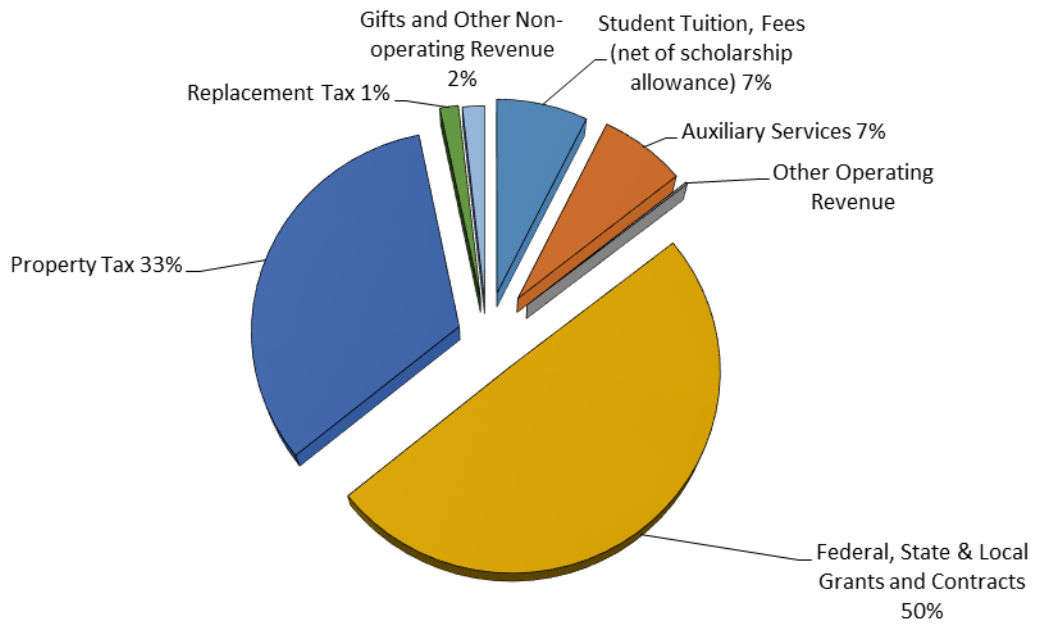
The operating revenues for the year on page 16 were \$2,173,216 compared to \$2,224,392 for FY 2018. Net Non-operating revenues (expenses) were \$16,878,651 compared to \$19,168,044 for FY 2018. On behalf payments of \$4,050,240 is our pensionable and retirement health insurance program contributions recognized as revenue and expense - see note 6 beginning on page 35.

### Operating Results

<b>Revenues</b>	<b>2018</b>	<b>2019</b>
Operating Revenues		
Student Tuition, Fees (net of scholarship allowance)	\$ 1,125,638	\$ 1,100,393
Auxiliary Services	1,027,337	1,046,419
On Behalf Payments		
Other Operating Revenue	71,417	26,404
Total Operating Revenues	2,224,392	2,173,216
Less Operating Expenses	17,874,986	17,626,326
Net Operating Income (Loss)	(15,650,594)	(15,453,110)
 Non-operating Revenues		
Federal, State & Local Grants and Contracts	7,822,935	7,476,376
Property Tax	4,518,631	4,920,758
Replacement Tax	201,250	222,920
Interest Income (Expense), Net	(252,555)	(59,573)
Gifts and Other Non-operating Revenue	27,782,670	264,930
On Behalf Payments	4,095,113	4,050,240
Non-operating Revenues, Net	44,168,044	16,875,651
Increase (Decrease) in Net Assets	3,517,450	1,422,541
Net Assets, Beginning of Year	18,851,488	14,543,093
Prior Period Restatement - OPEB Liability	(5,592,175)	
Prior Period Adjustment-Deferred Property Taxes	(2,233,670)	
Net Assets, End of Year	\$ 14,543,093	\$ 15,965,634

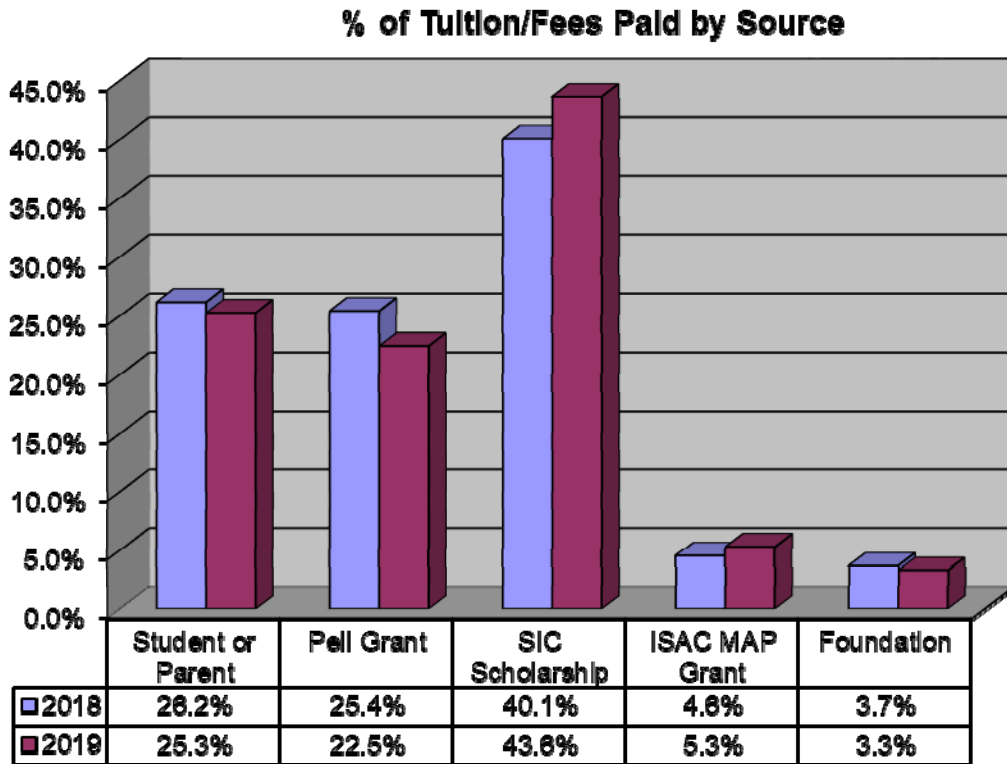
The following is a graphic representation of the source of operating and non-operating revenues excluding on behalf revenue:

**Total Revenues by Source**

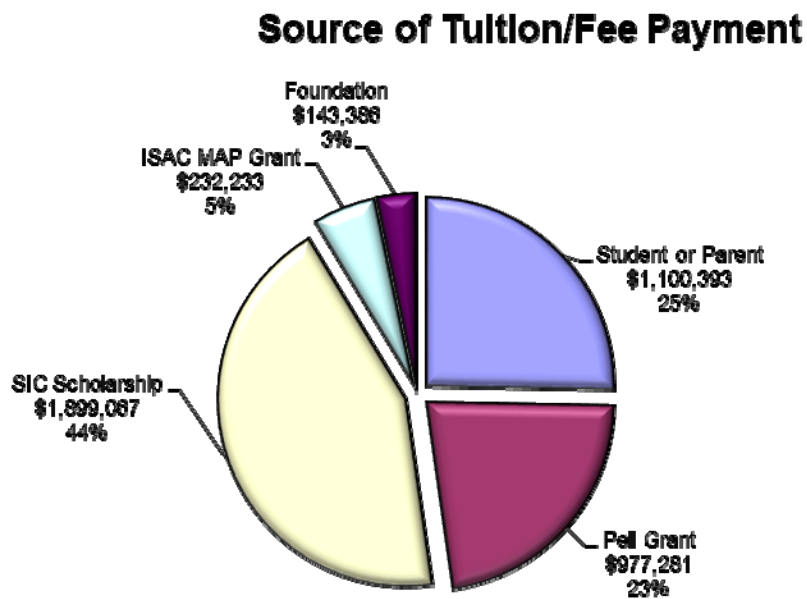




The following graph is a comparison of current and prior year of tuition and fee payments by the source of the payment:



Twenty-six percent (25%) of total tuition and fees are paid by students. The remaining seventy-four percent (75%) is paid by student scholarships, Federal or State grants or the Southeastern Illinois College Foundation. The following is a graphic illustration of tuition and fee payment by source for FY2019:



## **Significant Transactions and Changes in Individual Funds**

The operating funds balance, represented by the combination of the Education and the Operations and Maintenance Funds experienced a \$796,411 increase in FY2019. The fund balance increase is down from the FY2018 increase of \$971,754. Revenue from the local government as well as tuition and fee revenue saw a slight increase while revenue from the state government saw a decline. There was a small increase in most expenditure lines. Scholarship expenditures were the largest having increased \$145,668 over last year. Individually, the education fund balance increased \$471,986 and the operation and maintenance fund increased \$324,425.

The Liability, Protection and Settlement Fund balance increased \$44,986 in FY2019. The fund ends with a new reserve balance of \$838,424 for future liabilities and preventative risk management. Local property taxes are the source of revenues for this fund and are limited due to minimal growth of property value in the district. Due to potential volatility of the number and/or expense of claims possibly made against the district, this balance provides a reasonable surplus for unforeseen liabilities as well as for risk management initiatives to reduce the likelihood of such expenditures.

The Working Cash Fund balance remained the same at \$3,550,030. There presently is no repayment liability within FY2020.

The Capital Projects Fund balance increased by \$703,741 as a result of the issuance of PHS bonds. Plans were made for eleven projects with six having already been completed. The additional funds should be expended upon completion of the remaining projects estimated to be by June 2020.

The Auxiliary Fund balance decreased by \$3,321 in FY2019 to a fund balance of \$1,346,723. Income earned by the college bookstore remains positive contributing \$100,441 to the fund balance. Efforts to reduce losses at the child study center has been somewhat successful but the center continues to maintain a deficit at \$76,455 for the year. The current year's loss was less than the prior year by \$18,307 and subsequent plans focus on reducing expenditures for FY2020 in an effort to continue minimizing future losses. The SIC business office is continuing to monitor the billing and receivable functions of the center.

The Restricted Purposes fund decreased by \$737,660 in FY2019. This decrease was a result of the use of the remaining funds from the 2010A bond fund for construction of the cadaver lab, parking lot improvements, erosion control, sidewalk repairs, equipment purchases, new program development, and renovation of the Learning Resource Center.

Beginning in FY 2012 the Southeastern Illinois College Foundation was considered a component unit of Southeastern Illinois College as defined on page 18 and 19 of the notes to the financial statements. The Foundation's financial information is discretely presented on pages 15 and 16. The Total Net Position of the foundation at the end of FY2019 was \$4,299,272 compared to FY2018 of \$4,200,188, an increase of \$99,084. See Note 9 starting on page 51 for further details.

## **BASIC FINANCIAL STATEMENTS**

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

STATEMENT OF NET POSITION  
JUNE 30, 2019

	Southeastern Illinois College	Component Unit Southeastern Illinois College Foundation
<b>ASSETS</b>		
Current Assets		
Cash and cash equivalents - unrestricted	\$ 12,977,645	\$ 406,531
Restricted cash and cash equivalents	8,394,052	-
Receivables -		
Tuition and fees, net of allowance for doubtful accounts of \$369,715	145,502	-
Outside agencies	327,657	-
Fees, Child Study Center, net of allowance for doubtful accounts of \$38,907	32,976	-
Southeastern Illinois College Foundation	7,762	-
Property taxes	5,330,041	-
Other	-	1,530
Inventories	222,766	-
Prepaid expenses	10,248	-
Unconditional promises to give, restricted for scholarships	-	24,225
Total Current Assets	27,448,649	432,286
Non-Current Assets		
Long-term investments	-	3,806,861
Property held for investment	-	69,500
Capital assets, net	15,982,945	3,172
Total Non-Current Assets	15,982,945	3,879,533
<b>TOTAL ASSETS</b>	<b>43,431,594</b>	<b>4,311,819</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	80,925	-
Federal, trust, or grant pension contributions	32,026	-
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>112,951</b>	<b>-</b>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts payable	782,262	12,547
Accrued expenses	824,175	-
Due to student groups	104,038	-
Lease purchase payable	2,184	-
Bonds payable - current portion	1,250,000	-
Total Current Liabilities	2,962,659	12,547
Non-Current Liabilities		
Bonds payable	12,306,574	-
Other post employment benefits	5,505,996	-
Total Non-Current Liabilities	17,812,570	-
<b>TOTAL LIABILITIES</b>	<b>20,775,229</b>	<b>12,547</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred other post employment benefits	1,253,216	-
Deferred Heritage Festival booth rental fees	8,055	-
Deferred property taxes	5,330,041	-
Deferred tuition	212,370	-
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>6,803,682</b>	<b>-</b>
<b>NET POSITION</b>		
Net investment in capital assets	4,727,926	-
Restricted for:		
Expendable - capital projects	3,239,608	-
Expendable - debt service	23,627	-
Expendable - other	1,028,362	-
With donor restrictions	-	4,195,543
Without donor restrictions	-	103,729
Unrestricted	6,946,111	-
<b>TOTAL NET POSITION</b>	<b>\$ 15,965,634</b>	<b>\$ 4,299,272</b>

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

	<b>Southeastern Illinois College</b>	<b>Component Unit Southeastern Illinois College Foundation</b>
<b>REVENUES</b>		
Operating Revenues:		
Student tuition and fees, net of scholarship allowances of \$3,215,968	\$ 1,100,393	\$ -
Donations	-	478,442
Auxiliary enterprises revenue:		
Bookstore	525,674	-
Food service	162,659	-
Child study center fees	176,650	-
Other	181,436	-
Other	26,404	-
Total operating revenues	2,173,216	478,442
<b>EXPENSES</b>		
Operating Expenses:		
Instruction	3,666,752	-
Academic support	356,658	-
Student services	1,078,126	332,372
Public services	386,913	-
Auxiliary services	1,277,818	-
Operation and maintenance of plant	1,669,602	-
Institutional support	3,110,928	-
Scholarships	1,429,360	-
Depreciation	599,929	-
On behalf payments	4,050,240	-
Total operating expenses	17,626,326	332,372
Operating income (loss)	(15,453,110)	146,070
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Property taxes	4,920,758	-
Replacement tax	222,920	-
State grants and contracts	4,631,985	-
Federal grants and contracts	2,844,391	-
Interest income	363,520	-
Interest expense	(423,093)	-
Gifts and other non-operating revenue	264,930	-
On behalf payments	4,050,240	-
Unrealized capital gains (losses)	-	(46,986)
Total non-operating revenues (expenses), net	16,875,651	(46,986)
Increase (decrease) in net position	1,422,541	99,084
Net Position - beginning of year	14,543,093	4,200,188
Net Position - end of year	\$ 15,965,634	\$ 4,299,272

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2019**

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and fees	\$ 1,035,995
Payments to and benefits for employees	(7,359,450)
Payments to suppliers	(5,092,429)
Auxiliary enterprise charges	1,044,342
Sales and services	26,404
Net cash used by operating activities	<u>(10,345,138)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Property taxes	4,920,758
Replacement taxes	222,920
Grants and contracts	7,642,872
Gifts and other non-operating revenue	258,689
Net cash provided by noncapital financing activities	<u>13,045,239</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on lease purchase	(51,591)
Interest paid on lease purchase	(1,078)
Principal paid on bonds	(1,200,000)
Interest paid on bonds	(469,289)
Proceeds from bonds	2,870,000
Purchase of capital assets	(2,883,581)
Net cash used by capital and related financing activities	<u>(1,735,539)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest income	363,520
Net cash provided by investing activities	<u>363,520</u>
Net increase in cash and cash equivalents	1,328,082
Cash and cash equivalents - beginning of year	<u>20,043,615</u>
Cash and cash equivalents - end of year	<u>\$ 21,371,697</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating loss	\$ (15,453,110)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities</b>	
Depreciation expense	599,929
On behalf revenues	4,050,240
Increase in tuition and fees receivable	(56,388)
Increase in Child Study Center fees receivable	(1,752)
Decrease in inventories	11,437
Decrease in prepaid expense	3,373
Decrease in federal, trust, or grant pension contributions	3,980
Increase in deferred post employment benefits	215,835
Increase in accounts payable	273,003
Decrease in accrued expenses, excluding accrued interest payable	15,446
Increase in amounts due to student groups	1,204
Decrease in deferred Heritage Festival booth rental fees	(325)
Decrease in deferred tuition	(8,010)
Net cash used by operating activities	<u>\$ (10,345,138)</u>
Cash and cash equivalents - unrestricted	\$ 12,977,645
Cash and cash equivalents - restricted	8,394,052
Total cash and cash equivalents	<u>\$ 21,371,697</u>

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies**

Southeastern Illinois Community College District No. 533 (the College) is organized under the Illinois Public Community College Act with partial funding by the Illinois Community College Board. The College's district encompasses parts of eight counties in Southeastern Illinois. The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies.

A. Reporting Entity

The accompanying financial statements include all entities for which the Board of Trustees of the College has financial accountability.

In defining the financial reporting entity, the College has considered whether there are any potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units," and GASB Statement No. 61, "Financial Reporting Entity". The primary criterion for including a potential component unit within the reporting entity is the financial accountability that the elected officials of the primary government have for the component unit, as well as the presence of a financial benefit or burden relationship between the primary government and the component unit.

The criteria used in assessing financial accountability consist of (1) the primary government is financially accountable if it appoints a voting majority of the organization's governing body and (a) it is able to impose its will on that organization or (b) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government; and (2) the primary government may be financially accountable if the organization is fiscally dependent.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

A. Reporting Entity (Concluded)

Fiscal dependency is determined if a component unit possesses one or more of the following characteristics: (1) it is unable to determine its budget without having the primary government approve or modify the budget; (2) it is unable to levy taxes or set rates or charges without approval by the primary government; or (3) it is unable to issue debt without approval of the primary government.

A financial benefit or burden relationship exists between the primary government and the component unit if any one of the following conditions exist: (1) the primary government is legally entitled to or can otherwise access the organization's resources; (2) the primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (3) the primary government is obligated in some manner for the debt of the organization.

Where no financial accountability exists, a legally separate, tax-exempt organization is reported as a component unit if all three of the following criteria are met: (1) the economic resources received or held by the organization are for the direct benefit of the primary government or its constituents; (2) the primary government is entitled to or has the ability to otherwise access a majority of the organization's economic resources; and (3) the economic resources received or held by the organization are significant to the primary government.

Using these criteria, the Southeastern Illinois College Foundation ("Foundation") has been determined to be a legally separate, tax-exempt component unit of the College. The Foundation was organized and operates exclusively for educational and charitable purposes designed to promote the welfare of the College. The board of the Foundation consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources, or income thereof, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by or for the benefit of the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. Complete financial statements for the Foundation can be obtained from the Foundation office.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The accounting and reporting policies of the College conform to generally accepted accounting principles applicable to government units and Illinois community colleges. The GASB is the accepted standard setting body for establishing accounting and financial reporting principles. These authoritative pronouncements are consistent with the accounting practices prescribed or permitted by the Illinois Community College Board (ICCB), as set forth in the ICCB Fiscal Management Manual. The following is a summary of the more significant policies.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

C. Classification of Revenues

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

D. Budgets

Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of the cash on hand at the beginning of the fiscal year, an estimate of the cash expected to be received during such fiscal year from all sources, an estimate of the expenditures contemplated for such fiscal year, and a statement of the estimated cash expected to be on hand at the end of such year.

E. 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 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. Accordingly, actual results may differ from those estimates.

F. Cash and Cash Equivalents

Cash includes deposits held at banks and small amounts of cash on hand and petty cash funds. Illinois Funds Money Market Fund is considered to be cash equivalent due to their liquidity or short-term nature.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

G. Receivable from Outside Agencies

The receivable from outside agencies is made up of amounts due from various governmental agencies. The amounts from the governmental agencies are considered to be 100% collectible.

H. Tuition Received in Advance

Summer and fall tuition received in advance includes tuition and fees collected during the fiscal year which relate to the period after June 30, 2019 and are reported as unearned revenue at June 30, 2019.

I. Inventories

Inventories consisting of textbooks, college apparel, food, and miscellaneous school supplies are stated at the lower of average cost or net realizable value.

J. Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation is computed by the straight-line method over the estimated lives as follows:

<u>Type of Property and Equipment</u>	<u>Estimated Useful Life</u>
Land improvements	20 Years
Buildings	50 Years
Equipment	5-15 Years

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The College only has one item that qualifies for reporting in this category. It is the federal, trust, or grant pension contributions paid during the current fiscal year. See Note 6 to the financial statements for additional details.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has only one type of item, unavailable revenue, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. The College reports unavailable revenue of four types: unearned tuition and student fees; Heritage Festival booth rental fees; grants, and tax levies collected in the current fiscal year but applicable to periods occurring after year end; and the unamortized portion of the net difference between projected and actual earnings on OPEB investments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**L. Amortization of Bond Issuance Premium/Discount**

The College amortizes bond issuance premiums and discounts by the effective interest method over the period the related bond issue is outstanding. The bond premium/discount is amortized by using the same interest rate as the related bond issue, and the current period amortization is shown as a decrease (for a premium) or increase (for a discount) to current period interest expense.

**M. Net Position**

Net investment in capital assets – This represents the College’s total investment in capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

M. Net Position (Concluded)

Restricted net position – expendable – This includes assets/resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties, reduced by any liabilities and deferred inflows of resources related to those assets. Sources of restricted revenue include federal, state, and private grants and contracts. Externally restricted funds may be utilized only in accordance with the purpose established by the source of such funds and are in contrast with unrestricted funds over which the Board of Trustees retains full control to use in achieving any of its institutional purposes. When both restricted and unrestricted resources are available for use, it is the College’s policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted net position – This represents assets/resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the Board of Trustees to meet current expenses for any lawful purpose.

N. Insurance Coverage

Significant losses are covered by commercial insurance for all major programs: property, liability, and workman’s compensation. During the year ended June 30, 2019, there were no significant reductions in coverage. Also, there have been no settlement amounts exceeding insurance coverage in the past three years.

O. Account Groups

The College maintains a General Long-Term Debt Account Group and General Fixed Asset Account Group to track the balances of debt to be paid from the debt service fund and fixed assets acquired by governmental funds, respectively. As these are not funds, they have been excluded from the Combined Balance Sheet - All Fund Types, but their balances are included in the Statement of Net Position.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

P. Pensions

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

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

Q. 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 Statement 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 College, and the amount that is paid by students or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state or nongovernmental programs, are recorded as nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

R. Federal Financial Assistance Programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loan Programs. Federal programs are audited in accordance with the Title 2 *U.S Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Federal Awarding Agency Regulatory Implementation of Office of Management and Budget's Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, Audit of States, Local Governments and Non-Profit Organizations*, and the *Compliance Supplement*.

S. Fund Balance Policy

The College maintains a fund balance policy to assure sufficient fiscal resources are available in the event of occurrences that could adversely affect the College's cash flow, responsibilities, and services. The general operating fund balance should be at a minimum 30% of the annual operating budget expenditures or the average of the previous three operating budget expenditures. All other funds, restricted or unrestricted, will be maintained in compliance with federal, state, and local laws and/or policies.

T. Property Taxes

Property tax revenues are reported in accordance with the National Council on Governmental Accounting (NCGA) Interpretation No. 3, Revenue Recognition – Property Taxes, GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, and GASB Interpretation No. 5, Property Tax Revenue Recognition in Governmental Funds. Consequently, under the accrual basis of accounting, property tax revenue is recognized in the period for which the taxes are levied. Property tax receivables are reported when the College has an enforceable legal claim to the taxes, which is considered to be the lien date.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 1: Summary of Significant Accounting Policies (Concluded)**

U. Component Unit

The Foundation is required to report information regarding its financial position and activities based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve, and board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. 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.

Revenue are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give as applicable, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of donated noncash assets are recorded at their fair values in the period received.

Expenses are reported as decreases in net assets without donor restrictions. Gain and losses on investments and other assets or liabilities are reported as increases or decreases in the appropriate net position class as determined by donor stipulation and in accordance with the law.

V. Date of Management's Review

The College has evaluated subsequent events through December 2, 2019, the date which the financial statements were available to be issued.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2: Cash and Cash Equivalents**

At June 30, 2019, the carrying amount of the College's deposits at financial institutions was \$21,363,609, which does not include \$8,088 cash on hand and petty cash funds held at the College. The bank balance was \$21,672,978.

Institution	Carrying Amount	Bank Balance
Banterra Bank Group	\$ 12,287,079	\$ 12,596,448
Farmers State Bank	2,019,309	2,019,309
Peoples National Bank	252,638	252,638
First National Bank of Carmi	250,000	250,000
 <u>Investment Pool</u>		
Illinois Funds Money Market Fund		
U.S. Bank	6,554,583	6,554,583
	<u>\$ 21,363,609</u>	<u>\$ 21,672,978</u>

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. As of June 30, 2019, \$13,026,365 of the College's bank balance of \$21,672,978 was exposed to custodial credit risk as follows:

Collateralized by securities held in the College's name, held at:	
Banterra Bank	\$ 12,150,837
Farmers State Bank	875,528
Total collateralized by securities held in the College's name	<u>\$ 13,026,365</u>

The Illinois Funds Money Market Fund is a money market fund created in 1975 by the Illinois General Assembly. Its primary purpose is to provide custodians of public funds with an alternative investment vehicle which enable them to earn a competitive rate of return on fully collateralized investments, while maintaining immediate access to invested funds.

The monies invested by the individual participants are pooled together and invested in U.S. Treasury bills and notes backed by full faith and credit of the U.S. Treasury. In addition, monies are invested in fully collateralized time deposits in Illinois financial institutions, in collateralized repurchase agreements, and in treasury mutual funds that invest in U.S. Treasury obligations and collateralized repurchase agreements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 2: Cash and Cash Equivalents (Concluded)**

The time deposits are collateralized 105% over FDIC's \$250,000 insurance with U.S. Treasury obligations and marked to market on a daily basis to maintain sufficiency. The repurchase agreements are collateralized at 102% with U.S. Treasury obligations and the collateral is checked daily to determine sufficiency.

The individual participants maintain separate investment accounts representing a proportionate share of the pool of assets and its respective collateral; therefore no collateral is identified with each individual participant's account. Given the nature of the Illinois Funds Money Market Fund, the carrying value approximates market value.

**NOTE 3: Changes in Capital Assets**

The following is a schedule of the College's investment in capital assets. The investment in capital assets is determined by reducing historical cost by accumulated depreciation. Depreciation expense for June 30, 2019 was \$599,929.

	Balance 07-01-18	Additions	Deletions	Balance 06-30-19
Capital assets not being depreciated:				
Land	\$ 266,405	\$ -	\$ -	\$ 266,405
Construction in progress	116,061	2,588,003	2,824	2,701,240
	<u>382,466</u>	<u>2,588,003</u>	<u>2,824</u>	<u>2,967,645</u>
Other capital assets:				
Land improvements	1,290,985	150,460	-	1,441,445
Buildings	18,957,015	82,807	-	19,039,822
Equipment	2,422,896	65,134	-	2,488,030
Total other capital assets at historical costs	<u>22,670,896</u>	<u>298,401</u>	<u>-</u>	<u>22,969,297</u>
Total capital assets at historical cost	<u>\$ 23,053,362</u>	<u>\$ 2,886,404</u>	<u>\$ 2,824</u>	<u>\$ 25,936,942</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 3: Changes in Capital Assets (Concluded)**

	Balance 07-01-18	Additions	Deletions	Balance 06-30-19
Less accumulated depreciation:				
Land improvements	\$ 1,048,545	\$ 10,508	\$ -	\$ 1,059,053
Buildings	6,649,395	403,497	-	7,052,892
Equipment	1,656,128	185,924	-	1,842,052
	9,354,069	599,929	-	9,953,997
Capital Assets, Net	\$ 13,699,293	\$ 2,286,476	\$ 2,824	\$ 15,982,945

**NOTE 4: Changes in Long-Term Debt**

The following is a summary of long-term debt transactions of the College for the year ended June 30, 2019:

Bond payable at July 1, 2018	\$ 11,789,327
Bonds retired	(1,200,000)
Bonds issued	2,978,460
Bond premium amortization	(11,213)
Bond payable at June 30, 2019	\$ 13,556,574
Lease purchases payable at July 1, 2018	\$ 53,775
Leases issued	-
Lease principal paid	(51,591)
Lease purchases payable at June 30, 2019	\$ 2,184
Other post employment benefits payable at July 01, 2018	\$ 5,592,175
Other post employment benefits additions	-
Other post employment benefits deletions	(86,179)
Other post employment benefits payable at June 30, 2019	\$ 5,505,996

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4: Changes in Long-Term Debt (Continued)**

The following is a description of the bond issues and the debt service requirement to maturity:

August 1, 2010 General Obligation Bonds, Series 2010A  
Maturity Date – December 1, 2019  
Total issue \$2,500,000  
Interest rate 5.25% - 5.5%

Fiscal Year	Principal	Interest	Total
2020	\$ 795,000	\$ 20,869	\$ 815,869
	\$ 795,000	\$ 20,869	\$ 815,869

August 1, 2010 General Obligation Bonds, Series 2010B  
Maturity Date – December 1, 2023  
Total issue \$3,405,000  
Interest rate 3.75% - 5.5%

Fiscal Year	Principal	Interest	Total
2020	\$ -	\$ 134,070	\$ 134,070
2021	830,000	118,508	948,508
2022	865,000	86,078	951,078
2023	900,000	51,210	951,210
2024	810,000	16,605	826,605
	\$ 3,405,000	\$ 406,471	\$ 3,811,471

February 19, 2016 - General Obligation Bonds, Series 2016A  
Maturity Date – December 1, 2019  
Total Issue \$1,690,000  
Interest Rate 2.65%

Fiscal Year	Principal	Interest	Total
2020	\$ 250,000	\$ 3,312	\$ 253,312
	\$ 250,000	\$ 3,312	\$ 253,312

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4: Changes in Long-Term Debt (Continued)**

February 19, 2016 - General Obligation Bonds, Series 2016B  
Maturity Date – December 1, 2022  
Total Issue \$1,630,000  
Interest Rate 2.45%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 205,000	\$ 37,424	\$ 242,424
2021	465,000	29,216	494,216
2022	475,000	17,701	492,701
2023	485,000	5,941	490,941
	<u>\$ 1,630,000</u>	<u>\$ 90,282</u>	<u>\$ 1,720,282</u>

June 1, 2017 – Alternate Revenue Bonds, Series 2017A  
Maturity Date – December 1, 2026  
Total Issue \$4,500,000  
Interest Rate 3.875% - 4.25%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ 183,150	\$ 183,150
2021	-	183,150	183,150
2022	-	183,150	183,150
2023	-	183,150	183,150
2024	625,000	171,041	796,041
2025-2027	3,875,000	208,666	4,083,666
	<u>\$ 4,500,000</u>	<u>\$ 1,112,307</u>	<u>\$ 5,612,307</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4: Changes in Long-Term Debt (Continued)**

May 14, 2019 – General Obligation Bonds, Series 2019  
Maturity Date – December 1, 2027  
Total Issue \$2,870,000  
Interest Rate 2.875% - 3.25%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ -	\$ -	\$ -
2021	-	182,932	182,932
2022	-	89,356	89,356
2023	-	89,356	89,356
2024	-	89,356	89,356
2025-2028	2,870,000	282,702	3,152,702
	<u>\$ 2,870,000</u>	<u>\$ 733,702</u>	<u>\$ 3,603,702</u>

Tri State Business Copiers lease purchase agreement with Peoples National Bank  
Dated July 31, 2014  
Maturity Date – July 31, 2019  
Lease amount - \$125,895  
Lease term – 60 months  
Interest at 2.98%

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 2,184	\$ 6	\$ 2,190
	<u>\$ 2,184</u>	<u>\$ 6</u>	<u>\$ 2,190</u>

At June 30, 2019, the College's future cash flow requirements for retirement of bond principal and interest obligations and other long-term debt obligations by fiscal year were as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,252,184	\$ 378,831	\$ 1,631,015
2021	1,295,000	513,806	1,808,806
2022	1,340,000	376,285	1,716,285
2023	1,385,000	329,657	1,714,657
2024 – 2028	8,180,000	768,370	8,948,370
	<u>\$ 13,452,184</u>	<u>\$ 2,366,949</u>	<u>\$ 15,819,133</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 4: Changes in Long-Term Debt (Concluded)**

Included in long-term debt payable, but not included in the above schedule of future cash flow requirements, is \$106,574 of unamortized bond issuance premium.

**NOTE 5: Property Taxes**

The 2018 property tax extension has been deferred to comply with Government Accounting Standards Board Statement No. 33 since it was levied to finance activities of the 2018/2019 academic year. In accordance with these guidelines, property tax revenue is to be recognized in the period the levy is intended to finance.

The College must file its tax levy ordinance by the last Tuesday in December of each year. The College's property tax is levied each year on all taxable real property located within the District. These taxes attach an enforceable lien on real property as of January 1 and are payable in two installments; due dates vary by county. The College receives significant property tax receipts from July through November.

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

	Maximum Rate	Actual Rate	
		2018 Levy Payable 2019	2017 Levy Payable 2018
Education	.28000	0.28000	0.27784
Operations and Maintenance	.10000	0.10000	0.09922
Tort Immunity	Unlimited	0.23140	0.15338
Audit	.00500	0.00500	0.00500
Social Security	Unlimited	0.01171	0.01512
Bond and Interest	Unlimited	0.37529	0.31315
		<u>1.00340</u>	<u>0.86371</u>



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan**

General Information about the Pension Plan

*Plan Description*

The Southeastern Illinois Community College District No. 533 contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

*Benefits Provided*

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2018 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Continued)**

*Contributions*

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2018 and 2019 respectively, was 12.46% and 12.29% 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).

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

*Net Pension Liability*

The new pension liability (NPL) was measured as of June 30, 2018. At June 30, 2018, SURS reported a net pension liability (NPL) of \$27,494,556,682.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Continued)**

*Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the net pension liability to be recognized for Southeastern Illinois Community College District No. 533 is \$0. The proportionate share of the State's net pension liability associated with the Southeastern Illinois Community College District No. 533 is \$39,014,776 or 0.1419%. The employer proportionate share of collective pension expense should be recognized as nonoperating revenue with 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 2018. As a result, the College recognized revenue and pension expense of \$3,810,473 from this special funding situation during the fiscal year ended June 30, 2019.

*Pension Expense*

At June 30, 2018 SURS reported a collective net pension expense of \$2,685,322,700.

*Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2018. As a result, Southeastern Illinois Community College District No. 533 recognized on-behalf revenue and pension expense of \$3,810,473 for the fiscal year ended June 30, 2019.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Continued)**

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 65,521,614	\$ 181,032,053
Changes in assumption	1,286,257,095	123,218,306
Net differences between projected and actual earnings on pension plan investments	26,810,634	-
Total	\$ 1,378,589,343	\$ 304,250,359

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

Year Ending June 30	Net Deferred Outflows of Resources
2019	\$ 763,171,084
2020	540,443,042
2021	(192,612,398)
2022	(36,662,744)
2023	-
Thereafter	-
Total	\$ 1,074,338,984

**Employer Deferral of Fiscal Year 2019 Pension Expense**

Employer paid \$32,026 in federal, trust or grant contributions for the fiscal year ended June 30, 2019. These contributions were made subsequent to the pension liability measurement date of June 30, 2018 and are recognized as Deferred Outflows of Resources as of June 30, 2019.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Continued)**

Assumptions and Other Inputs

*Actuarial Assumptions*

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP-2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2018, these best estimates are summarized in the following table:

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Continued)**

Assumptions and Other Inputs (Continued)

*Actuarial Assumptions (Concluded)*

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	5.00%
Private Equity	6%	8.50%
Non-U.S. Equity	19%	6.45%
Global Equity	8%	6.00%
Fixed Income	19%	1.50%
Treasury-Inflation Protected Securities	4%	0.75%
Emerging Market Debt	3%	3.65%
Real Estate REITS	4%	5.45%
Direct Real Estate	6%	4.75%
Commodities	2%	2.00%
Hedged Strategies	5%	2.85%
Opportunity Fund	1%	7.00%
Total	100%	4.55%
Inflation		2.75%
Expected Arithmetic Return		7.30%

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 6: Defined Benefit Pension Plan (Concluded)**

Assumptions and Other Inputs (Concluded)

*Discount Rate*

A single discount rate of 6.65% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 3.62% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate*

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.65%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.65%	Current Single Discount Rate Assumption 6.65%	1% Increase 7.65%
\$33,352,188,584	\$27,494,556,682	\$22,650,651,520

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](http://www.SURS.org).

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits**

*Plan Description*

In addition, Southeastern Illinois Community College District No. 533 contributes to the Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program “CIP”) that was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9(f), which became effective July 1, 1999. The CCHISF is a cost-sharing, multiple-employer defined benefit OPEB Trust Fund, which has a special funding situation as described in 40 ILCS 15/1.4. A non-employer (the State) is required by statute to contribute a defined percentage of participant payroll directly to the OPEB plan, which is administered through the trust.

CCHISF has no component units and is not a component unit of any other entity. However, because CCHISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statements of the State of Illinois as a pension (and other employee benefit) trust fund. This fund is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing health benefits to retirees, as established under the plan and associated administrative cost.

*Benefits Provided*

Through the trust the State provides health, dental, vision, and life insurance benefits for retirees and their dependents. Substantially all State employees become eligible for post-employment benefits if they eventually become annuitants of one of the State sponsored pension plans. Health, dental, and vision benefits include basic benefits for annuitants and their 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 of credited service with the State, whether the annuitant is covered by Medicare, and whether the annuitant has chosen a managed care health plan. Annuitants who retired prior to January 1, 1998, and who are vested in the State Employees’ Retirement System do not contribute towards health, dental, and vision benefits. For annuitants who retire on or after January 1, 1998, the annuitant’s contribution 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.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

*Benefits Provided (Concluded)*

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.

The State pays for a portion of the employer costs for the benefits provided. The total cost of the State's portion of the health, dental, vision, and life insurance benefits of all members, including post-employment health, dental, vision, and life insurance benefits, is recognized as an expenditure by the State in the Illinois Comprehensive Annual Financial Report. The State finances the costs on a pay-as-you-go basis. The total costs incurred for health, dental, vision, and life insurance benefits are not separated by department or component unit for annuitants and their dependents nor active employees and the dependents.

A summary of post-employment benefit provision, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department of Central Management Services, may be obtained by writing to the Department of Central Management Services, Stratton Office Building, 401 South Spring Street, Springfield, IL 62706.

*Contributions*

The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriation Act (40 ILCS15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from the district.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
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**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

*Contributions (Concluded)*

Administrative costs are paid by the CCHISF. At June 30, 2019, the College's policy was not to subsidize health insurance premiums of their retirees.

Employers participating in a cost-sharing OPEB plan, and any non-employer contributing entities that meet the definition of a special funding situation, are required to recognize their proportionate share of the collective OPEBs amounts for the OPEB benefits provided to members through the CCHISF plan. During fiscal year 2018 the College recognized OPEB contributions of \$25,504.

*Actuarial Assumptions*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.75%
Salary increases	Depends on service and ranges from 10.00% at 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.41% is added to non-Medicare costs on and after 2022 to account for the Excise Tax.

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

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

*Actuarial Assumptions (Concluded)*

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2010 through June 30, 2014.

Projected benefit payments are required to be discounted to their actuarial present values 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 bonds 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 the CIP fund is financed on a pay-as-you-go basis, a discount rate consistent with the 20-year general obligation bond index has been selected. The discount rates are 3.56% as of June 30, 2017, and 3.62% as of June 30, 2018. The increase in the single discount rate from 3.56% to 3.62% caused the College's total OPEB liability to decrease by approximately \$86,179 from 2017 to 2018.

The actuarial valuation was based on the Entry Age Normal cost method. Under this method, the normal cost and actuarial accrued liability are directly proportional to the employee's salary. The normal cost rate equals the present value of future benefits at entry age divided by the present value of the future salary at entry age. The normal cost at the member's attained age equals the normal cost rate at entry age multiplied by the salary at attained age. The actuarial accrued liability equals the present value of the benefits at attained age less present value of future salaries at attained age multiplied by normal cost rate at entry age.

During the plan year ending June 30, 2018, the collective trust earned \$59,000 in interest and due to the significant benefit payable, the market value of assets at June 30, 2018 of the collective trust is a negative \$64,500,000. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumptions was set to zero.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

*Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the discount rate assumption*

The following presents the College's proportionate share of the collective net OPEB liability as of June 30, 2018, as well as what the College's proportionate share of the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62 percent) or 1-percentage-point higher (4.62 percent) than the current discount rate:

	1% Decrease (2.62%)	Current Discount Rate (3.62%)	1% Increase (4.62%)
Employer's proportionate share of the collective net OPEB liability	\$ 6,381,303	\$ 5,505,996	\$ 4,777,473

*Sensitivity of the employer's proportionate share of the collective net OPEB liability to changes in the healthcare cost trend rates assumption*

The following table shows the College's net OPEB liability as of June 30, 2018, using current trend rates and sensitivity trend rates that are either 1-percentage-point higher or lower. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.91% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.50% in 2028 for Medicare coverage.

	1% Decrease <sup>a</sup>	Healthcare Cost Trend Rates	1% Increase <sup>b</sup>
Employer's proportionate share of the collective net OPEB liability	\$ 4,564,430	\$ 5,505,996	\$ 6,745,228

<sup>a</sup> One percentage point decrease in healthcare trend rates are 7.00% in 2019 decreasing to an ultimate rate of 3.91% in 2026 for non-Medicare coverage, and 8.00% in 2019 decreasing to an ultimate trend rate of 3.50% in 2028 for Medicare coverage.

<sup>b</sup> One percentage point increase in healthcare trend rates are 9.00% in 2019 decreasing to an ultimate trend rate of 5.91% in 2026, for non-Medicare coverage, and 10.00% in 2019 decreasing to an ultimate trend rate of 5.50% in 2028 for Medicare coverage

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

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

The collective net OPEB liability was measured as of June 30, 2018. At June 30, 2018, the CCHISF reported a net OPEB liability of \$1,885,251,764.

At June 30, 2019, the College reported a liability for its proportionate share of the net OPEB liability that is reflected as a reduction for State OPEB support provided to the College. The collective net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the collective net OPEB liability was determined by an actuarial valuation as of that date. The College's proportion of the collective net OPEB liability was based on a projection of the College's long-term share of contributions to the OPEB plan relative to the projected contributions of the College, actuarially determined. At June 30, 2018, the College's proportion was \$5,505,996 (.292056%), which was a decrease of .014594% from its proportion measured as of June 30, 2017 of \$5,592,175 (.306650%). The State's support and total are for disclosure purposes only. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follow:

Employer's proportionate share of the net OPEB liability	\$ 5,505,996
State's proportionate share of the net OPEB liability associated with the employer	<u>5,505,996</u>
Total	<u>\$ 11,011,992</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Continued)**

*OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Concluded)*

For the year ending June 30, 2019, the College recognized OPEB expense and revenue of \$239,767 for support provided on-behalf by the State. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,925	\$ 12,059
Changes of assumptions	-	689,188
Net difference between projected and actual earnings on OPEB plan investments	-	180
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	551,789
	\$ 80,925	\$ 1,253,216
Total Deferred Amounts Related to OPEB	\$ 80,925	\$ 1,253,216

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

Year Ending June 30,	Net Deferred Inflows of Resources
2020	\$ 281,903
2021	281,903
2022	281,903
2023	286,369
2024	40,212
Total	\$ 1,172,291

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 7: Post-Employment Benefits (Concluded)**

*Request for information*

CCHISF has no component units and is not a component unit of any other entity. However, because CCGISF is not legally separate from the State of Illinois, the financials statements of the CCHISF are included in the financial statement of the State of Illinois as a pension (and other employee benefit) trust fund. The State of Illinois' Comprehensive Annual Financial Report may be obtained by writing to the State Comptroller's office, Division of Financial Reporting, 325 West Adams Street, Springfield, Illinois, 62704-1871.

**NOTE 8: Commitments**

Federal & State Grants

The College has received a number of Federal and State grants for specific purposes which are subject to review and audit by grantor agencies. Such audits may result in requests for reimbursement to granting agencies for expenditures disallowed under the terms of the grants. Based on prior experience, College management believes that such disallowances, if any, will not be material.

Construction in Progress

The College is currently in the midst of constructing the Ella Elizabeth Hise Museum of Regional Art. The estimated cost of the museum is \$1,876,000. Total costs incurred as of June 30, 2019 were \$1,638,090.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 8: Commitments (Concluded)**

Phone Lease

Effective April 3, 2013, the College entered into a lease agreement with CTS Technology Solutions, Inc. for a phone system. The lease is for five years at \$2,288 per month for equipment and maintenance. Effective August 1, 2018, the College extended their lease with CTS Technology Solutions, Inc. The new lease is for five years at \$2,073 per month for equipment and maintenance. Lease expense for the year ended June 30, 2019 was \$27,636.

<u>Fiscal Year</u>	<u>Lease Payment Due</u>
2020	\$ 24,876
2021	24,876
2022	24,876
2023	<u>2,073</u>
Total	<u>\$ 76,701</u>

Vacation & Sick Pay

As of June 30, 2019, employees had earned but not taken annual vacation and sick pay, which at salary rates in effect at the end of the year, totaled approximately \$401,118. The College has appropriately accrued this liability.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit**

Summary of Significant Accounting Policies

Nature of Organization

The Southeastern Illinois College Foundation is a not-for-profit charitable organization. The Foundation is dedicated to serving the needs of Southeastern Illinois College and its students.

Basis of Accounting

The financial statements of Southeastern Illinois College Foundation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Cash

Cash consists of checking and savings accounts, and cash balances maintained by investment brokers.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Continued)

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The following is a brief description of each program:

Scholarships – Payout of scholarships administered by the Southeastern Illinois College Foundation.

College Support – The category includes the awarding of annual stipends and donations from Southeastern Illinois College Foundation to Southeastern Illinois College.

Fundraising – Expenses incurred in executing large fundraising events including the Rodney J. Brenner Memorial Buddy Bass Tournament and Junior Falcon Productions.

Management and General – This administrative category includes: personnel expenses, money management fees, awards and plaques, and board and committee meetings.

The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include personnel services, which are allocated based on management's estimate of time and effort. Directly identifiable expenses are charged to the appropriate program. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Southeastern Illinois College Foundation.

Fund Accounting

The accounts of the Foundation are maintained in accordance with the principles of fund accounting. Under fund accounting, resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purpose.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Continued)

Revenue Recognition

Contributions received are recorded as with donor restriction or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions.

All donor-restricted contributions are reported as an increase in restricted net assets, depending on the nature of the restriction. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets without donor restrictions.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Promises To Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Continued)

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.

Investment Expenses

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to \$28,268 and have been included in management and general expenses in the accompanying statement of activities.

Donated Assets

Donated marketable securities, property and equipment, and other noncash donations are recorded as contributions at their fair values at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in net assets with donor restrictions. It is the Foundation's policy to imply a time restriction, based on the assets' estimated useful lives, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, those donations are recorded as increases in net assets with donor restrictions. The Foundation reclassifies net assets with donor restrictions to net assets without donor restrictions each year for the amount of depreciation expense relating to the donated property and equipment.

Southeastern Illinois College provides office space and the necessary administrative services to the Foundation at no charge. The rental value of the office space is recorded at fair rental value equivalent to similar facility space. Other amounts have been recorded based on the actual cost to the College for the services.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Continued)

Property and Equipment

It is the Foundation's policy to capitalize property and equipment over \$500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Property and equipment are depreciated using the straight-line method. Buildings are depreciated over estimated useful lives of 40 years, land improvements over 15 years, and equipment over 7 years.

Income Tax Status

The Foundation has been granted exempt status under Code Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for federal income tax has been made in the accompanying financial statements. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). The Foundation qualifies for the fifty percent (50%) charitable contributions deduction for individual donors. The Foundation's federal Exempt Organization Business Income tax Returns (Form 990) for 2016, 2017, and 2018 are subject to examination by the IRS, generally for three years after they were filed.

Endowment Funds

Financial accounting standards provide guidance on reporting on net asset classifications of donor-restricted endowment funds for a nonprofit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). Accounting standards also require additional disclosures about an organization's endowment funds (both donor-restricted and board-designated endowment funds) whether or not the organization is subject to UPMIFA.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Continued)

Endowment Funds (Concluded)

The State of Illinois enacted UPMIFA effective June 30, 2009, the provisions of which apply to endowment funds existing on or established after that date. The Board of Trustees has determined that the majority of the Foundation's net assets with donor restrictions meet the definition of endowment funds under UPMIFA. Based on the Foundation's interpretation of UPMIFA, the Foundation has reviewed all of its endowment funds and classified them as appropriate under UPMIFA.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and a board-designated endowment.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. 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.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Summary of Significant Accounting Policies (Concluded)

Recent Accounting Guidance

During the year ended June 30, 2019 the organization implemented ASU 2016-14 *Financial Statements of Not-for-Profit Entities*. Accordingly, the beginning balances of the donor restricted net asset categories (temporarily and permanently restricted) have been retroactively adjusted to consolidate all donor restricted net assets into one classification, *with donor restrictions*. The ASU requires additional disclosures in the areas of liquidity and endowment funds and modifies the direct method presentation of the Statement of Cash Flows, requires reclassifications of investment expenses which are netted in investment return to include internal investment expenses. In addition, it requires any underwater portion of the organization's endowment funds to be adjusted from net assets without donor restrictions to net assets with donor restrictions. At June 30, 2019, the Foundation had no underwater endowments.

Date of Management's Review

Southeastern Illinois College Foundation has evaluated subsequent events through December 2, 2019, the date which the financial statements were available to be issued. Management believes no such events require any additional disclosures.

Accounts Receivable

The Foundation had outstanding accounts receivable of \$1,530 at June 30, 2019. The entire amount was comprised of a lease receivable and fantasy auctions donations receivable.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Unconditional Promises to Give

The Foundation has nine promises to give. All promises were made for the purpose of paying scholarships. These nine promises to give are restricted for scholarships to be awarded to deserving students who meet certain criteria established by the donors.

As of June 30, 2019, the Foundations has promises to give totaling \$24,225. All of these promises to give are due during fiscal year 2020 and are unconditional. Management believes that they are fully collectible. Accordingly, no allowance for uncollectible promises to give has been recorded as of June 30, 2019.

Property Held for Investment

The Foundation holds property for investment purposes. Property purchased by the Foundation is valued at historical cost as of the date of acquisition. Property donated to the Foundation is valued at fair value as of the date of donation. Property held for investment purposes consists of the following at June 30, 2019:

Undeveloped real estate	\$ 69,500
Total property held for investment	<u>\$ 69,500</u>

Investments in Securities

The Foundation invests in equity mutual funds, equity securities, and fixed income securities. Fair values for investments are determined by reference to quoted market prices for similar investments, yield curves, and other relevant information. There were no changes in valuation techniques in the year ended June 30, 2019. The Foundation recognizes transfers into and out of levels within the fair value hierarchy at the end of the reporting period. There were no transfers between levels in the year ended June 30, 2019.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Investments in Securities (Concluded)

Fair value measurements for investments reported at fair value on a recurring basis at June 30, 2019 were determined based on:

Investments	Quoted Prices in Active Markets for Identical Assets (Level 1)
Mutual funds	\$ 1,576,788
Stocks, options, & ETFs	1,553,102
Preferred/fixed rate cap sec	228,180
Unit investment trusts	147,879
Fixed income securities	300,912
	\$ 3,806,861

Donor-Designated Endowment Funds

The Foundation's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence of donor-imposed restrictions. Funds designated by the Board of Trustees to function as endowments are voluntary and may be reversed by the governing board at any time. Accordingly, they are reported as part of the without donor restrictions class of net assets.

Absent explicit donor stipulations to the contrary, the Board of Trustees of the Foundation has interpreted the State Prudent Management of Institutional Funds (SPMIFA) 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.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Donor-Designated Endowment Funds (Concluded)

In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

Endowment net asset composition by type of fund as of June 30, 2019 is as follows:

Endowment Type	Fund	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted		\$ -	\$ 3,979,207	\$ 3,979,207
Board-designated		3,333	-	3,333
		<u>\$ 3,333</u>	<u>\$ 3,979,207</u>	<u>\$ 3,982,540</u>

Changes in endowment net assets as of June 30, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, July 1, 2018	\$ 66,445	\$ 3,899,203	\$ 3,965,648
Contributions	1,260	46,001	47,261
Investment income	44,020	135,714	179,734
Realized gain (loss)	31,389	5,243	36,632
Unrealized gain (loss)	(65,475)	18,489	(46,986)
Amounts appropriated for expenditures	<u>(74,306)</u>	<u>(125,443)</u>	<u>(199,749)</u>
Endowment net assets, June 30, 2019	<u>\$ 3,333</u>	<u>\$ 3,979,207</u>	<u>\$ 3,982,540</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Continued)**

Liquidity and Availability

The Southeastern Illinois College Foundation's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash held at Banterra Bank	\$ 230,852
Cash held in Money Market	164,239
Uninvested cash held at Raymond James	<u>11,440</u>
Cash and Cash Equivalents	<u><u>\$ 406,531</u></u>

The Foundation's endowment funds consist of donor-restricted endowments and funds designated by the Foundation's Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the fee that may be accessed for management purposes of 1% per annum. Donor-restricted endowment funds are not available for general expenditures. Currently, the Foundation has \$3,333 of board designated funds.

As part of the Foundation's liquidity management plan, cash in excess of the Foundation's daily requirements are invested in short-term investments, CDs, and money market funds as determined by the Foundation's Board.

Property and Equipment

The following is a summary of property and equipment as of June 30, 2019:

Equipment	\$ 17,748
Less accumulated depreciation	<u>(14,576)</u>
	<u><u>\$ 3,172</u></u>

Depreciation expense, for the year ended June 30, 2019, was \$532.

Net Assets

The following net assets were available for the following purposes as of June 30, 2019: \$4,195,543 of net assets with donor restrictions were available for scholarships for Southeastern Illinois College students and to support Southeastern Illinois College.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019**

**NOTE 9: Discretely Presented Component Unit (Concluded)**

Donated Goods and Services

The Foundation's offices are located on the campus of Southeastern Illinois College. No rent is paid by the Foundation for the use of the office space. The fair value of the annual rental is estimated to be \$1,530 and is included in contributions and expenses in the statement of activities.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES  
RETIREMENT SYSTEM OF ILLINOIS TREND DATA  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>SCHEDULE OF SHARE OF NET PENSION LIABILITY</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>
<b>SOUTHEASTERN ILLINOIS COLLEGE</b>					
( a) Proportion Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%
( b) Proportion Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Portion of Nonemployer Contributing Entities' Total Proportion of					
( c) Collective Net Pension Liability Associated with Employer	<u>38,071,682</u>	<u>40,000,273</u>	<u>43,559,675</u>	<u>38,298,102</u>	<u>\$ 39,014,776</u>
Total ( b) + ( c)	<u>\$ 38,071,682</u>	<u>\$ 40,000,273</u>	<u>\$ 43,559,675</u>	<u>\$ 38,298,102</u>	<u>\$ 39,014,776</u>
Employer DB Covered Payroll	\$ 6,397,386	\$ 6,150,675	\$ 6,078,388	\$ 5,322,458	\$ 5,085,629
Proportion of Collective Net Pension Liability associated with Employer as a Percentage of DB Covered Payroll	596.79%	650.34%	716.63%	719.56%	767.16%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%

<u>SCHEDULE OF CONTRIBUTIONS</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
<b>SOUTHEASTERN ILLINOIS COLLEGE</b>						
Federal, Trust, Grant and Other Contribution	\$ 63,025	\$ 58,448	\$ 44,512	\$ 38,400	\$ 36,006	\$ 32,026
Contribution in Relation to Required Contribution	<u>63,025</u>	<u>58,448</u>	<u>44,512</u>	<u>38,400</u>	<u>\$ 36,006</u>	<u>\$ 32,026</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer Covered Payroll	724,425	499,129	350,764	306,464	288,973	260,586
Contributions as a Percentage of Covered Payroll	8.70%	11.71%	12.69%	12.53%	12.46%	12.29%

<u>SOUTHEASTERN ILLINOIS COLLEGE</u>	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY2019</u>
On-Behalf Payments for Community College Health Insurance Program	\$ 29,702	\$ 30,114	\$ 30,114	\$ 26,604	\$ 25,504	\$ 26,204

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

Fiscal Year 2019 Total DB Contributions: \$ 413,154

Fiscal Year 2019 Total SMP Contributions: \$ 48,106

**SOUTHEASTERN ILLINOIS COLLEGE  
HARRISBURG, ILLINOIS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2019**

*Changes of Benefit Terms.*

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2018.

*Changes of Assumptions.*

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest, and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2014 to June 30, 2017 was performed in February 2018, resulting in the adoption of new assumptions as of June 30, 2018.

- Salary increase: Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment Return: Decrease in the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest: Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal Retirement Rates: A slight increase in the retirement rate at 50. No change to the rates for ages 60-61, 67-74, and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early Retirement Rates: Decrease in rates for all Tier I early retirement eligibility ages (55-59).
- Turnover Rates: Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality Rates: Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP-2014 to the MP-2017 scale.
- Disability Rates: Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES  
OTHER POST-EMPLOYMENT BENEFIT SYSTEM OF ILLINOIS TREND DATA - *UNAUDITED*  
FOR THE YEAR ENDED JUNE 30, 2019**

	2018	2017	2016
Employer's Proportion (percentage) of Collective Net OPEB Liability	0.292056%	0.306650%	0.332270%
Employer's Proportion (amount) of Collective Net OPEB Liability	\$ 5,505,996	\$ 5,592,175	\$ 6,047,163
Non-Employer Proportion (amount) of Collective Net OPEB Liability	5,505,996	5,518,517	6,300,629
TOTAL	<u>\$ 11,011,992</u>	<u>\$ 11,110,692</u>	<u>\$ 12,347,792</u>
Employer's Covered-Employee Payroll	\$ 288,973	\$ 306,464	\$ 350,764
Employer's Proportionate Share (amount) of the Collective Net OPEB Liability as a Percentage of the Employer's Covered Payroll	1905.37%	1824.74%	1724.00%
Plan's Fiduciary Net Position as a Percent of Total OPEB Liability	-21.67%	-21.86%	-32.27%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES  
SCHEDULE OF STATE CONTRIBUTIONS - *UNAUDITED*  
FOR THE YEAR ENDED JUNE 30, 2019**

	2018	2017	2016
Statutorily Required Contribution **	\$ 25,504	\$ 26,604	\$ 30,114
Contributions in Relation to the Employer's Covered-Employee Payroll	8.83%	8.68%	8.59%
Annual Contribution Deficiency (Excess) **	N/A	N/A	N/A

\*\* *Statutorily Required Contributions = Actual Contributions*

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**REQUIRED SUPPLEMENTARY INFORMATION - STATE UNIVERSITIES  
NOTES TO REQUIRED OPEB SUPPLEMENTARY INFORMATION - *UNAUDITED*  
FOR THE YEAR ENDED JUNE 30, 2019**

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Sponsor's Fiscal year End	June 30, 2019

***Methods and Assumptions Used to Determine Actuarial Liability and Contributions:***

Actuarial Cost Method	Entry Age Normal, used to measure the Total OPEB Liability
Contribution Policy	Benefits are financed on pay-as-you-go basis. Contribution rates are defined by statute. For fiscal years ended June 30, 2018, contribution rates are 0.50% of pay for active members, 0.50% of pay for community colleges, and 0.50% of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year cost plus a margin for incurred but not paid plan cost.
Asset Valuation Method	Market value
Investment Rate of Return	0%, net of OPEB plan investment expenses, including inflation for all plan years.
Inflation	2.75%
Salary Increases	Depends on service and ranges from 10.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increases includes a 3.75% wage inflation assumption.
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition. Last updated for the June 30, 2014 actuarial valuation of
Mortality	Retirement and Beneficiary Annuitants: RP-2014 White Collar Annuitant Mortality Table. Disabled Annuitants: RP-2014 Disabled Annuitant Table. Pre-Retirement: RP-2014 White Collar Table. All tables reflect future mortality improvements using Projection Scale MP-2014.
Healthcare Cost Trend Rates	Actual trend used for fiscal year 2018 based on premium increases. For fiscal years on and after 2019, trends start at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50%. Additional trend rate of 0.41% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Aging Factors	Based on the 2013 SOA Study "Health Care Costs – From Birth to Death"
Expenses	Health administrative expenses are included in the development of the per capita claims costs. Operating expenses are included as a component of the Annual OPEB Expense.

**SUPPLEMENTAL INFORMATION**

**Financial Statements**

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINED BALANCE SHEET - ALL FUND TYPES  
JUNE 30, 2019**

	GOVERNMENTAL FUND TYPES				PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPE	TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	ENTERPRISE	AGENCY	
<b>ASSETS</b>							
Cash and cash equivalents - unrestricted	\$ 11,941,447	\$ -	\$ -	\$ -	\$ 1,036,198	\$ -	\$ 12,977,645
Cash and cash equivalents - restricted	-	4,811,821	67,218	3,410,975	-	104,038	8,394,052
Receivables -							
Tuition and fees, net of allowance for doubtful accounts of \$369,715	145,502	-	-	-	-	-	145,502
Outside agencies	111,029	145,566	-	-	71,062	-	327,657
Fees, Child Study Center, net of allowance for doubtful accounts of \$38,907	-	-	-	-	32,976	-	32,976
Southeastern Illinois College Foundation	7,762	-	-	-	-	-	7,762
Property taxes	2,193,706	1,246,225	1,890,110	-	-	-	5,330,041
Inventories	-	-	-	-	222,766	-	222,766
Prepaid expenses	500	9,748	-	-	-	-	10,248
Property, plant, and equipment (net)	-	-	-	-	30,361	-	30,361
<b>TOTAL ASSETS</b>	<b>\$ 14,399,946</b>	<b>\$ 6,213,360</b>	<b>\$ 1,957,328</b>	<b>\$ 3,410,975</b>	<b>\$ 1,393,363</b>	<b>\$ 104,038</b>	<b>\$ 27,479,010</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
<b>Liabilities</b>							
Accounts payable	\$ 427,003	\$ 279,472	\$ -	\$ 171,367	\$ 18,009	\$ -	\$ 895,851
Accrued expenses	686,204	4,301	43,591	-	18,392	-	752,488
Due to student groups	-	-	-	-	-	104,038	104,038
Lease purchase payable	-	-	-	-	2,184	-	2,184
<b>Total Liabilities</b>	<b>1,113,207</b>	<b>283,773</b>	<b>43,591</b>	<b>171,367</b>	<b>38,585</b>	<b>104,038</b>	<b>1,754,561</b>
<b>Deferred Inflows of Resources</b>							
Deferred Heritage Festival booth rental fees	-	-	-	-	8,055	-	8,055
Deferred property taxes	2,193,706	1,246,225	1,890,110	-	-	-	5,330,041
Deferred tuition	457,392	-	-	-	-	-	457,392
<b>Total Deferred Inflows of Resources</b>	<b>2,651,098</b>	<b>1,246,225</b>	<b>1,890,110</b>	<b>-</b>	<b>8,055</b>	<b>-</b>	<b>5,795,488</b>
<b>Fund Balances</b>							
Net investment in capital assets	-	-	-	-	30,361	-	30,361
Retained earnings unreserved	-	-	-	-	1,316,362	-	1,316,362
Fund balances -							
Restricted	-	4,683,362	23,627	3,239,608	-	-	7,946,597
Unrestricted	10,635,641	-	-	-	-	-	10,635,641
<b>Total Fund Balances</b>	<b>10,635,641</b>	<b>4,683,362</b>	<b>23,627</b>	<b>3,239,608</b>	<b>1,346,723</b>	<b>-</b>	<b>19,928,961</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 14,399,946</b>	<b>\$ 6,213,360</b>	<b>\$ 1,957,328</b>	<b>\$ 3,410,975</b>	<b>\$ 1,393,363</b>	<b>\$ 104,038</b>	<b>\$ 27,479,010</b>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2019**

	GOVERNMENTAL FUND TYPES				TOTALS (MEMO- RANDOM ONLY)
	GENERAL	SPECIAL REVENUE	DEBT SERVICE	CAPITAL PROJECTS	
<b>Revenues</b>					
Local governments	\$ 2,360,746	\$ 990,337	\$ 1,792,595	\$ -	\$ 5,143,678
State governments	4,221,642	178,110	-	-	4,399,752
Federal governments	3,265	2,817,812	-	-	2,821,077
Student tuition and fees	4,346,721	-	-	-	4,346,721
Other sources	335,425	102,723	1,114	55,966	495,228
Total Direct Revenues	11,267,799	4,088,982	1,793,709	55,966	17,206,456
On behalf payments - Community College Health Insurance Program	-	239,767	-	-	239,767
On behalf payments - State Universities Retirement System	-	3,810,473	-	-	3,810,473
Total Revenues	11,267,799	8,139,222	1,793,709	55,966	21,256,696
<b>Expenditures</b>					
Instruction	3,156,845	313,827	-	-	3,470,672
Academic support	367,639	-	-	-	367,639
Student services	798,248	280,429	-	-	1,078,677
Public services	24,067	357,563	-	-	381,630
Auxiliary services	63,906	-	-	-	63,906
Operation and maintenance of plant	1,398,520	301,034	-	-	1,699,554
Institutional support	2,578,661	1,394,839	1,635,327	592,118	6,200,945
Capital outlay	-	-	-	1,638,090	1,638,090
Scholarships	1,564,836	2,165,226	-	-	3,730,062
Total Direct Expenditures	9,952,722	4,812,918	1,635,327	2,230,208	18,631,175
On behalf payments - Community College Health Insurance Program	-	239,767	-	-	239,767
On behalf payments - State Universities Retirement System	-	3,810,473	-	-	3,810,473
Total Expenditures	9,952,722	8,863,158	1,635,327	2,230,208	22,681,415
Revenues over (under) expenditures	1,315,077	(723,936)	158,382	(2,174,242)	(1,424,719)
<b>Other Financing Sources (Uses)</b>					
Transfers in	427,969	114,439	-	7,983	550,391
Transfers out	(946,635)	(74,287)	-	-	(1,020,922)
Bond issuance premium	-	-	-	108,461	108,461
Bond proceeds	-	-	-	2,870,000	2,870,000
Total Other Financing Sources (Uses)	(518,666)	40,152	-	2,986,444	2,507,930
<b>Revenues and Other Financing Sources</b>					
Over (Under) Expenditures and Other Financing Sources (Uses)	796,411	(683,784)	158,382	812,202	1,083,211
Fund Balance - July 1, 2018	9,839,230	5,367,146	(134,755)	2,427,406	17,499,027
Fund Balance - June 30, 2019	\$ 10,635,641	\$ 4,683,362	\$ 23,627	\$ 3,239,608	\$ 18,582,238

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - ALL BUDGETED GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2019**

	GENERAL FUND		SPECIAL REVENUE FUNDS		DEBT SERVICE		CAPITAL PROJECTS	
	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL	BUDGET	ACTUAL
<b>Revenues</b>								
Local governments	\$ 2,302,600	\$ 2,360,746	\$ 877,508	\$ 990,337	\$ 1,444,591	\$ 1,792,595	\$ -	\$ -
State governments	4,300,319	4,221,642	228,155	178,110	-	-	-	-
Federal governments	3,300	3,265	3,371,995	2,817,812	-	-	-	-
Student tuition and fees	4,304,580	4,346,721	-	-	-	-	-	-
Other sources	192,100	335,425	73,117	102,723	50	1,114	2,000	55,966
Total Direct Revenues	11,102,899	11,267,799	4,550,775	4,088,982	1,444,641	1,793,709	2,000	55,966
On behalf payments - Comm College Health Insurance Program	-	-	-	239,767	-	-	-	-
On behalf payments - State Universities Retirement System	-	-	-	3,810,473	-	-	-	-
Total Revenues	11,102,899	11,267,799	4,550,775	8,139,222	1,444,641	1,793,709	2,000	55,966
<b>Expenditures</b>								
Instruction	3,376,623	3,156,845	322,315	313,827	-	-	-	-
Academic support	372,707	367,639	-	-	-	-	-	-
Student services	793,472	798,248	382,215	280,429	-	-	-	-
Public services	8,300	24,067	349,152	357,563	-	-	-	-
Auxiliary services	63,227	63,906	-	-	-	-	-	-
Operation and maintenance of plant	1,468,929	1,398,520	275,619	301,034	-	-	-	-
Institutional support	3,558,370	2,578,661	1,009,960	1,394,839	1,444,591	1,635,327	9,000	592,118
Capital outlay	-	-	-	-	-	-	-	1,638,090
Scholarships	1,521,220	1,564,836	2,596,800	2,165,226	-	-	-	-
Total Direct Expenditures	11,162,848	9,952,722	4,936,061	4,812,918	1,444,591	1,635,327	9,000	2,230,208
On behalf payments - Comm College Health Insurance Program	-	-	-	239,767	-	-	-	-
On behalf payments - State Universities Retirement System	-	-	-	3,810,473	-	-	-	-
Total Expenditures	11,162,848	9,952,722	4,936,061	8,863,158	1,444,591	1,635,327	9,000	2,230,208
Revenues over (under) Expenditures	(59,949)	1,315,077	(385,286)	(723,936)	50	158,382	(7,000)	(2,174,242)
<b>Other Financing Sources (Uses)</b>								
Transfers in	416,586	427,969	40,580	114,439	-	-	9,000	7,983
Transfers out	(940,978)	(946,635)	(71,886)	(74,287)	-	-	-	-
Bond issuance premium	-	-	-	-	-	-	-	108,461
Bond proceeds	-	-	-	-	-	-	-	2,870,000
Total Other Financing Sources (Uses)	(524,392)	(518,666)	(31,306)	40,152	-	-	9,000	2,986,444
<b>Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>\$ (584,341)</u>	796,411	<u>\$ (416,592)</u>	(683,784)	<u>\$ 50</u>	158,382	<u>\$ 2,000</u>	812,202
Fund Balance - July 1, 2018		9,839,230		5,367,146		(134,755)		2,427,406
Fund Balance - June 30, 2019		<u>\$ 10,635,641</u>		<u>\$ 4,683,362</u>		<u>\$ 23,627</u>		<u>\$ 3,239,608</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN RETAINED EARNINGS - BUDGET AND ACTUAL  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2019**

	PROPRIETARY FUND TYPE	
	ENTERPRISE	
	AUXILIARY FUND	
	BUDGET	ACTUAL
Operating Revenues		
Auxiliary Fund	\$ 1,087,650	\$ 981,528
Other	14,021	88,205
Total Operating Revenues	1,101,671	1,069,733
Operating Expenses		
Auxiliary Fund		
Salaries	448,171	522,700
Contractual services	76,990	58,349
Supplies and materials	754,014	584,596
Conference and meeting expense	65,433	60,948
Fixed charges	59,965	52,241
Other	2,350	1,980
Scholarships	288,535	279,011
Total Operating Expenses	1,695,458	1,559,825
Operating Income (Loss)	(593,787)	(490,092)
Non-operating Revenues (Expenses)	5,000	16,240
Income (Loss) Before Operating Transfers	(588,787)	(473,852)
Operating Transfers In (Out)	542,798	470,531
Net Income (Loss)	\$ (45,989)	(3,321)
Retained Earnings - July 1, 2018		1,350,044
Retained Earnings - June 30, 2019		\$ 1,346,723

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>PROPRIETARY FUND TYPE ENTERPRISE AUXILIARY FUND</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Auxiliary enterprise charges	\$ 1,007,002
Grants and contracts	23,314
Payments to suppliers	(712,165)
Payments to employees	(522,803)
Payments for scholarships	<u>(279,011)</u>
Net Cash Used by Operating Activities	<u>(483,663)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>	
Interfund transfers in	473,547
Interfund transfers out	<u>(3,016)</u>
Net Cash Provided by Noncapital Financing Activities	<u>470,531</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Principal paid on lease purchase	<u>(26,743)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(26,743)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Interest on cash deposits	<u>16,240</u>
Net Cash Provided by Investing Activities	<u>16,240</u>
Net Increase in Cash and Cash Equivalents	(23,635)
Cash and Cash Equivalents - July 1, 2018	<u>1,059,833</u>
Cash and Cash Equivalents - June 30, 2019	<u>\$ 1,036,198</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>	
Operating Loss	\$ (490,092)
<b>Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities</b>	
Depreciation expense	29,449
Increase in accounts receivable	(39,092)
Decrease in inventory	11,437
Increase in accounts payable	5,063
Decrease in accrued expenses	(103)
Decrease in Heritage Festival booth rentals	<u>(325)</u>
Net Cash Used by Operating Activities	<u>\$ (483,663)</u>

**SUPPLEMENTAL INFORMATION**

**Financial Statements**

**Governmental Fund Types**



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINING BALANCE SHEET - GENERAL FUND  
JUNE 30, 2019**

	<u>EDUCATION FUND</u>	<u>OPERATIONS AND MAINTENANCE FUND</u>	<u>TOTALS</u>
Assets and Deferred Outflows of Resources			
Assets			
Cash and Cash Equivalents - Unrestricted	\$ 9,542,686	\$ 2,398,761	\$ 11,941,447
Receivables -			
Tuition and fees, net of allowance for doubtful accounts of \$369,715	145,502	-	145,502
Outside agencies	82,036	28,993	111,029
Southeastern Illinois College Foundation	7,762	-	7,762
Property taxes	1,614,878	578,828	2,193,706
Prepaid expenses	500	-	500
	<u>11,393,364</u>	<u>3,006,582</u>	<u>14,399,946</u>
Total Assets			
	<u>\$ 11,393,364</u>	<u>\$ 3,006,582</u>	<u>\$ 14,399,946</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities			
Accounts payable	\$ 365,159	\$ 61,844	\$ 427,003
Accrued expenses	677,333	8,871	686,204
Total Liabilities	<u>1,042,492</u>	<u>70,715</u>	<u>1,113,207</u>
Deferred Inflows of Resources			
Deferred property taxes	1,614,878	578,828	2,193,706
Deferred tuition	457,392	-	457,392
Total Deferred Inflows of Resources	<u>2,072,270</u>	<u>578,828</u>	<u>2,651,098</u>
Fund Balances			
Unrestricted	<u>8,278,602</u>	<u>2,357,039</u>	<u>10,635,641</u>
	<u>\$ 11,393,364</u>	<u>\$ 3,006,582</u>	<u>\$ 14,399,946</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances			

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	EDUCATION FUND	OPERATIONS AND MAINTENANCE FUND	TOTALS
Revenues			
Local governments	\$ 1,686,716	\$ 674,030	\$ 2,360,746
State governments	3,627,936	593,706	4,221,642
Federal governments	3,265	-	3,265
Student tuition and fees	4,346,721	-	4,346,721
Other sources	268,017	67,408	335,425
<b>Total Revenues</b>	<b>9,932,655</b>	<b>1,335,144</b>	<b>11,267,799</b>
Expenditures			
Instruction	3,156,845	-	3,156,845
Academic support	367,639	-	367,639
Student services	798,248	-	798,248
Public services	24,067	-	24,067
Auxiliary services	63,906	-	63,906
Operation and maintenance of plant	-	1,398,520	1,398,520
Institutional support	2,558,842	19,819	2,578,661
Scholarships	1,564,836	-	1,564,836
<b>Total Expenditures</b>	<b>8,534,383</b>	<b>1,418,339</b>	<b>9,952,722</b>
Revenues over (under) Expenditures	1,398,272	(83,195)	1,315,077
Other Financing Sources (Uses)			
Transfers in	20,349	407,620	427,969
Transfers out	(946,635)	-	(946,635)
<b>Total Other Financing Sources (Uses)</b>	<b>(926,286)</b>	<b>407,620</b>	<b>(518,666)</b>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	471,986	324,425	796,411
Fund Balance - July 1, 2018	7,806,616	2,032,614	9,839,230
Fund Balance - June 30, 2019	<u>\$ 8,278,602</u>	<u>\$ 2,357,039</u>	<u>\$ 10,635,641</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINING BALANCE SHEET - ALL SPECIAL REVENUE FUNDS  
JUNE 30, 2019**

	AUDIT FUND	LIABILITY, PROTECTION, AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
<b>Assets</b>					
Cash and Cash Equivalents - Restricted	\$ 231	\$ 855,292	\$ 406,268	\$ 3,550,030	\$ 4,811,821
Receivables -					
Outside agencies	-	-	145,566	-	145,566
Property taxes	28,956	1,217,269	-	-	1,246,225
Prepaid expenses	-	9,748	-	-	9,748
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 29,187</u>	<u>\$ 2,082,309</u>	<u>\$ 551,834</u>	<u>\$ 3,550,030</u>	<u>\$ 6,213,360</u>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 26,135	\$ 253,337	\$ -	\$ 279,472
Accrued expenses	-	481	3,820	-	4,301
Total Liabilities	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>          </u>	<u>26,616</u>	<u>257,157</u>	<u>          </u>	<u>283,773</u>
<b>Deferred Inflows of Resources</b>					
Deferred property taxes	28,956	1,217,269	-	-	1,246,225
Total Deferred Inflows of Resources	<u>28,956</u>	<u>1,217,269</u>	<u>          </u>	<u>          </u>	<u>1,246,225</u>
<b>Fund Balances</b>					
Restricted	231	838,424	294,677	3,550,030	4,683,362
Total Fund Balances	<u>231</u>	<u>838,424</u>	<u>294,677</u>	<u>3,550,030</u>	<u>4,683,362</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 29,187</u>	<u>\$ 2,082,309</u>	<u>\$ 551,834</u>	<u>\$ 3,550,030</u>	<u>\$ 6,213,360</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - ALL SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	AUDIT FUND	LIABILITY, PROTECTION AND SETTLE- MENT FUND	RESTRICTED PURPOSES FUND	WORKING CASH FUND	TOTALS
Revenues					
Local governments	\$ 28,230	\$ 962,107	\$ -	\$ -	\$ 990,337
State governments	-	-	178,110	-	178,110
Federal governments	-	-	2,817,812	-	2,817,812
Other sources	-	12,730	36,055	53,938	102,723
Total Direct Revenues	<u>28,230</u>	<u>974,837</u>	<u>3,031,977</u>	<u>53,938</u>	<u>4,088,982</u>
On behalf payments - Community College Health Insurance Program	-	-	239,767	-	239,767
On behalf payments - State Universities Retirement System	-	-	3,810,473	-	3,810,473
Total On Behalf Payments	<u>-</u>	<u>-</u>	<u>4,050,240</u>	<u>-</u>	<u>4,050,240</u>
Total Revenues	<u>28,230</u>	<u>974,837</u>	<u>7,082,217</u>	<u>53,938</u>	<u>8,139,222</u>
Expenditures					
Instruction	-	-	313,827	-	313,827
Student services	-	-	280,429	-	280,429
Public services	-	-	357,563	-	357,563
Operation and maintenance of plant	-	301,034	-	-	301,034
Institutional support	42,920	628,817	723,102	-	1,394,839
Scholarships	-	-	2,165,226	-	2,165,226
Total Direct Expenditures	<u>42,920</u>	<u>929,851</u>	<u>3,840,147</u>	<u>-</u>	<u>4,812,918</u>
On behalf payments - Community College Health Insurance Program	-	-	239,767	-	239,767
On behalf payments - State Universities Retirement System	-	-	3,810,473	-	3,810,473
Total On Behalf Payments	<u>-</u>	<u>-</u>	<u>4,050,240</u>	<u>-</u>	<u>4,050,240</u>
Total Expenditures	<u>42,920</u>	<u>929,851</u>	<u>7,890,387</u>	<u>-</u>	<u>8,863,158</u>
Revenues over (under) Expenditures	<u>(14,690)</u>	<u>44,986</u>	<u>(808,170)</u>	<u>53,938</u>	<u>(723,936)</u>
Other Financing Sources (Uses)					
Transfers in	23,580	-	90,859	-	114,439
Transfers out	-	-	(20,349)	(53,938)	(74,287)
Total Other Financing Sources (Uses)	<u>23,580</u>	<u>-</u>	<u>70,510</u>	<u>(53,938)</u>	<u>40,152</u>
Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	8,890	44,986	(737,660)	-	(683,784)
Fund Balance - July 1, 2018	<u>(8,659)</u>	<u>793,438</u>	<u>1,032,337</u>	<u>3,550,030</u>	<u>5,367,146</u>
Fund Balance - June 30, 2019	<u>\$ 231</u>	<u>\$ 838,424</u>	<u>\$ 294,677</u>	<u>\$ 3,550,030</u>	<u>\$ 4,683,362</u>

**SUPPLEMENTAL INFORMATION**

**Other**

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF VALUATIONS AND TAX EXTENSIONS - UNAUDITED  
JUNE 30, 2019**

	2018 LEVY PAYABLE IN 2019		2017 LEVY PAYABLE IN 2018		2016 LEVY PAYABLE IN 2017	
	RATE	EXTENSION	RATE	EXTENSION	RATE	EXTENSION
Fund						
Education	0.28000	\$ 1,631,729	0.27784	\$ 1,577,423	0.28000	\$ 1,538,894
Operations and Maintenance	0.10000	582,760	0.09922	563,317	0.10000	549,605
Tort Immunity	0.23140	1,348,508	0.15338	870,807	0.15066	828,035
Audit	0.00500	29,138	0.00500	28,387	0.00500	27,480
Social Security	0.01171	68,241	0.01512	85,843	0.01655	90,960
Bond and Interest	0.37529	2,187,041	0.31315	1,777,894	0.26138	1,436,557
	<u>1.00340</u>	<u>\$ 5,847,417</u>	<u>0.86371</u>	<u>\$ 4,903,671</u>	<u>0.81359</u>	<u>\$ 4,471,531</u>
District Valuation		<u>\$ 582,760,396</u>		<u>\$ 567,745,086</u>		<u>\$ 549,604,946</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF LEGAL DEBT MARGIN - UNAUDITED  
FOR THE YEAR ENDED JUNE 30, 2019**

Assessed Valuation - 2018 Levy	
Gallatin	\$ 67,513,452
Hamilton	7,247,148
Hardin	33,352,103
Johnson	12,715,717
Pope	52,109,848
Saline	259,640,297
White	148,739,309
Williamson	<u>1,442,522</u>
	<u>\$ 582,760,396</u>
 Debt Limit, 2.875% of Assessed Valuation	 \$ 16,754,361
 Less: Total Indebtedness	 <u>13,558,758</u>
 Legal Debt Margin	 <u>\$ 3,195,603</u>

**UNIFORM FINANCIAL STATEMENT**



SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #1  
ALL FUNDS SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2019

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund
Fund Balance July 1, 2018	\$7,806,616	\$2,032,614	\$2,427,406	(\$134,755)	\$1,350,044	\$1,032,337	\$3,550,030
Revenues:							
Local Tax Revenue	1,575,256	562,570		1,792,595			
All Other Local Revenue	111,460	111,460					
ICCB Grants	3,627,936	593,706				20,438	
All Other State Revenue (Including SURS On-Behalf)					93,231	157,672	
Federal Revenue	3,265				23,314	2,817,812	
Student Tuition and Fees	4,346,721						
CIP							
On-Behalf CIP						239,767	
On-Behalf SURS						3,810,473	
All Other Revenue	268,017	67,408	3,034,427	1,114	969,428	36,055	53,938
Total Revenues	<u>\$9,932,655</u>	<u>\$1,335,144</u>	<u>\$3,034,427</u>	<u>\$1,793,709</u>	<u>\$1,085,973</u>	<u>\$7,082,217</u>	<u>\$53,938</u>
Expenditures							
Instruction	3,156,845				25,448	1,464,919	
Academic Support	367,639				66		
Student Services	798,248					1,510,895	
Public Service/Continuing Education	24,067				10,695	2,026,246	
Organized Research							
Auxiliary Services	63,906				1,244,605		
Operations and Maintenance		1,398,520	592,118	1,635,327			
Institutional Support	2,558,842	19,819	1,638,090			723,102	
Scholarships, Grants, Waivers	1,564,836				279,011	2,165,226	
CIP							
On-Behalf SURS							
On-Behalf Other							
Total Expenditures	<u>8,534,383</u>	<u>1,418,339</u>	<u>2,230,208</u>	<u>1,635,327</u>	<u>1,559,825</u>	<u>7,890,388</u>	<u>0</u>
Net Transfers	<u>(926,286)</u>	<u>407,620</u>	<u>7,983</u>		<u>470,531</u>	<u>70,510</u>	<u>(53,938)</u>
Fund Balance June 30, 2019	<u>\$8,278,602</u>	<u>\$2,357,039</u>	<u>\$3,239,608</u>	<u>\$23,627</u>	<u>\$1,346,723</u>	<u>\$294,676</u>	<u>\$3,550,030</u>

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #1  
ALL FUNDS SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2019

	Audit Fund	Liability, Protection Settlement Fund	Building Bonds Proceeds Fund	PBC * Rental Fund	PBC * Operations and Maintenance Fund	Total
Fund Balance July 1, 2018	(\$8,659)	\$793,438				\$18,849,071
Revenues:						
Local Tax Revenue	28,230	962,107				4,920,758
All Other Local Revenue						222,920
ICCB Grants						4,242,080
All Other State Revenue (Including SURS On-Behalf)						250,903
Federal Revenue						2,844,391
Student Tuition and Fees						4,346,721
CIP						0
On-Behalf SURS						239,767
On-Behalf Other						3,810,473
All Other Revenue		12,730				4,443,117
Total Revenues	<u>\$28,230</u>	<u>\$974,837</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$25,321,130</u>
Expenditures						
Instruction						4,647,212
Academic Support						367,705
Student Services						2,309,143
Public Service/Continuing Education						2,061,008
Organized Research						0
Auxiliary Services						1,308,511
Operations and Maintenance		301,034				3,926,999
Institutional Support	42,920	628,817				5,611,590
Scholarships, Grants, Waivers						4,009,073
CIP						0
On-Behalf SURS						0
On-Behalf Other						0
Total Expenditures	<u>\$42,920</u>	<u>\$929,851</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$24,241,241</u>
Net Transfers	<u>23,580</u>					<u>0</u>
Fund Balance June 30, 2019	<u>\$231</u>	<u>\$838,424</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$19,928,960</u>

\* Public Building Commission

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**UNIFORM FINANCIAL STATEMENT #2  
SUMMARY OF FIXED ASSETS AND DEBT  
FOR THE YEAR ENDED JUNE 30, 2019**

	Fixed Asset/Debt Account Groups <u>July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	Fixed Asset/Debt Account Groups <u>June 30, 2019</u>
<b>Fixed Assets</b>				
Land	\$266,405			\$266,405
Construction in Progress	116,061	2,585,171		2,701,232
Equipment & Furniture	2,241,435	65,134		2,306,569
Other Fixed Assets	20,241,249	233,267		20,474,516
Accumulated Depreciation	<u>(9,225,668)</u>	<u>(570,480)</u>		<u>(9,796,148)</u>
Net Fixed Assets	<u>\$13,639,482</u>	<u>\$2,313,092</u>	<u>\$0</u>	<u>\$15,952,574</u>
<b>Fixed Debt</b>				
Bonds Payable	\$11,780,000	\$2,870,000	(\$1,200,000)	\$13,450,000
Other Fixed Liabilities	<u>5,645,950</u>		<u>(137,329)</u>	<u>5,508,621</u>
Total Fixed Liabilities	<u>\$17,425,950</u>	<u>\$2,870,000</u>	<u>(\$1,337,329)</u>	<u>\$18,958,621</u>
	<u>Outstanding July 1, 2018</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Outstanding June 30, 2019</u>
<b>Education Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>Operations and Maintenance Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>Bond and Interest Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>Audit Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>Liability, Protection, and Settlement Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>PBC Rental Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0
<b>PBC Operations and Maintenance Fund</b>				
Tax Anticipation Warrants				0
Tax Anticipation Notes				0

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #3  
OPERATING FUNDS REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2019

	Education Fund	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
OPERATING REVENUES BY SOURCE				
Local Government Revenue:				
Local Taxes	\$1,575,256	\$562,570		\$2,137,826
Chargeback Revenue				\$0
CPPRT	111,460	111,460		\$222,920
Other				0
<b>TOTAL LOCAL GOVERNMENT</b>	<b>\$1,686,716</b>	<b>\$674,030</b>	<b>\$0</b>	<b>\$2,360,746</b>
State Government:				
ICCB Base Operating Grant	\$1,028,460			\$1,028,460
ICCB Equalization Grant	2,374,824	593,706		2,968,530
ICCB Career & Technical Education	121,585			121,585
ICCB Performance Grant	14,485			14,485
Other ICCB Grants not listed above	88,582			88,582
Dept. of Corrections				0
Dept. of Veterans Affairs				0
Illinois Student Assistance Commission				0
Other State not listed above				0
<b>TOTAL STATE GOVERNMENT</b>	<b>\$3,627,936</b>	<b>\$593,706</b>	<b>\$0</b>	<b>\$4,221,642</b>
Federal Government:				
Dept. of Education	\$2,650			\$2,650
Dept. of Labor				0
Dept. of Health & Human Services				0
Other	615			615
<b>TOTAL FEDERAL GOVERNMENT</b>	<b>\$3,265</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,265</b>
Student Tuition and Fees				
Tuition	\$ 3,279,849			\$ 3,279,849
Fees	1,066,872			1,066,872
Other Student Assessments				0
<b>TOTAL TUITION AND FEES</b>	<b>\$ 4,346,721</b>	<b>\$0</b>	<b>\$0</b>	<b>\$ 4,346,721</b>
Other Sources				
Sales and Service Fees	\$26,404	\$3,500		\$29,904
Facilities Revenue		25,575		25,575
Investment Revenue	179,044	34,420		213,464
Non-Governmental Grants				0
Other	62,569	3,913		66,482
<b>TOTAL OTHER REVENUE</b>	<b>\$268,017</b>	<b>\$67,408</b>	<b>\$0</b>	<b>\$335,425</b>
<b>TOTAL REVENUE</b>	<b>\$9,932,655</b>	<b>\$1,335,144</b>	<b>\$0</b>	<b>\$11,267,799</b>
Less: Non-Operating Items *				
Tuition Chargeback Revenue				\$0
Instructional Service Contracts				0
<b>ADJUSTED REVENUE</b>	<b>\$9,932,655</b>	<b>\$1,335,144</b>	<b>\$0</b>	<b>\$11,267,799</b>

\* Enter as negative

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #3  
OPERATING FUNDS REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2019

	Education Fund	Operations and Maintenance Fund	PBC Operations and Maintenance Fund	Total Operating Funds
OPERATING EXPENDITURES				
BY PROGRAM				
Instruction	\$3,156,845			\$3,156,845
Academic Support	367,639			367,639
Student Services	798,248			798,248
Public Service/Continuing Education	24,067			24,067
Organized Research				0
Auxiliary Services	63,906			63,906
Operations and Maintenance		1,398,520		1,398,520
Institutional Support	2,558,842	19,819		2,578,661
Scholarships, Grants, Waivers	1,564,836			1,564,836
	\$8,534,383	\$1,418,339	\$0	\$9,952,722
TOTAL EXPENDITURES				
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	(926,286)			(926,286)
	\$7,608,097	\$1,418,339	\$0	\$9,026,436
ADJUSTED EXPENDITURES				
BY OBJECT				
Salaries	\$4,925,241	\$140,417		\$5,065,658
Employee Benefits	574,731			574,731
Contractual Services	478,902	676,610		1,155,512
General Materials and Supplies	694,981	19,946		714,927
Library Materials**				0
Conference and Meeting Expenses	134,362	83		134,445
Fixed Charges	40,335	29,806		70,141
Utilities		511,921		511,921
Capital Outlay	82,034	32,831		114,865
Other	1,603,797	6,725		1,610,522
Student Grants & Scholarships**				0
	\$8,534,383	\$1,418,339	\$0	\$9,952,722
TOTAL EXPENDITURES				
Less Non-Operating Items*				
Tuition Chargeback				\$0
Instructional Service Contracts				0
Transfers	(926,286)			(926,286)
	\$7,608,097	\$1,418,339	\$0	\$9,026,436
ADJUSTED EXPENDITURES				

\* Enter as negative

\*\* Non-add line.

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #4  
RESTRICTED PURPOSES FUND REVENUES AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2019

	Restricted Purposes Fund
REVENUE BY SOURCE:	
TOTAL LOCAL GOVERNMENT	\$0
State Government	
ICCB - Adult Education	
ICCB - Other	20,438
Dept. of Corrections	
Illinois Student Assistance Commission	
SURS - On Behalf	3,810,473
Other	397,439
TOTAL STATE GOVERNMENT	\$4,228,350
Federal Government	
Dept. of Education	\$2,579,271
Dept. of Labor	89,887
Dept. of Health & Human Services	
Other	148,654
TOTAL FEDERAL GOVERNMENT	\$2,817,812
Other Sources	
Tuition and Fees	
Other	36,055
TOTAL OTHER SOURCES	\$36,055
TOTAL RESTRICTED PURPOSES FUND REVENUES	\$7,082,217
EXPENDITURES BY PROGRAM	
Instruction	\$1,464,919
Academic Support	
Student Services	1,510,895
Public Service/Continuing Education	2,026,246
Organized Research	
Auxiliary Services	
Operations and Maintenance	
Institutional Support	723,102
Scholarships, Grants and Waivers	2,165,226
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$7,890,388
EXPENDITURES BY OBJECT	
Salaries	\$483,478
Employee Benefits (Including SURS On-Behalf)	4,149,136
Contractual Services	83,718
Student Financial Aid	
General Materials and Supplies	255,529
Library Materials*	
Travel & Conference//Meeting Expenses	77,017
Fixed Charges	25,500
Utilities	199
Capital Outlay	650,587
Other	2,165,224
Scholarships, Grants, Waivers*	
TOTAL RESTRICTED PURPOSES FUND EXPENDITURES	\$7,890,388

\* Non-add line

SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS

UNIFORM FINANCIAL STATEMENT #5  
CURRENT FUNDS \* EXPENDITURES BY ACTIVITY  
FOR THE YEAR ENDED JUNE 30, 2019

INSTRUCTION

Instructional Programs	\$2,924,606
Other	1,722,606
Total Instruction	\$4,647,212

ACADEMIC SUPPORT

Library Center	\$208,354
Instructional Materials Center	159,351
Educational Media Services	
Academic Computing Support	
Academic Administration and Planning	
Other	
Total Academic Support	\$367,705

STUDENT SERVICES SUPPORT

Admissions and Records	\$45,791
Counseling and Career Services	325,697
Financial Aid Administration	410,029
Other	1,527,626
Total Student Services Support	\$2,309,143

PUBLIC SERVICE/CONTINUING EDUCATION

Community Education	\$187,054
Customized Training (Instructional)	103,817
Community Services	101,454
Other	1,668,683
Total Public Service/Continuing Education	\$2,061,008

ORGANIZED RESEARCH

AUXILIARY SERVICES	\$1,308,508
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OPERATIONS AND MAINTENANCE OF PLANT

Maintenance	\$326,688
Custodial Services	404,929
Grounds	121,140
Campus Security	232,741
Transportation	(6,595)
Utilities	522,152
Administration	91,365
Other	7,140
Total Operations and Maintenance of Plant	\$1,699,560

INSTITUTIONAL SUPPORT

Executive Management	\$302,217
Fiscal Operations	271,616
Community Relations	314,811
Administrative Support Services	87,867
Board of Trustees	26,704
General Institutional	2,377,684
Institutional Research	64,604
Administrative Data Processing	488,453
Other	39,541
Total Institutional Support	\$3,973,497

SCHOLARSHIPS, STUDENTS GRANTS, & WAIVERS	\$4,009,073
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TOTAL CURRENT FUNDS EXPENDITURES	\$20,375,706
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\* Current Funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement; and PBC Operations and Maintenance funds.

**CERTIFICATION OF CHARGEBACK REIMBURSEMENTS**





**ILLINOIS COMMUNITY COLLEGE BOARD  
STATE GRANTS FINANCIAL COMPLIANCE SECTION**

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**BACKGROUND INFORMATION ON STATE GRANT ACTIVITY  
JUNE 30, 2019**

**Unrestricted Grants**

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment.

Small College Grants

Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. Intended to help small colleges pay for some of the “fixed costs” of operating a smaller institution.

Equalization Grants

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

**SCHEDULE OF ENROLLMENT DATA AND  
RECONCILIATION OF SEMESTER CREDIT HOURS**

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

Board of Trustees  
Southeastern Illinois Community College District No. 533  
Harrisburg, Illinois 62946

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Southeastern Illinois Community College District No. 533 for the year ended June 30, 2019.

**Management's Responsibility**

The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Management's responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the schedule based upon our examination. Our examination was made in accordance with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

**Opinion**

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



Kemper CPA Group LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Harrisburg, Illinois  
December 2, 2019

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED  
FOR THE YEAR ENDED JUNE 30, 2019**

Categories	Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Baccalaureate	1,966.5	0.0	7,342.5	0.0	7,411.5	0.0	16,720.5	0.0
Business Occupational	170.0	0.0	861.0	10.0	1,095.0	9.5	2,126.0	19.5
Technical Occupational	150.5	0.0	1,536.5	0.0	1,484.0	0.0	3,171.0	0.0
Health Occupational	559.5	0.0	1,639.5	0.0	1,817.0	0.0	4,016.0	0.0
Remedial Developmental	206.0	0.0	599.0	0.0	611.0	0.0	1,416.0	0.0
Adult Basic Education/Adult Secondary Education	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<b>3,052.5</b>	<b>0.0</b>	<b>11,978.5</b>	<b>10.0</b>	<b>12,418.5</b>	<b>9.5</b>	<b>27,449.5</b>	<b>19.5</b>

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	Total
Reimbursable Semester Credit Hours (All Terms)	25,745.0	3,568.5	29,313.5
	Dual Credit	Dual Enrollment	
Reimbursable Semester Credit Hours (All Terms)	2,673.5	3,644.0	
District Prior Year Equalized Assessed Valuation			\$ 567,745,086

Signatures:

\_\_\_\_\_  
Chief Executive Officer (CEO)

\_\_\_\_\_  
Chief Financial Officer (CFO)

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**RECONCILIATION OF TOTAL SEMESTER CREDIT HOURS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB
Baccalaureate	16,720.5	16,720.5	0.0	0.0
Business Occupational	2,126.0	2,126.0	19.5	19.5
Technical Occupational	3,171.0	3,171.0	0.0	0.0
Health Occupational	4,016.0	4,016.0	0.0	0.0
Remedial Developmental	1,416.0	1,416.0	0.0	0.0
Adult Basic Education/Adult Secondary Education	0.0	0.0	0.0	0.0
<b>TOTAL</b>	<u>27,449.5</u>	<u>27,449.5</u>	<u>19.5</u>	<u>19.5</u>

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB (Unrestricted and Restricted)
In-District Residents	25,745.0	25,745.0
Out-of-District on Chargeback or Contractual Agreement	3,568.5	3,568.5
<b>TOTAL</b>	<u>29,313.5</u>	<u>29,313.5</u>

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
JUNE 30, 2019**

**In-District Student**

*Description:* A student who has lived in Saline, Hardin, Pope, Gallatin or eligible portions of Johnson, White, Hamilton or Williamson counties for at least 30 days prior to the beginning of the semester. All students who attend or attended Norris City-Omaha-Enfield high school are also treated as in-district even though some of these students technically live in the Rend Lake College (RLC) district. This arrangement is allowed because of an official agreement between the Presidents of SIC and RLC.

*Residency Code:* In-district

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, in-district high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current in-district tuition charge

**Student Employed Full-Time in the District**

*Description:* An Illinois resident who lives outside the district but works full-time at a business or industry located in the district.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A signed letter from employer verifying that the student works full-time in the district.

*Tuition Charge:* Current in-district tuition charge

**Out-of-District Student**

*Description:* A student who has lived outside the district boundaries but within the state of Illinois for at least 30 days prior to the beginning of the semester.

*Residency Code:* Out-of-district



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
JUNE 30, 2019**

**Out-of-District Student (Concluded)**

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current out-of-district tuition charge

**Chargeback Student**

*Description:* A student who lives in Illinois outside the district boundaries but attends SIC because his/her home community college does not offer a specific degree/certificate program.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A signed chargeback agreement from home community college.

*Tuition Charge:* Current in-district tuition charge

**Reciprocal Agreement Student**

*Description:* A student who lives in the John A. Logan College, Rend Lake College, or Shawnee College district but attends SIC for the purpose of enrolling in a program or specific course not offered by the home community college. Since this is an agreement made among these four colleges, a chargeback request is not required.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A letter of reciprocity from the home community college.

*Tuition Charge:* Current in-district tuition charge

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
JUNE 30, 2019**

**Out-of-State Student**

*Description:* A student who lives outside the state of Illinois.

*Residency Code:* Out-of-state

*Acceptable documentation:* Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current out-of-state tuition charge

**International Student**

*Description:* A student who lives outside of the United States.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the International Advisor.

*Tuition Charge:* Current out-of-state tuition charge

**International Athlete**

*Description:* A student who lives outside of the United States but who attends SIC for the purpose of playing collegiate sports.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the Director of Counseling.

*Tuition Charge:* Current out-of-country tuition rate. Must provide proof of in-district residency 30 days prior to the start of the semester.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**DOCUMENTATION OF RESIDENCY VERIFICATION STEPS  
JUNE 30, 2019**

**Job Corps Student**

*Description:* A student who is enrolled at the federal Job Corps facility in Golconda.

*Residency Code:* Out-of-district

*Acceptable Documentation:* None is required.

*Tuition Charge:* Current out-of-district tuition charge

**Border County Agreements**

*Description:* Students who live out-of-state in the Indiana and Kentucky zip codes noted on the Border County Agreement list.

*Residency Code:* Out-of-state

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, high school transcript with a graduation date that is within three years, utility or phone bill, automobile license registration, or statement from the student verifying his/her address. This statement must be verified by sending correspondence to the address.

*Tuition Charge:* Current out-of-district tuition charge

**FEDERAL COMPLIANCE SECTION**

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

Board of Trustees  
Southeastern Illinois Community College District No. 533  
Harrisburg, Illinois 62946

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

We have audited Southeastern Illinois Community College District No. 533's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeastern Illinois Community College District No. 533's major federal programs for the year ended June 30, 2019. Southeastern Illinois Community College District No. 533's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Southeastern Illinois Community College District No. 533's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements for Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southeastern Illinois Community College District No. 533's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Southeastern Illinois Community College District No. 533's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, Southeastern Illinois Community College District No. 533, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-001. Our opinion on each major federal program is not modified with respect to those matters.

Southeastern Illinois Community College District No. 533's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southeastern Illinois Community College District No. 533's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control Over Compliance**

Management of Southeastern Illinois Community College District No. 533 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Southeastern Illinois Community College District No. 533's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southeastern Illinois Community College District No. 533's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Southeastern Illinois Community College District No. 533's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Southeastern Illinois Community College District No. 533's response was not subjected to the 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.

*Kemper CPA Group LLP*

Kemper CPA Group LLP  
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Harrisburg, Illinois  
December 2, 2019

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
<b>U.S. Department of Education</b>			
Student Financial Assistance Cluster			
(M) Federal Work Study	84.033	N/A	\$ 53,195
(M) Supplemental Educational Opportunity Grant	84.007	N/A	34,199
(M) PELL Grants - Southeastern Illinois College	84.063	N/A	2,058,019
Total Student Financial Aid Cluster			<u>2,145,413</u>
 Title IV - Student Support	 84.042	 N/A	 294,281
Passed Through Illinois Community College Board:			
V. E. Perkins - Postsecondary Grants	84.048	CTE-53319	90,664
Career and Technical Education - Basic Grants to States	84.048	LEAD-53319	5,883
<b>Total Department of Education Programs</b>			<u>2,536,241</u>
<b>Department of Veterans Affairs Programs</b>			
Post-9/11 Veterans Educational Assistance	64.027	N/A	48,913
<b>Total Department of Veterans Affairs Programs</b>			<u>48,913</u>
<b>Small Business Administration Programs</b>			
Passed Through Illinois Department of Commerce and Economic Opportunity			
Rural Small Business Development Center	59.037	18-561180	24,752
Rural Small Business Development Center	59.037	19-181180	37,498
<b>Total Small Business Administration Programs</b>			<u>62,250</u>
<b>Department of Labor Programs</b>			
Passed Through Southern Illinois University Edwardsville			
Building the IL Bioeconomy	17.282	761566-004	37,615
Passed Through Southern 14 Workforce Investment Board, Inc.			
One-Stop Career Center	17.258	7117-63018	52,272
<b>Total Department of Labor Programs</b>			<u>89,887</u>
<b>Delta Regional Authority Programs</b>			
States' Economic Development Assistance Program	90.201	N/A	86,404
<b>Total Delta Regional Authority Programs</b>			<u>86,404</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 2,823,695</u>

(M) Denotes Major Program



**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**NOTES TO SCHEDULE EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southeastern Illinois Community College District No. 533 under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southeastern Illinois Community College District No. 533, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3: INDIRECT COST RATE**

Southeastern Illinois Community College District No. 533 has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION I - AUDITOR'S RESULTS**

**JUNE 30, 2019**

1.	Type of report issued on the financial statements:	Unmodified
2.	During the audit of the financial statements, were any material weaknesses in internal control over financial reporting disclosed?	No
2a.	Were any significant deficiencies identified that are not considered material weaknesses?	No
3.	Did the audit disclose any instances of noncompliance that would be required to be reported under Governmental Auditing Standards?	No
4.	Were any material weaknesses in internal control over major programs disclosed?	No
4a.	Were any significant deficiencies identified that are not considered material weaknesses?	Yes
5.	Type of report issued on compliance for major programs:	Unmodified
6.	Did the audit disclose any audit findings required to be reported in accordance with 2 CFR 200.516(a)?	Yes
7.	Major programs are: Department of Education Federal Student Aid Cluster	
8.	Dollar threshold to distinguish between Type A and Type B programs:	\$ 750,000
9.	Does the auditee qualify as a low-risk auditee?	No

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**JUNE 30, 2019**

NONE

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2019**

**Finding No. 2019-001** - Lack of Internal Controls over Student Financial Aid

**Federal Program Name:** Federal Work Study, Supplemental Educational Opportunity Grant, and PELL Grants

**CFDA No:** 84.033, 84.007, and 84.063

**Federal Agency:** U.S. Department of Education

**Criteria or specific requirement:** The College is required to have internal control procedures to ensure that the calculation of federal aid to be returned or refunded is calculated accurately and returned or refunded within 45 days.

**Condition:** During the testing of students withdrawn from the College and the calculation of return of federal funds we found the following:

- Seven return of funds calculations used an improper semester end date resulting in incorrect amounts being returned to the Department of Education
- Two return of funds calculations used incorrect tuition charges resulting in incorrect amounts being returned to the Department of Education
- Student refunds were not refunded within 45 days

**Questioned costs:** None

**Context:** Of 25 withdrawals and return of funds calculations tested, exceptions were noted in 11 calculations and the College under returned \$239 to the Department of Education on those tested.

**Cause:** Lack of oversight by College personnel.

**Effect:** The College returned the incorrect amount of federal funds to the Department of Education and was not in compliance with the grant requirements.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2019**

**Auditor's Recommendation:** We recommend that the College develop internal controls to ensure that personnel working on the grant are knowledgeable of the grant requirements and ensure the accuracy of the return of funds calculation.

**Management's Response:** Michelle Metten, Financial Aid Director, agrees with finding and will take steps to implement corrective action.

December 2, 2019

Kemper CPA Group LLP  
713 S. Commercial Street  
Harrisburg, IL

The findings from the December 2, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**FINDINGS – STUDENT FINANCIAL AID CLUSTER**

Significant Deficiency: None noted.

Material Weakness:

2019-001: Lack of Internal Controls over Student Financial Aid

*Recommendation:* We recommend that the College ensure a knowledgeable staff reviews all R2T4 calculations to verify accuracy.

*Action Taken:* Chad Flannery, Dean of Student Services and Enrollment, and Michelle Metten, Director of Financial Aid, plan to assess the needs of their Financial Aid Department and hire additional employees if deemed necessary. Additionally, an individual in the business office will be reviewing all R2T4 calculations before submission.

**SOUTHEASTERN ILLINOIS COMMUNITY COLLEGE DISTRICT NO. 533  
HARRISBURG, ILLINOIS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**SECTION V - SUMMARY OF PRIOR AUDIT FINDINGS**

**JUNE 30, 2019**

<u>Finding No.</u>	<u>Condition</u>	<u>Current Status</u>
2018-001	Inadequate Treasurer's Bonding Coverage	Not repeated in current year.
2018-002	Lack of Internal Control over Student Financial Aid	Repeated in current year.