

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531

Ullin, Illinois

**Comprehensive Annual Financial Report**

For the Year Ended

June 30, 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Shawnee Community College, Community College District #531 (the College) and its discretely presented component unit, Saints Foundation at Shawnee Community College (the Foundation), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the College and its discretely presented component unit as of June 30, 2020, and the changes in financial position and, where applicable, cash flows 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 on pages 4 through 8, the Schedule of Proportionate Share of Net Pension Liability – SURS and Schedule of Contributions – SURS on page 40, the Schedule of Proportionate Share of OPEB Liability – CIP on page 42, and the Schedule of Contributions – CIP on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the College as of and for the year ended June 30, 2020. The combining financial statements and other data in Schedules 1 through 16 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

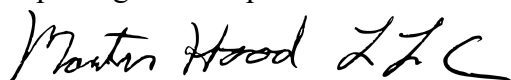
The uniform financial statements in Schedules 17 through 21 and the certificate of chargeback reimbursement (Schedule 22) are presented for purposes of additional analysis as required by the Illinois Community College Board and are also not a required part of the basic financial statements. The accompanying Schedule 32 is presented for purposes of additional analysis as required by the Illinois Grant Accountability and Transparency Act and is not a required part of the basic financial statements. The accompanying Schedules 33 through 35, including the Schedule of Expenditures of Federal Awards, are presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are also not a required part of the basic financial statements. As described in Note 17, Schedules 1 through 3, Schedules 6 through 9, Schedules 11 through 13, Schedule 17, and Schedules 19 through 21 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

Schedules 1 through 22 and Schedules 32 through 35, including the schedule of expenditures of federal awards, are the responsibility of management. Schedules 1 through 22, except Schedule 16, and Schedules 32 through 35, were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Information on Schedules 1 through 22, except Schedule 16, and Schedules 32 through 35, has been subjected to the auditing procedures applied in the audit of the basic financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information on Schedules 1 through 22, except Schedule 16, and Schedules 32 through 35, including the schedule of expenditures of federal awards, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole, except for differences between GAAP for a special-purpose government engaged only in business-type activities and the modified accrual basis of accounting used for the schedules noted above.

Schedule 16 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 Schedule 16.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2021, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Champaign, Illinois  
February 22, 2021



**SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2020**

This section of Shawnee Community College's (the College) Financial Statements represents management's discussion and analysis of the College's primary government financial activity during the fiscal year ended June 30, 2020. 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 and footnotes (pages 9-39). Responsibility for the completeness and fairness of this information rests with the College.

**Using this Annual Report**

The financial statements focus on the College as a whole. The College's basic financial statements are designed to resemble corporate financial statements whereby all College activities are consolidated into one total. The Statement of Net Position is to be considered bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses and Changes in Net Position focuses on the gross and net costs of College activities. These activities are supported by property taxes, state and federal 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.

**Financial Highlights**

As of June 30, 2020, the College's Net Position was \$28.9 million, an increase of \$0.2 million over the prior year's Net Position of \$28.7 million. This increase in net position is due to an increase in unrestricted net position of \$2.4 million and an offsetting decrease net investment in capital assets of \$2.4 million, as well as an increase in other restricted net position (which is restricted by enabling legislation) of \$0.2 million.

The largest concern in the district is the continual decline in enrollment. Administration is monitoring this and looking at ways to increase enrollment through new programs, hybrid courses, online courses, and condensed courses.

There are currently no other known facts, decisions or conditions which will have a significant effect on the financial position (Net Position) or results of operation (revenues, expenses and changes in Net Position).

**Financial Analysis of the College as a Whole**

The following tables are prepared from the College's Statement of Net Position (page 9), which is presented on the accrual basis of accounting whereby capital assets are capitalized and depreciated, and Statement of Revenues, Expenses, and Changes in Net Position.

**Statements of Net Position**  
**As of June 30**  
**(in millions)**

	<u>2020</u>	<u>2019</u>
Current Assets	\$ 23.7	\$ 23.1
Non-Current Assets		
Land	0.1	0.1
Buildings in Progress	1.4	-
Capital Assets, Net of Depreciation	<u>20.6</u>	<u>21.3</u>
Total Assets	<u>45.8</u>	<u>44.5</u>
Deferred Outflows	<u>0.3</u>	<u>0.2</u>
Current Liabilities	6.1	3.6
Long Term Liabilities	<u>9.9</u>	<u>11.4</u>
Total Liabilities	<u>16.0</u>	<u>15.0</u>
Deferred Inflows	<u>1.2</u>	<u>1.0</u>
Net Position		
Net Investment in Capital Assets	17.4	19.8
Restricted for:		
Expendable Trust	5.0	5.0
Capital Projects	0.9	0.8
Debt Service	0.7	0.8
Other	1.9	1.7
Unrestricted	<u>3.0</u>	<u>0.6</u>
Total Net Position	<u>\$ 28.9</u>	<u>\$ 28.7</u>

Operating expenses, excluding on-behalf payments, for the College over the fiscal year ending June 30, 2020 were \$16.2 million compared to \$15.5 million for the previous year.

**Operating Expenses**  
**As of June 30**  
**(in millions)**

	<u>2020</u>	<u>2019</u>
Instruction	\$ 5.4	\$ 5.3
Academic Support	0.4	0.3
Student Services	1.5	1.5
Public Services	0.4	0.5
Auxiliary Expenses	0.9	0.9
Operation and Maintenance of Plant	1.1	-
Grants and Scholarships	2.1	1.7
Institutional Support	3.1	4.0
Other Postemployment Benefits	0.3	0.4
Depreciation	<u>1.0</u>	<u>0.9</u>
Total Operating Expenses	<u>\$ 16.2</u>	<u>\$ 15.5</u>

The operating revenue for fiscal year 2020 was \$2.8 million compared to \$2.8 for 2019. Non-operating revenues (expenses) for fiscal year 2020, excluding on-behalf revenue, were \$13.5 million compared to \$13.1 million for 2019.

**Operating Results**  
**For the Year Ended June 30**  
**(in millions)**

	<u>2020</u>	<u>2019</u>
Operating Revenues		
Tuition and Fees, Net of Allowance	\$ 2.1	\$ 1.9
Auxiliary Enterprise Revenues	0.4	0.5
Other	<u>0.3</u>	<u>0.4</u>
Total Operating Revenues	<u>2.8</u>	<u>2.8</u>
Non-Operating Revenue (Expenses)		
State Grants and Contracts	5.1	5.2
Local Property Taxes	4.6	4.3
Federal Grants and Contracts	3.8	3.6
Investment Income	0.3	0.3
Interest Expense	<u>(0.2)</u>	<u>(0.3)</u>
Total Non-Operating Revenues	<u>13.6</u>	<u>13.1</u>
Total Revenues	16.4	15.9
Operating Expenses	<u>16.2</u>	<u>15.5</u>
Increase in Net Position	0.2	0.4
Net Position, Beginning of Year	<u>28.7</u>	<u>28.3</u>
Net Position, End of Year	<u>\$ 28.9</u>	<u>\$ 28.7</u>

**Significant Transactions and Changes in Individual Funds**

The operating fund balance, as represented by both the education and the operation and maintenance funds, experienced a decrease of \$2,043,171 in 2020. This is due to the spend down of the 2017 bond funds in addition the College suffered an operating loss of \$384,885 due to decreased enrollment partially due to the COVID-19 pandemic. Individually, the education fund balance decreased by \$1,543,420 and the operations and maintenance fund balance decreased by \$499,751. The College budgeted and expended \$39,534 on the current student information system upgrade out of education fund reserves. The college expended \$1,618,752 of bond revenue for needed capital projects.

The liability, protection and settlement fund balance increased in 2020 by \$170,122 bringing that fund balance to a surplus of \$1,860,348. Local property taxes are the only source of revenues for this fund.

The bond and interest fund was started in 2007. This fund ended fiscal year 2020 with a decrease in fund balance of \$37,679. The remaining fund balance of \$715,185 will be used to make future bond payments.

The capital projects fund balance increased by \$135,504. This increase is due to the planning of several health, safety, and protection projects around the College to improve the campus but not yet expended. The remaining fund balance of \$931,089 will be used for future capital expenditures.

### **Capital Asset Administration**

At the end of fiscal year 2020, the College had \$22.0 million invested in a broad range of capital assets (see table below). This amount represents a net increase (including additions and depreciation) of \$0.6 million. More detailed information about capital assets can be found in Note 4 to the Basic Financial Statements.

#### **Capital Assets As of June 30 (Net of Depreciation in millions)**

	<u>2020</u>	<u>2019</u>
Land	\$ 0.1	\$ 0.1
Buildings in Progress	1.4	-
Land Improvements	0.2	0.1
Buildings	19.2	19.8
Equipment	0.2	0.3
Vehicles	0.3	0.2
Software	0.6	0.8
Computer Equipment	<u>0.1</u>	<u>0.1</u>
Total Capital Assets, Net of Depreciation	<u>\$ 22.1</u>	<u>\$ 21.4</u>

### **Long-Term Debt Activity**

The College's long-term debt increased during Fiscal Year 2020 from \$12.8 million to \$13.2 million due to the addition of a \$1.5 million note payable and a net increase of other postemployment benefit liabilities of \$0.1 million recorded during the year, offset by the retirement of \$1.2 million in bond debt. More detailed information about long-term debt can be found in Note 8 to the Basic Financial Statements.

### **Economic Factors That Will Affect the Future**

For fiscal year 2021, the College's Board of Trustees increased tuition and fees that are effective summer 2020. The state of Illinois did pass a budget for fiscal year 2021, therefore allowing the college to avoid significant reductions in fund balance.

The College's fiscal future is influenced by such factors as; the local economy, student enrollment, new program innovations, and technological advances. The College maintains good fiscal management policies and continues to explore alternative revenue sources. The College's approved operating budget for fiscal year 2021 is \$12.8 million. The total College budget is \$23.6 million. Administration will continue to be proactive in monitoring all areas of its operating budget.

The College's Administration and its Board continue to monitor other major factors related to its financial state including declining student enrollment, limited state funding, and the COVID-19 pandemic. Shawnee will continue capital improvements on its grounds and facilities as needed. This includes ongoing annual protection, health and safety projects.

Other than the above, the College is not aware of any currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during the new fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Net Position  
June 30, 2020

## ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Primary Government	Component Unit
<b>Current Assets</b>		
Unrestricted:		
Cash and Cash Equivalents	\$ 12,412,232	\$ 62,009
Investments	-	819,834
Receivables:		
Property Taxes	620,652	-
Replacement Taxes	75,380	-
Student Tuition and Fees, Net of Allowance of \$129,456	373,621	-
Prepaid Expenses	148,960	11,525
Inventories	296,282	-
Restricted:		
Cash and Cash Equivalents	5,602,011	-
Investments	2,641,712	276,758
Receivables:		
Property Taxes	856,670	-
Governmental Grants and Contracts	676,423	-
Total Current Assets	23,703,943	1,170,126
<b>Property and Equipment, Net</b>	22,077,826	-
Total Assets	45,781,769	1,170,126
<b>Deferred Outflows of Resources</b>		
Pension Related Deferred Outflows	62,333	-
Other Postemployment Benefits Related Deferred Outflows	202,867	-
Total Deferred Outflows of Resources	265,200	-
Total Assets and Deferred Outflows of Resources	\$ 46,046,969	\$ 1,170,126

## LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

<b>Current Liabilities</b>		
Accounts Payable	\$ 1,415,597	\$ 5,500
Accrued Liabilities	447,835	-
Due to Student Groups	213,894	-
Unearned Revenue	859,366	-
Note Payable	1,548,298	-
Current Portion of Bonds Payable	1,600,000	-
Total Current Liabilities	6,084,990	5,500
<b>Long-Term Liabilities</b>		
Bonds Payable, Net of Current Portion	3,200,000	-
Net Other Postemployment Benefit Liabilities	6,703,834	-
Total Long-Term Liabilities	9,903,834	-
Total Liabilities	15,988,824	5,500
<b>Deferred Inflows of Resources</b>		
Other Postemployment Benefits Related Deferred Inflows	1,186,655	-
<b>Net Position</b>		
Net Investment in Capital Assets	17,344,936	-
Restricted for:		
Expendable Trust	5,030,178	-
Capital Projects	931,089	-
Debt Service	715,185	-
Other - Restricted by Enabling Legislation	1,914,180	-
Net Assets With Donor Restrictions	-	276,758
Unrestricted	2,935,922	887,868
Total Net Position	28,871,490	1,164,626
Total Liabilities, Deferred Inflows, and Net Position	\$ 46,046,969	\$ 1,170,126

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2020

**Operating Revenues**

Student Tuition and Fees, Net of Scholarship	
Allowance of \$2,602,888	\$ 2,083,359
Auxiliary Enterprises Revenue	391,746
Other Operating Revenues	310,486
Total Operating Revenues	<u>2,785,591</u>

**Operating Expenses**

Instruction	5,368,858
Academic Support	387,657
Student Services	1,450,978
Public Services	435,755
Auxiliary Expenses	885,583
Operation and Maintenance of Plant	1,160,134
Grants and Scholarships	2,145,402
Institutional Support	3,136,011
On-Behalf Payments	5,788,534
Other Postemployment Benefits	259,375
Depreciation	962,347
Total Operating Expenses	<u>21,980,634</u>

**Operating Loss**(19,195,043)**Non-Operating Revenues (Expenses)**

State Grants and Contracts	5,144,270
Local Property Tax Revenues	4,619,973
Federal Grants and Contracts	3,760,916
On-Behalf Payments	5,788,534
Investment Income Earned	288,063
Gain on Sale of Property and Equipment	956
Interest Expense	(230,459)
Total Non-Operating Revenues	<u>19,372,253</u>

**Increase in Net Position**

177,210

**Net Position, Beginning of Year**28,694,280**Net Position, End of Year**\$ 28,871,490

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Activities - Component Unit  
For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support and Revenue:</b>			
Contributions	\$ 27,239	\$ 229,927	\$ 257,166
Investment Return, Net	10,078	948	11,026
Total Support and Revenue	<u>37,317</u>	<u>230,875</u>	<u>268,192</u>
Net Assets Released from Restrictions	-	-	-
Total Support and Revenue and Net Assets Released from Restrictions	<u>37,317</u>	<u>230,875</u>	<u>268,192</u>
<b>Expenses:</b>			
<i>Program Services</i>			
Scholarships, Awards, and Grants	21,005	-	21,005
Supplies	225	-	225
Total Program Services	<u>21,230</u>	<u>-</u>	<u>21,230</u>
<i>Supporting Services</i>			
Fundraising Expenses			
Salaries	39,470	-	39,470
Postage and Supplies	3,499	-	3,499
Contractual Services	2,000	-	2,000
Advertising and Fundraising	1,098	-	1,098
Total Fundraising Expenses	<u>46,067</u>	<u>-</u>	<u>46,067</u>
Management and General Expenses			
Salaries	17,902	-	17,902
Consulting	15,996	-	15,996
Postage and Supplies	6,520	-	6,520
Legal Fees	1,346	-	1,346
Advertising	400	-	400
Travel	369	-	369
Miscellaneous	257	-	257
Total Management and General Expenses	<u>42,790</u>	<u>-</u>	<u>42,790</u>
Total Supporting Services	<u>88,857</u>	<u>-</u>	<u>88,857</u>
Total Expenses	<u>110,087</u>	<u>-</u>	<u>110,087</u>
<b>Change in Net Assets</b>	<u>(72,770)</u>	<u>230,875</u>	<u>158,105</u>
<b>Net Assets, Beginning of Year, As Previously Reported</b>	1,006,521	-	1,006,521
<b>Prior Period Adjustment</b>	<u>(45,883)</u>	<u>45,883</u>	<u>-</u>
<b>Net Assets, Beginning of Year, As Restated</b>	<u>960,638</u>	<u>45,883</u>	<u>1,006,521</u>
<b>Net Assets, End of Year</b>	<u>\$ 887,868</u>	<u>\$ 276,758</u>	<u>\$ 1,164,626</u>

See Accompanying Notes



SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531

Statement of Cash Flows  
For the Year Ended June 30, 2020

<b>Cash Flows from Operating Activities</b>	
Student Tuition and Fees	\$ 2,103,448
Payments to Suppliers	(2,975,713)
Payments to Employees and Benefits Paid	(8,824,203)
Payments for Financial Aid and Scholarships	(2,299,015)
Auxiliary Enterprise Charges	391,746
Other Receipts	<u>310,486</u>
Net Cash Used in Operating Activities	<u>(11,293,251)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
State Grants and Contracts	4,852,358
Local Property Taxes	4,830,996
Federal Grants and Contracts	3,534,736
Principal Received on Note Payable	<u>1,548,298</u>
Net Cash Provided by Non-Capital Financing Activities	<u>14,766,388</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Principal Paid on Bonds	(1,200,000)
Interest Paid on Bonds	(573,510)
Purchase of Property and Equipment	(1,648,122)
Proceeds from Sale of Property and Equipment	<u>22,500</u>
Net Cash Used in Capital and Related Financing Activities	<u>(3,399,132)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	288,063
Purchases of Investments	<u>(174,942)</u>
Net Cash Provided by Investing Activities	<u>113,121</u>
<b>Net Increase in Cash and Cash Equivalents</b>	187,126
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>17,827,117</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 18,014,243</u></u>
<b>On the Statement of Net Position as:</b>	
Unrestricted - Cash and Cash Equivalents	\$ 12,412,232
Restricted - Cash and Cash Equivalents	<u>5,602,011</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 18,014,243</u></u>

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Cash Flows  
For the Year Ended June 30, 2020

**Reconciliation of Operating Loss to Net Cash**

**Used in Operating Activities**

Operating Loss	\$ (19,195,043)
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Depreciation Expense	962,347
On-Behalf Payments	5,788,534
Changes in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:	
Student Tuition and Fees Receivables	313,585
Prepaid Expenses	21,721
Inventories	(68,584)
Pension Related Deferred Outflows	(6,807)
OPEB Related Deferred Outflows	(74,088)
Accounts Payable	1,073,008
Accrued Liabilities	(7,295)
Due to Student Groups	13,017
Unearned Revenue	(447,109)
Net OPEB Liabilities	109,863
OPEB Related Deferred Inflows	<u>223,600</u>
Net Cash Used in Operating Activities	<u>\$ (11,293,251)</u>

See Accompanying Notes

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to Basic Financial Statements  
June 30, 2020

Shawnee Community College, Community College District #531 (the College) is a governmental unit that provides post-secondary school education and vocational training for six counties in Southern Illinois. The summary of accounting policies is presented to assist you in understanding the College's financial statements.

## **1. Reporting Entity**

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

The College is a community college governed by an elected eight-member Board of Trustees. The College's district includes the counties of Alexander, Jackson, Johnson, Massac, Pulaski, and Union. The College's mission is to provide affordable vocational, technical, and academic education.

As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the financial reporting entity of the College, which consists of the College (the primary government of the reporting entity) and The Saints Foundation at Shawnee Community College (the Foundation), a discretely presented component unit of the College. The Foundation is a discretely presented component unit because the resources received and held by the Foundation are entirely for the direct benefit of the College and those resources are significant to the College.

## **2. Basis of Accounting and Significant Accounting Policies**

- a. The financial statements of the College are prepared in accordance with GAAP. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments. GAAP includes all relevant GASB pronouncements plus other sources of accounting and financial reporting guidance noted in GASB Statement 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*.
- b. 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 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.

- c. Cash includes deposits held at banks and small amounts of cash held for change funds. Cash equivalents include deposits held in the Illinois Funds Money Market Fund.
- d. Cash and cash equivalents that are subject to certain limitations as to their uses are reported as restricted. These amounts include property taxes received for specific purposes, grant funds, bond proceeds for capital projects and amounts held by the College as an agent for student organizations.
- e. Investments consist of certificates of deposit with maturities greater than three months. These certificates of deposit are carried at cost. The difference between the cost and fair value of the negotiable certificates of deposit is insignificant.
- f. Student tuition and fees receivables include uncollateralized student obligations, which generally require payment by the first day of classes. These receivables are stated at the invoice amount.

Student balances unpaid at the middle of the term are considered delinquent. Collection costs may be applied to account balances still outstanding 30 days following the end of the semester. Payments of accounts receivable are applied to the specific invoices identified on the students' remittance advice or, if unspecified, to the earliest unpaid invoices.

The carrying amount of student tuition and fees receivables is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of accounts based on the aging of the accounts receivable by semesters. If the actual defaults are higher than the historical experience, management's estimates of recoverability of amounts due could be adversely affected. All accounts or portions thereof deemed to be uncollectible or to require an excessive collection cost are written off to the allowance for doubtful accounts. The total allowance as of June 30, 2020, was \$129,456.

Receivables also include outstanding balances from replacement taxes, federal and state funding sources, and other miscellaneous items. No allowance has been provided for these receivables, as management believes these are fully collectible based on past experience with these funding sources.

- g. Inventories are stated at the lower of average cost or market. Cost is determined on a first-in, first-out (FIFO) basis. Inventories consist of food supplies, textbooks, college apparel, and school supplies.

- h. 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the 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:

Land Improvements	10-12.5 Years
Buildings	50 Years
Equipment	7-8 Years
Vehicles	5 Years
Computer Technology Equipment	5 Years

- i. The financial statement element, deferred outflows of resources, 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 has two items that qualify for reporting in this category. These items, the pension related deferred outflows and other postemployment benefits (OPEB) related deferred outflows, are reported in the Statement of Net Position. The pension related deferred outflows item is the amount of contributions made by the College to the State Universities Retirement System (SURS or the System) for retirement benefits on grant funded salaries during the year ended June 30, 2020. One of the OPEB related deferred outflows items is the amount of contributions made by the College to the Community College Health Insurance Security Fund (also known as the College Insurance Program (CIP)) for retiree health insurance benefits. These contributions occurred after the SURS and CIP liability measurement date of June 30, 2019 and will be included in the pension and other postemployment benefit expense, respectively, in Fiscal Year 2021. The College's other OPEB related deferred outflows item is the allocated portion of the net difference between projected and actual experience of the total OPEB liability, the College's changing portion of the allocated CIP liability, and the differences between the College's contribution and its share of contributions.

The financial statement element, deferred inflows of resources, 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. Other postemployment benefit related deferred inflows qualify for reporting in this category at June 30, 2020. The other postemployment benefit related deferred inflows consist of the College's allocated portion of changes in assumptions, the net difference between projected and actual experience of the total OPEB liability, and the net difference between projected and actual investment earnings on OPEB plan investments. Additionally, this category includes a deferred inflow for the College's changing proportion of the allocated CIP liability.

- j. Accrued liabilities include accrued vacation, which is accumulated unused vacation days up to a maximum of 20 days that employees are allowed to accumulate. Those days are guaranteed to be paid to employees upon termination of employment.

The rate of accrued compensated absence is calculated based on the employee's equivalent hourly rate as of Statement of Net Position date.

- k. Unearned revenue includes amounts received which represent payments for services to be provided in future periods for which asset recognition criteria has been met, but for which revenue recognition criteria have not been met. These amounts consist of unexpended grant funds and tuition and fee charges for a portion of the in-progress Summer semester and all of the upcoming Fall semester. The tuition and fee charges are prorated according to the timing of the semester.

Unearned revenue also includes a refund payable for property taxes collected that are subject to successful tax protests.

- l. The College's net position is classified as follows:

- Net Investment in Capital Assets – This represents the College's total investment in capital assets net of accumulated depreciation and related debt that has been used as of the statement of net position date to finance capital additions.
- Restricted Net Position – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties or enabling legislation.
- Unrestricted Net Position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources may be used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

When both restricted and unrestricted resources are available to finance expenses, it is the College's policy to first apply restricted resources to such expenses.

- m. Operating revenues include all activities that have the characteristics of exchange transactions, such as student tuition and fees, and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. All other revenues are considered non-operating.
- n. The College's property taxes are levied each calendar year on all taxable real estate located in the District. The District's boundaries overlap six counties with each serving as a local taxing authority for the College. Property taxes are recorded on an accrual basis of accounting. Pursuant to Board of Trustee's resolutions, property tax levies passed in December 2018 and 2019, were allocated 70 percent and 30 percent, respectively, for Fiscal Year 2020. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year. Taxpayers may file a complaint with the Board of Review if they believe assessments are too high and may make further appeal to the state Property Tax Appeals Board. However, tax levies are determined by local governments, not by assessors. Due dates and collection dates vary according to the schedules of the individual counties with disbursements to the District normally made within 30 days of collection.

Property tax receivables have not been reduced for an allowance as the College's historical collection experience indicates this amount is insignificant.

Act 89-1 placed limitations on the annual growth of most local governments' property tax collections. Currently, the limitation is the lesser of 5 percent or the rate of inflation. The following are the statutory maximum tax rates permitted and the actual rates levied per \$100 of assessed valuation:

	Maximum Rate	Actual Rate	
		2019 Levy Payable 2020	2018 Levy Payable 2019
Education	.20000	.20000	.20000
Building	.10000	.10000	.10000
Tort Immunity	Unlimited	.10734	.10711
Social Security	Unlimited	.01957	.01860
Audit	.00500	.00500	.00500
Health and Safety	.05000	.03902	.04132
Bond and Interest	Unlimited	.27452	.28356
		<u>.74545</u>	<u>.75559</u>

- o. 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 SURS and additions to/deduction from SURS' plan net position has been determined on the same basis as they are reported by SURS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net other postemployment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the plan net position of the Community College Health Insurance Security Fund (CIP) and additions to/deduction from CIP's plan net position has been determined on the same basis as they are reported by CIP. 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 its public universities and community colleges are under a special funding situation. A special funding situation exists when 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 and 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. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and on-behalf expense.

- p. Although the College adopts an expanded operational budget, the budget legally required by the Illinois Community College Board contains only a statement of 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.
- q. The preparation of financial statements in conformity with GAAP requires the use of management's estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

The most sensitive estimates affecting the financial statements were:

1. The valuation of the student tuition receivable
2. The useful lives of depreciable capital assets
3. The unearned revenue for property taxes received under appeal
4. The valuation of the liability for post-employment health insurance benefits
5. The amount of expenses eligible for reimbursement under the College's state and federal grants

### 3. Deposits and Investments

The College is authorized to invest in instruments outlined under Chapter 30, Section 235 of the Illinois Compiled Statutes. Such instruments include: direct obligations of federally insured banks and savings and loan associations; insured obligations of Illinois credit unions; securities issued or guaranteed by the U.S. Government; money market mutual funds investing only in U.S. Government based securities; commercial paper of U.S. corporations with assets over \$500 million; short-term obligations as defined in the Public Fund Investment Act; and the investment pools managed by the State Treasurer of Illinois.

#### *Investments*

At June 30, 2020, the College held the following investments:

Certificates of Deposit	
Non-Negotiable	\$ 1,900,000
Negotiable	741,712
Total Investments	<u>\$ 2,641,712</u>



### *Custodial Credit Risk – Bank Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. The College's investment policy requires that funds on deposit in excess of federal deposit insurance limits must be secured by collateral pledged by the financial institution. At June 30, 2020, \$5,676,079 of the College's \$8,723,999 bank balance, including certificates of deposits, was exposed to custodial credit risk. The exposed balance was fully collateralized by securities pledged by the depository bank, but such securities are not held in the name of the College.

### *Credit Risk and Interest Rate Risk – External Investment Pools*

At June 30, 2020, the College held \$12,330,926 in the Illinois Funds Money Market Fund. The fair value of the College's position in this fund is equal to the value of the College's fund shares, which maintain a \$1 net asset value. The portfolio is regulated by oversight of the Treasurer of the State of Illinois and private rating agencies. The portfolio has an AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in securities issued by the United States government or agencies related to the United States. Assets of the fund that are not invested in United States government securities are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The College has no restrictions on withdrawing funds from this external investment pool.

At June 30, 2020, the College held a total of \$28,921 in the Illinois School District Liquid Asset Fund Plus. The reported value of the College's position in this fund is equal to the value of the College's fund shares, which maintain a \$1 net asset value. The Illinois School District Liquid Asset Fund Plus is regulated by private rating agencies. The portfolio has an AAAM rating from Standard and Poor's. The assets of the fund are mainly invested in money market instruments having maximum remaining maturities of one year or less, except investments in U.S. Government securities, which may have up to two years remaining to maturity and are valued at amortized cost. Assets of the fund are fully collateralized by pledged securities. The time to maturity of the investments in this external investment pool averages less than one year. The College has no restrictions on withdrawing funds from this external investment pool.

### *Custodial Credit Risk – Investments*

At June 30, 2020, the College had custodial credit risk related to its investments that were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm and the value of investments subject to custodial credit risk (negotiable certificates of deposit) in excess of the SIPC protection limit was \$241,712.

### *Interest Rate Risk – Investments*

Interest rate risk is the risk that a change in the market rate of interest for a category of debt securities will negatively impact the market value of a debt security. Interest rate risk is not directly addressed by the College's investment policy except for the general goal to "remain sufficiently liquid to meet the College's reasonably anticipated operating requirements."

At June 30, 2020, the District held the following investments subject to interest rate risk:

	<u>Carrying Value</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable Certificates of Deposit	\$ 741,712	0.73

#### 4. Property and Equipment, Net

The following is a summary of changes in property and equipment for the year ended June 30, 2020:

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 2020</u>
Assets Not Being Depreciated:				
Land	\$ 89,166	\$ -	\$ -	\$ 89,166
Buildings in Progress	-	1,419,559	-	1,419,559
Assets Being Depreciated:				
Land Improvements	190,732	22,046	-	212,778
Buildings	30,125,648	-	22,678	30,102,970
Equipment	876,958	42,072	-	919,030
Vehicles	676,874	164,445	45,870	795,449
Software	1,199,826	-	-	1,199,826
Computer Technology Equipment	792,361	-	-	792,361
Total Property and Equipment	<u>33,951,565</u>	<u>1,648,122</u>	<u>68,548</u>	<u>35,531,139</u>
Less: Accumulated Depreciation and Amortization				
Land Improvements	(120,532)	(9,225)	-	(129,757)
Buildings	(10,346,975)	(595,513)	(1,134)	(10,941,354)
Equipment	(624,101)	(62,655)	-	(686,756)
Vehicles	(470,729)	(50,789)	(45,870)	(475,648)
Software	(343,946)	(201,578)	-	(545,524)
Computer Technology Equipment	(631,687)	(42,587)	-	(674,274)
Total Accumulated Depreciation and Amortization	<u>(12,537,970)</u>	<u>(962,347)</u>	<u>(47,004)</u>	<u>(13,453,313)</u>
Property and Equipment, Net	<u>\$ 21,413,595</u>	<u>\$ 685,775</u>	<u>\$ 21,544</u>	<u>\$ 22,077,826</u>

#### 5. Accrued Liabilities

Accrued liabilities consist of the following at June 30, 2020:

Accrued Wages	\$ 237,500
Accrued Vacation	181,445
Accrued Interest	28,890
Total Accrued Liabilities	<u>\$ 447,835</u>

## 6. Unearned Revenue

Unearned revenue consists of the following at June 30, 2020:

Property Taxes Received Under Protest	\$	623,586
Unearned Student Tuition		155,129
Unearned Student Fees		71,755
Other Unearned Revenue		8,896
Total Unearned Revenue	\$	<u>859,366</u>

## 7. Unrestricted Net Position

Unrestricted net position at June 30, 2020 consisted of (\$7,687,622) related to other postemployment benefit activity and \$10,683,001 related to other general purposes.

## 8. Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2020:

	June 30, 2019	Additions	Retired	June 30, 2020	Due Within One Year
2017A Series Bond	\$ 2,000,000	\$ -	\$ 1,200,000	\$ 800,000	\$ 800,000
2017B Series Bond	4,000,000	-	-	4,000,000	800,000
Other Postemployment Benefit	6,593,971	141,727	31,864	6,703,834	-
Accrued Vacation	157,571	174,702	150,828	181,445	181,445
Note Payable	-	1,548,298	-	1,548,298	1,548,298
Total Long-Term Debt	<u>\$ 12,751,542</u>	<u>\$ 1,864,727</u>	<u>\$ 1,382,692</u>	<u>\$ 13,233,577</u>	<u>\$ 3,329,743</u>

The College issued 2017A general obligation community college bonds in December 2017. Principal payments are made annually beginning December 1, 2019 and run through December 1, 2020. Interest rates on the bonds range from 4.00 percent to 4.50 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2019.

The College issued 2017B general obligation community college bonds in December 2017. Principal payments are made annually beginning December 1, 2020 and run through December 1, 2022. Interest rates on the bonds range from 3.75 percent to 4.00 percent. Interest is payable semiannually on June 1 and December 1 beginning December 1, 2019.

In May 2020, the College received a Paycheck Protection Program (PPP) loan from the U.S. Small Business Administration in the amount of \$1,548,298 in response to the global COVID-19 pandemic. The note, including interest, is payable in monthly installments starting November 2020 after a 6-month deferral period with an interest rate of 1 percent and matures May 2022. Interest will accrue during the 6-month deferral period. The full amount of the note is classified as current, as management anticipates repayment of the entire note in the next fiscal year.

Total interest expense incurred for all long-term debt for the year ended June 30, 2020 was \$230,459.

Maturities of the bonds are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2021	\$ 1,600,000	\$ 159,000	\$ 1,759,000
2022	1,625,000	95,500	1,720,500
2023	1,575,000	31,500	1,606,500
	<u>\$ 4,800,000</u>	<u>\$ 286,000</u>	<u>\$ 5,086,000</u>

## 9. Lease Commitments

The College is obligated under one non-cancellable operating lease for office building, classroom, and activity space, with terms running through February 2023. The College is also obligated under 13 non-cancellable operating leases for office equipment with terms running through October 2024. An operating lease does not give rise to property rights or purchase obligations; therefore, these lease agreements are not reflected in the College's property and equipment.

Future minimum lease payments under these operating leases are as follows:

Fiscal Year Ending June 30	
2021	\$ 85,812
2022	76,795
2023	53,906
2024	7,561
2025	2,520
	<u>\$ 226,594</u>

Total rental expense for the leases above and other short-term leases for the year ending June 30, 2020 was \$126,832.

## 10. Pension Plan

### *Plan Description*

The College contributes to SURS, a cost-sharing multiple-employer-defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's Comprehensive Annual Financial Report (CAFR) 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 six months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2019, can be found in SURS CAFR's Notes to the Financial Statements.

### *Contributions*

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90 percent 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 College's normal cost for Fiscal Year 2020 was 13.02 percent of employee payroll. The normal cost is equal to the value of the 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 percent of their annual covered salary. The contribution requirements of plan members and the College are established and may be amended by the Illinois General Assembly.

The College makes 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), Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6 percent 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).

### *Net Pension Liability*

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

### *Employer Proportionate Share of Net Pension Liability*

The amount of the proportionate share of the NPL to be recognized for the College is \$0. The proportionate share of the State of Illinois' net pension liability associated with the College is \$51,121,727 or 0.1780 percent.

This amount should not be recognized in the financial statements. The net pension liability was measured as of June 30, 2019, and the total pension used to calculate the net pension liability was determined based on the June 30, 2018, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during Fiscal Year 2019.

### *Pension Expense*

At June 30, 2019, SURS reported a collective net pension expense of \$3,094,666,252.

### *Employer Proportionate Share of Pension Expense*

The College's proportionate share of collective pension expense is recognized as nonoperating revenue with matching operating expense in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during Fiscal Year 2019. As a result, the College recognized on-behalf revenue and pension expense of \$5,508,506 from this special funding situation for the fiscal year ended June 30, 2020.

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

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

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

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

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

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

*Employer Deferral of Fiscal Year 2020 Pension Expense*

The College paid \$61,573 in federal, trust or grant contributions for the fiscal year ended June 30, 2020. These contributions were made subsequent to the pension liability measurement date of June 30, 2019, and are recognized as Deferred Outflows of Resources as of June 30, 2020.

*Assumptions and Other Inputs*

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

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

Mortality rates were based on the RP-2014 White Collar, gender distinct tables with projected generational mortality and a separate mortality assumption for disabled participants.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment 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, 2019, these best estimates are summarized in the following table:

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

#### *Discount Rate*

A single discount rate of 6.59 percent 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 percent and a municipal bond rate of 3.13 percent (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.



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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.59 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher:

1% Decrease 5.59%	Current Single Discount Rate Assumption 6.59%	1% Increase 7.59%
\$34,786,851,779	\$28,720,071,173	\$23,712,555,197

Additional information regarding the SURS basic financial statements including the Plan's net position can be found in the SURS CAFR by accessing the website at [www.SURS.org](http://www.SURS.org).

**11. Post-Employment Benefits Other Than Pension (OPEB)**

*Plan Description*

The College participates in the State of Illinois Community College Health Insurance Security Fund (CCHISF) (also known as the College Insurance Program, "CIP"). CIP is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of SURS and the boards of trustees of the various community college districts.

*Plan Membership*

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

*Benefits Provided*

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

### *Contributions*

The Act (5 ILCS 375/6.10) requires every active contributor (employee) of SURS to contribute .5 percent of covered payroll and every community college district to contribute .5 percent of covered payroll. Retirees pay a premium for coverage that is determined by the Director of the Illinois Department of Central Management Services. The State Pension Funds Continuing Appropriation Act (40/ILCS 15/1.4) requires a special funding situation whereby the State of Illinois makes an annual appropriation to the CIP in an amount certified by the SURS Board of Trustees. The State of Illinois pays .5 percent of covered payroll. At the option of the SURS Board of Trustees, the community college districts may pay all or part of the balance of the cost of coverage for retirees from their district. The result is pay as you go financing of the plan. The employer contributions made by the State of Illinois on behalf of the District to CIP and the College's contributions for the year ended June 30, 2020 were both \$32,853.

### *OPEB Liability*

At June 30, 2019, CIP reported a total OPEB liability of \$1,888,540,493.

### *Employer Proportionate Share of Net OPEB Liability*

The proportionate share of the net OPEB liability reported by the College is \$6,703,834. The State of Illinois is considered a non-employer contributing entity and the state's contribution meets the definition of special funding situation. The OPEB liability was measured as of June 30, 2019. The total OPEB liability used to calculate the OPEB liability was determined based on the June 30, 2018 actuarial valuation rolled forward. The College's proportion of the OPEB liability was based on the College's share of contributions to the OPEB plan relative to the contributions of all participating employers and the state of Illinois. At June 30, 2019, the College's proportion was 0.3550 percent. The portion of the State of Illinois' liability that is associated with the College is \$6,703,834. The total share that is associated with the College is \$13,407,668.

### *OPEB Expense*

At June 30, 2019, CIP reported a collective net OPEB expense of \$85,809,839.

### *Employer Proportionate Share of OPEB Expense*

For the year ended June 30, 2020, the College recognized proportionate share of collective OPEB expense of \$304,603. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported contributions made to CIP during Fiscal Year 2019.

### *Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

Deferred Outflows of Resources are the consumption of net position by the system that is applicable to future reporting periods, and thus will not be recognized as an outflow (expense) until the future periods.

Deferred Inflows of Resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Deferred Outflows and Deferred Inflows of Resources by Sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$78,568	\$141,771
Changes in assumption	-	934,000
Net difference between projected and actual earnings on OPEB investments	-	296
Changes in proportion and differences between employer contributions and share of contributions	<u>91,446</u>	<u>110,587</u>
Total deferred amounts to be recognized in OPEB expense in future periods	170,014	1,186,655
OPEB contributions made subsequent to the measurement date	<u>32,853</u>	=
Total deferred amounts related to OPEB	\$202,867	\$1,186,655

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

Fiscal Year Ending June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2021	\$ 34,003	\$ 237,331
2022	34,003	237,331
2023	34,003	237,331
2024	34,003	237,331
2025	34,003	237,331
Total	<u>\$ 170,014</u>	<u>\$ 1,186,655</u>

### *Employer Deferral of Fiscal Year 2019 OPEB Expense*

The College paid \$32,853 in OPEB contributions for the fiscal year ended June 30, 2020. These contributions were made subsequent to the OPEB liability measurement date of June 30, 2019, and are recognized as Deferred Outflows of Resources as of June 30, 2020. This amount will be recognized in OPEB expense in Fiscal Year 2021.

### *Assumptions and Other Inputs*

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

- Inflation – 2.25 percent
- Salary increases – depends on service and ranges from 12.25 percent at less than 1 year of service to 3.25 percent at 34 or more years of service. Salary increases include a 3.25 percent wage inflation assumption.
- Investment rate of return – 0 percent, net of OPEB plan investment expense, including inflation
- Healthcare cost trend rates – actual trend used for Fiscal Year 2019 based on premium increases. For fiscal years on or after 2020, trend starts at 8.00 percent and 9.00 percent for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend rate of 4.50 percent. Additional trend rate of 0.40 percent is added to non-Medicare cost on and after 2022 to account for the Excise tax.

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

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

### *Discount Rate*

Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity's index's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.13 percent as of June 30, 2019, and 3.62 percent as of June 30, 2018. The decrease in the single discount rate from 3.62 to 3.13 percent caused the total OPEB liability to increase by approximately \$121.1 million from 2018 to 2019.

*Sensitivity of total CIP's OPEB liability to changes in the Single Discount Rate*

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

1% Decrease (2.13%)	Current Single Discount Rate Assumption (3.13%)	1% Increase (4.13%)
\$7,694,231	\$6,703,834	\$5,863,231

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

The following presents the College's share of the OPEB liability, calculated using the healthcare cost trend rates as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point that is higher or lower than the current healthcare cost trend rate. The key trend rates are 8.00 percent in 2020 decreasing to an ultimate trend rate of 4.90 percent in 2027, for non-Medicare coverage and 9.00 percent in 2020 decreasing to an ultimate trend rate of 4.50 percent in 2029 for Medicare coverage.

1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
\$5,563,774	\$6,703,834	\$8,210,357

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

No amount was owed to the plan at June 30, 2020. The College provides no other financially significant postemployment benefit to employees.

**12. On-Behalf Payments for Fringe Benefits**

For the year ending June 30, 2020, expense for fringe benefits payments made by the State of Illinois on behalf of the College were \$5,508,506 for pensions to SURS and \$280,028 for the health insurance program to CIP.

### 13. Other Risk Management Issues

The College is exposed to various risks of loss due to torts involving outside contractors, theft, or damage to assets, errors and omissions, and natural disasters. The College purchases commercial insurance for these risks. There has been no significant reduction in coverage over the past two years and settlements have not exceeded insurance coverage in any of the past three years.

The District is insured under a retrospectively-rated policy for workers' compensation coverage whereas the initial premium may be adjusted based on actual experience. Adjustments in premiums are recorded when paid or received. During the current fiscal year, there were no significant adjustments in premiums based on actual experience.

### 14. Inter-Sub-Fund Balances and Transfers

The College maintains various sub-funds to track the activity of the primary government. The following is a summary of the balances and transactions among these sub-funds as of and for the year ended June 30, 2020.

	Due to	Due from
Education Fund	\$ -	\$ 390,000
Restricted Purposes Fund	390,000	-
	<u>\$ 390,000</u>	<u>\$ 390,000</u>
	Transfer in	Transfer out
Auxiliary Enterprise Fund	\$ 583,880	\$ 200,000
Operation and Maintenance Fund	981,567	-
Education Fund	303,953	1,565,447
Working Cash Fund	-	103,953
	<u>\$ 1,869,400</u>	<u>\$ 1,869,400</u>

The inter-sub-fund balances and transactions are eliminated for the preparation of the basic financial statements of the primary government of the College.

### 15. Related Party Activity

In September 2019, the College' Board approved a transfer of \$153,613 to the Foundation. These funds were transferred to the College from the previous Foundation in a prior fiscal year. The College placed no specific restrictions on the usage of these funds by the Foundation outside of their original intent as scholarships for eligible students. There were no balances remaining to be transferred to the Foundation as of June 30, 2020.

At June 30, 2020, the College has \$5,500 receivable from the Foundation related to scholarships.

## 16. Contingencies

### *Federal and State Grants*

The College participates in a number of federal and state funded grant programs. Under the terms of these programs, periodic audits may be required by grantor agencies, and certain costs may be questioned as not being appropriate expenditures under the terms of these programs. Such audits could lead to reimbursements to grantor agencies. Based on prior experience, the College's management believes examinations would not result in any material disallowed costs for grant revenue recorded in these financial statements or from prior years.

During Fiscal Years 2018 through 2020, the College received an estimated \$623,586 in property taxes on county assessments that have been successfully protested by a taxpayer. As of the date of the Independent Auditor's Report, no claims have been made directly against the College by the impacted county or the taxpayer. In addition, at this stage in the process, a determination of the ultimate repayment amount and the scheduling of the repayment(s) has not been made.

### *Uncertainty*

As of June 30, 2020, local, U.S., and world governments have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impact to the College as of the date of the Independent Auditor's Report, management believes that a material impact on the College's financial position and results of future operations is reasonably possible.

## 17. Other Commitments

During Fiscal Year 2020, the College entered into a two-year cleaning and maintenance contract through June 30, 2021. The total contract price is \$534,120. As of June 30, 2020, the remaining contract payments total \$312,000.

The College has three uncompleted major construction contracts in progress through the date of the Independent Auditor's Report. The remaining commitment on the three contracts totaled approximately \$623,000 as of June 30, 2020.

## 18. New Government Accounting Standard

In June 2017, GASB issued GASB Statement 87 (GASB 87), *Leases*. The provisions of GASB 87 require that certain lessees recognize a lease liability and asset for all leases greater than 12 months. GASB 87 is effective for the College's Fiscal Year 2022. The College's management is currently reviewing what impact, if any, this new standard will have on its future financial statements and disclosures.

## 19. Discretely Presented Component Unit

The following notes are provided for the College's component unit, the Foundation:

### A. Nature of Organization

The Saints Foundation at Shawnee Community College (the Foundation) is a nonprofit corporation organized under the laws of the State of Illinois for the purpose of furthering the excellence of education at Shawnee Community College, Community College District #531 (the College). The Foundation is considered a component unit of the College under the accounting standards followed by the College; however, the Foundation is a separate legal entity.

The Foundation operates to secure gifts that support the mission of the College, its students, faculty, and programs through scholarships and other forms of institutional support. The Foundation's major sources of revenue and support are contributions from donors and investment income.

### B. Summary of Significant Accounting Policies

- a. The Foundation's financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States. Net assets of the Foundation and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed stipulations. Contributions with donor-imposed stipulations will be treated as net assets without donor restrictions if the restriction is met during the same report period.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Board of Directors and/or the passage of time, or that must be maintained perpetually by the Foundation. When a restriction expires, assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

- b. Investments consist of managed investment accounts comprised of various mutual funds, fixed income investments that include corporate and government-backed bond funds, and cash equivalents. These investments are stated at fair value based on quoted market prices. Investment securities are exposed to various risks such as interest rate, market, and credit risks.
- c. Contributions of facilities and services are recognized if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation. Such contributions are recorded at fair value on the date of the contribution and presented as in-kind contributions.



- d. The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or supporting service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated among the programs and supporting services benefited.

Salaries expense was allocated on Exhibit C based on the time and effort of employees devoted to each function. All other expenses are identified with a specific program or supporting service.

- e. The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.
- f. The Foundation has evaluated subsequent events through February 22, 2021, the date which the financial statements were available to be issued.
- g. In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-08, Not-for-Profit Entities – *Clarifying the Scope and Accounting Guidance for Contributions Received and Made* (Topic 958). The ASU clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions within the scope of Topic 958) or exchanges (reciprocal transactions) subject to other guidance such as Topic 606. Additionally, the ASU assists in determining whether a contribution is conditional. The Foundation adopted the new standard effective July 1, 2019, the first day of the Foundation’s fiscal year using the modified prospective approach.

The adoption of this standard did not impact beginning net assets of July 1, 2019 and there was also no impact to any component of the financial statements for Fiscal Year 2020 as a result of applying this ASU.

## C. Investments

### *Fair Value Measurements*

FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements*, establishes a framework for measuring fair value under generally accepted accounting principles. Topic 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. Topic 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. Topic 820 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels.

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

Level 2 Inputs to the valuation methodology include:

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

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

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

*Mutual Funds, Unit Trust, and Exchange Traded Funds (ETF)* – Valued at unadjusted quoted prices for identical assets in active markets that the Foundation has the ability to access.

The following table sets forth, by level within the fair value hierarchy, the Foundation's investments at fair value as of June 30, 2020:

	<u>Cost</u>	<u>Market</u>	<u>Fair Value Level</u>
Mutual Funds - Equity		\$ 374,154	1
Mutual Funds - Debt		204,931	1
Unit Trust - Debt		61,968	1
ETF & Closed End Mutual Funds - Equity		171,185	1
ETF & Closed End Mutual Funds - Debt		103,259	1
Non-Negotiable Certificates of Deposit		178,090	N/A
Cash and Cash Equivalents		3,005	N/A
Total	<u>\$ 1,081,034</u>	<u>\$ 1,096,592</u>	

#### **D. Custodial Credit Risk - Investments**

At June 30, 2020, the Foundation had no custodial credit risk related to its investments as all investments were held through a Securities Investor Protection Corporation (SIPC) member brokerage firm and the value of the investments was below the SIPC coverage limit.

## **E. Liquidity and Availability of Financial Assets**

The following reflects the Foundation's financial assets as of June 30, 2020:

### Financial Assets at Year-End:

Cash and Cash Equivalents	\$ 62,009
Investments	<u>1,096,592</u>
Total Financial Assets	<u>1,158,601</u>

Less those unavailable for general expenditures  
within one year:

276,758

Financial Assets available to meet cash needs for general  
expenditures within one year:

\$ 1,435,359

The Foundation does not maintain a line of credit.

## **F. Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2020 are restricted for the purpose of scholarships as designated by the donors.

## **G. Related-Party Activity**

In September 2019, the College donated \$153,613 to the Foundation for scholarships. This accounted for 57 percent of the Foundation's total support and revenue for the year ended June 30, 2020. These funds were previously held by the College after the dissolution of the previous foundation. No restrictions were added by the College outside of the original restriction of the donor. No remaining balance is to be received by the Foundation as of June 30, 2020.

At June 30, 2020, the Foundation has \$5,500 payable to the College related to scholarships.

## **H. Prior Period Adjustment**

The statement of activities for Fiscal Year 2020 includes a restatement of net assets by category at June 30, 2019 to correct an error in the allocation of net assets between net assets without donor restrictions and net assets with donor restrictions. In order to comply with GAAP as of June 30, 2019, net assets without donor restrictions were decreased by \$45,883, and net assets with donor restrictions were increased by \$45,883. Total net assets at June 30, 2019 did not change. The error had no impact on the total change in net assets for Fiscal Year 2019 as previously reported.

## I. Recent Accounting Pronouncements

In August 2018, the FASB issued ASU 2018-03, *Fair Value Measurement* (Topic 820). The provisions of the ASU will modify the disclosures on fair value measurements requiring entities to add materiality as a consideration for necessity of any singular disclosure requirement. The ASU is effective for periods beginning after December 15, 2019. The Foundation has yet to select a transition method and is currently evaluating the effect, if any, that the updated standard will have on future financial statements.

## 20. Supplemental Information

Schedules 1 through 3, Schedules 6 through 9, Schedules 11 through 13, Schedule 17, and Schedules 19 through 21 are reported using the modified accrual basis of accounting, which is a comprehensive basis of accounting other than GAAP for a special-purpose government engaged only in business-type activities.

In the schedules noted, the modified accrual basis of accounting differs from GAAP for a special-purpose government engaged only in business-type activities because:

- Capital assets are not depreciated, and depreciation expense is not presented in the schedules, except for funds considered to be proprietary operations.
- Payments of principal on long-term debt are reported as expenditures in the schedules.
- In the schedules, the full amount of summer school revenue and scholarship expense is recognized in the fiscal year in which the related term is completed.
- Expenditures in the schedules include the cost of capital asset acquisitions, except for funds considered to be proprietary operations.
- Debt service expenditures in the schedules are recorded only when payment is due, except for funds considered to be proprietary operations.
- Pension expenditures in the schedules include payments made by the College in the current fiscal year for federal, trust, or grant-funded salaries in the current fiscal year.
- OPEB expenditures in the schedules include payments made by the College in the current fiscal year for salaries in the current fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Required Supplementary Information  
Schedule of Proportionate Share of Net Pension Liability - SURS  
For the Year Ended June 30, 2020  
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
a) Shawnee's Proportionate Percentage of the Collective Net Pension Liability	0%	0%	0%	0%	0%	0%
b) Shawnee's Proportionate Amount of the Collective Net Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with Shawnee	<u>38,542,019</u>	<u>42,413,468</u>	<u>46,570,743</u>	<u>44,540,973</u>	<u>47,675,561</u>	<u>51,121,727</u>
Total b) + c)	<u>\$ 38,542,019</u>	<u>\$ 42,413,468</u>	<u>\$ 46,570,743</u>	<u>\$ 44,540,973</u>	<u>\$ 47,675,561</u>	<u>\$ 51,121,727</u>
Shawnee Defined Benefit Covered Payroll	<u>\$ 6,467,888</u>	<u>\$ 6,554,621</u>	<u>\$ 6,498,556</u>	<u>\$ 6,190,483</u>	<u>\$ 6,217,104</u>	<u>\$ 6,456,232</u>
Proportion of Collective Net Pension Liability Associated with Shawnee as a Percentage of Defined Benefit Covered Payroll	595.90%	647.08%	716.63%	719.51%	766.85%	791.82%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%	42.37%	39.57%	42.04%	41.27%	40.71%

Required Supplementary Information  
Schedule of Contributions - SURS  
For the Year Ended June 30, 2020  
(Unaudited)

	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019
Shawnee's Federal, Trust, and Other Contribution	<u>\$ 57,061</u>	<u>\$ 52,110</u>	<u>\$ 60,689</u>	<u>\$ 55,477</u>	<u>\$ 55,146</u>	<u>\$ 54,766</u>
Shawnee's Contribution in relation to required contribution	<u>57,061</u>	<u>52,110</u>	<u>60,689</u>	<u>55,477</u>	<u>55,146</u>	<u>54,766</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Shawnee's Covered Payroll	<u>\$ 479,102</u>	<u>\$ 445,004</u>	<u>\$ 478,243</u>	<u>\$ 442,753</u>	<u>\$ 442,584</u>	<u>\$ 445,614</u>
Contributions as a Percentage of Covered Payroll	11.91%	11.71%	12.69%	12.53%	12.46%	12.29%
	Fiscal Year 2020					
Shawnee's Federal, Trust, and Other Contribution	<u>\$ 61,573</u>					
Shawnee's Contribution in relation to required contribution	<u>61,573</u>					
Contribution Deficiency (Excess)	<u>\$ -</u>					
Shawnee's Covered Payroll	<u>\$ 472,911</u>					
Contributions as a Percentage of Covered Payroll	13.02%					

NOTE: The system implemented GASB No. 68 in fiscal year 2015. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

See Accompanying Notes on the Following Page

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to Required Supplementary Information – Pension Liability  
For the Year Ended June 30, 2020  
(Unaudited)

*Changes of Benefit Terms*

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

*Changes of Assumptions*

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

- Salary Increase – 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 the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest – Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019).
- Normal retirement rates – A slight increase in the retirement rate at age 50. No change to the rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates – Decrease in rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates – Change 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.

SHAWNEE COMMUNITY COLLEGE  
Required Supplementary Information  
Schedule of Proportionate Share of OPEB Liability - CIP  
For the Year Ended June 30, 2020  
(Unaudited)

	<u>Fiscal Year 2016</u>	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2019</u>
a) Shawnee's Proportionate Percentage of the Collective Net OPEB Liability	0.358787%	0.352815%	0.349766%	0.354974%
b) Shawnee's Proportionate Amount of the Collective Net OPEB Liability	\$ 6,529,754	\$ 6,434,065	\$ 6,593,971	\$ 6,703,834
c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net OPEB Liability Associated with Shawnee	<u>6,803,453</u>	<u>6,349,324</u>	<u>6,593,970</u>	<u>6,703,834</u>
Total b) + c)	<u>\$ 13,333,207</u>	<u>\$ 12,783,389</u>	<u>\$ 13,187,941</u>	<u>\$ 13,407,668</u>
Shawnee's Covered Payroll	<u>\$ 6,503,516</u>	<u>\$ 6,121,858</u>	<u>\$ 6,108,812</u>	<u>\$ 6,372,800</u>
Shawnee's Proportionate Share of Collective Net OPEB Liability as a Percentage of Covered Payroll	100.40%	105.10%	107.94%	105.19%
CIP Plan Net Position as a Percentage of Total OPEB Liability	-2.15%	-2.87%	-3.54%	-4.13%

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

SHAWNEE COMMUNITY COLLEGE  
 Required Supplementary Information  
 Schedule of Contributions- CIP  
 For the Year Ended June 30, 2020  
 (Unaudited)

<u>Year Ended June 30</u>	<u>Statutorily Required Contributions*</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2020	\$ 32,853	6,570,600	0.50%
2019	31,864	6,372,800	0.50%
2018	30,544	6,108,812	0.50%
2017	30,609	6,121,858	0.50%
2016	32,518	6,503,516	0.50%
2015	32,607	6,521,490	0.50%
2014	31,804	6,360,830	0.50%

\* Statutorily required contributions equal actual contributions recognized by the plan.

NOTE: The College implemented GASB No. 75 in fiscal year 2018. The information is presented for as many years as available. The schedules are intended to show information for 10 years.

*See Accompanying Notes on the Following Page*



SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #505  
Notes to Required Supplementary Information – OPEB Liability  
For the Year Ended June 30, 2020  
(Unaudited)

*Changes of Benefit Terms*

There were no benefit changes in the Total OPEB Liability as of June 30, 2019.

*Assumptions Used*

- Actuarial Cost Method – Entry Age Normal, used to measure the Total OPEB Liability
- Contribution Policy – Benefits are financed on a pay-as-you go basis. Contribution rates are defined by statute. For fiscal year end June 30, 2019, contribution rates are 0.50 percent of pay for active members, 0.50 percent of pay for community colleges and 0.50 percent of pay for the State. Retired members contribute a percentage of premium rates. The goal of the policy is to finance current year costs plus a margin for incurred but not paid plan costs.
- Asset Valuation Method – Market value
- Investment Rate of Return – 0 percent, net of OPEB plan investment expense, including inflation, for all plan years.
- Inflation – 2.25 percent
- Salary Increases – Depends on service and ranges from 12.25 percent at less than 1 year of service to 3.25 percent at 34 or more years of service. Salary increase includes a 3.25 percent 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, 2018, actuarial valuation of SURS.
- 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. Tables are adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2017.
- Healthcare Cost Trend Rates – Actual trend used for Fiscal Year 2019. For fiscal years on and after 2020, trend starts at 8.00 percent and 9.00 percent for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.50 percent. Additional trend rate of 0.40 percent 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 cost. Operating expenses are included as a component of the Annual OPEB Expense.

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Combined Balance Sheet -  
 Modified Accrual Basis (Governmental Fund Types and Account Groups)  
 and GAAP Basis (Proprietary and Fiduciary Fund Types)  
 All Fund Types and Account Groups  
 June 30, 2020

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
<b>ASSETS</b>									
Cash and Cash Equivalents	\$ 12,008,308	\$ 1,712,486	\$ 425,885	\$ 890,266	\$ 375,860	\$ 2,601,438	\$ -	\$ -	\$ 18,014,243
Investments	-	-	-	-	-	2,641,712	-	-	2,641,712
Receivables:									
Property Taxes	620,652	253,970	527,700	75,000	-	-	-	-	1,477,322
Replacement Taxes	75,380	-	-	-	-	-	-	-	75,380
Agency Tuition	88,483	-	-	-	-	-	-	-	88,483
Student Tuition and Fees, Net of Allowance	285,138	-	-	-	-	-	-	-	285,138
Governmental Grants and Contracts	314,487	361,936	-	-	-	-	-	-	676,423
Prepaid Expenses	170,954	89,555	-	-	-	-	-	-	260,509
Due from Other Funds	390,000	-	-	-	-	-	-	-	390,000
Inventory	-	-	-	-	296,282	-	-	-	296,282
Property and Equipment, Net	-	-	-	-	3,939	-	22,073,887	-	22,077,826
<b>OTHER DEBITS</b>									
Amount Available to Retire Debt	-	-	-	-	-	-	-	715,185	715,185
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	4,084,815	4,084,815
<b>Total Assets and Other Debits</b>	<b>\$ 13,953,402</b>	<b>\$ 2,417,947</b>	<b>\$ 953,585</b>	<b>\$ 965,266</b>	<b>\$ 676,081</b>	<b>\$ 5,243,150</b>	<b>\$ 22,073,887</b>	<b>\$ 4,800,000</b>	<b>\$ 51,083,318</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Balance Sheet -  
Modified Accrual Basis (Governmental Fund Types and Account Groups)  
and GAAP Basis (Proprietary and Fiduciary Fund Types)  
All Fund Types and Account Groups  
June 30, 2020

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency Funds	General Fixed Assets	General Long-Term Debt	
<b>LIABILITIES</b>									
Accounts Payable	\$ 1,411,837	\$ -	\$ -	\$ -	\$ 3,760	\$ -	\$ -	\$ -	\$ 1,415,597
Accrued Liabilities	418,945	-	13,057	-	-	-	-	-	432,002
Unearned Revenue	712,190	113,767	225,343	34,177	8,896	-	-	-	1,094,373
Due to Other Funds	-	390,000	-	-	-	-	-	-	390,000
Due to Student Groups	-	-	-	-	922	212,972	-	-	213,894
Note Payable	1,548,298	-	-	-	-	-	-	-	1,548,298
Bonds Payable	-	-	-	-	-	-	-	4,800,000	4,800,000
<b>Total Liabilities</b>	<b>4,091,270</b>	<b>503,767</b>	<b>238,400</b>	<b>34,177</b>	<b>13,578</b>	<b>212,972</b>	<b>-</b>	<b>4,800,000</b>	<b>9,894,164</b>
<b>COLLEGE EQUITY</b>									
Investment in General Fixed Assets	-	-	-	-	-	-	22,073,887	-	22,073,887
Fund Balance:									
Reserved	-	1,914,180	715,185	931,089	-	5,030,178	-	-	8,590,632
Unreserved, Designated	817,937	-	-	-	-	-	-	-	817,937
Unreserved, Undesignated	9,044,195	-	-	-	-	-	-	-	9,044,195
Retained Earnings	-	-	-	-	662,503	-	-	-	662,503
<b>Total College Equity</b>	<b>9,862,132</b>	<b>1,914,180</b>	<b>715,185</b>	<b>931,089</b>	<b>662,503</b>	<b>5,030,178</b>	<b>22,073,887</b>	<b>-</b>	<b>41,189,154</b>
<b>Total Liabilities and College Equity</b>	<b>\$ 13,953,402</b>	<b>\$ 2,417,947</b>	<b>\$ 953,585</b>	<b>\$ 965,266</b>	<b>\$ 676,081</b>	<b>\$ 5,243,150</b>	<b>\$ 22,073,887</b>	<b>\$ 4,800,000</b>	<b>\$ 51,083,318</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Modified Accrual Basis  
All Governmental Fund Types  
For the Year Ended June 30, 2020

	General	Special Revenue	Debt Service - Bond and Interest	Capital Projects Fund-Operation and Maintenance Restricted	Total (Memorandum Only)
<b>Revenues</b>					
Local Sources	\$ 2,355,014	\$ 807,146	\$ 1,735,831	\$ 250,633	\$ 5,148,624
State Sources	4,446,526	169,093	-	-	4,615,619
Federal Sources	-	3,760,916	-	-	3,760,916
Tuition and Fees	4,451,240	-	-	-	4,451,240
Facilities	41,153	-	-	-	41,153
Investment Income	184,110	-	-	-	184,110
Other Revenue	274,733	-	-	-	274,733
On-Behalf Payments	-	5,788,534	-	-	5,788,534
Total Revenues	<u>11,752,776</u>	<u>10,525,689</u>	<u>1,735,831</u>	<u>250,633</u>	<u>24,264,929</u>
<b>Expenditures</b>					
Instruction	5,110,292	258,566	-	-	5,368,858
Academic Support	321,646	74,511	-	-	396,157
Student Services	1,041,525	424,171	-	-	1,465,696
Public Service	93,194	342,561	-	-	435,755
Operation and Maintenance of Plant	2,654,217	-	-	115,129	2,769,346
Scholarships and Grants	1,800,987	2,830,200	-	-	4,631,187
Institutional Support	2,494,159	641,852	-	-	3,136,011
Principal	-	-	1,200,000	-	1,200,000
Interest	-	-	573,510	-	573,510
On-Behalf Payments	-	5,788,534	-	-	5,788,534
Total Expenditures	<u>13,516,020</u>	<u>10,360,395</u>	<u>1,773,510</u>	<u>115,129</u>	<u>25,765,054</u>
Revenue Over (Under) Expenditures	<u>(1,763,244)</u>	<u>165,294</u>	<u>(37,679)</u>	<u>135,504</u>	<u>(1,500,125)</u>
<b>Other Financing Uses</b>					
Operating Transfers, Net	(279,927)	-	-	-	(279,927)
Total Other Financing Sources Uses	<u>(279,927)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(279,927)</u>
Revenue Over (Under) Expenditures and Other Financing Uses	<u>(2,043,171)</u>	<u>165,294</u>	<u>(37,679)</u>	<u>135,504</u>	<u>(1,780,052)</u>
<b>Fund Balance, July 1, 2019</b>	<u>11,905,303</u>	<u>1,748,886</u>	<u>752,864</u>	<u>795,585</u>	<u>15,202,638</u>
<b>Fund Balance, June 30, 2020</b>	<u>\$ 9,862,132</u>	<u>\$ 1,914,180</u>	<u>\$ 715,185</u>	<u>\$ 931,089</u>	<u>\$ 13,422,586</u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget and Actual - Modified Accrual Basis  
 All Budgeted Governmental Fund Types  
 For the Year Ended June 30, 2020

	General		Special Revenue		Debt Service - Bond and Interest Fund		Capital Projects Fund - Operation and Maintenance Restricted Fund		Total (Memorandum Only)	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
<b>Revenues</b>										
Local Sources	\$ 2,489,548	\$ 2,355,014	\$ 861,000	\$ 807,146	\$ 1,774,512	\$ 1,735,831	\$ 250,000	\$ 250,633	\$ 5,375,060	\$ 5,148,624
State Sources	4,442,446	4,446,526	176,855	169,093	-	-	-	-	4,619,301	4,615,619
Federal Sources	-	-	5,210,883	3,760,916	-	-	-	-	5,210,883	3,760,916
Tuition and Fees	4,900,328	4,451,240	-	-	-	-	-	-	4,900,328	4,451,240
Facilities	40,000	41,153	-	-	-	-	-	-	40,000	41,153
Investment Income	240,000	184,110	-	-	-	-	-	-	240,000	184,110
Other Revenue	267,720	274,733	-	-	-	-	-	-	267,720	274,733
<b>Total Revenues</b>	<b>12,380,042</b>	<b>11,752,776</b>	<b>6,248,738</b>	<b>4,737,155</b>	<b>1,774,512</b>	<b>1,735,831</b>	<b>250,000</b>	<b>250,633</b>	<b>20,653,292</b>	<b>18,476,395</b>
<b>Expenditures</b>										
Instruction	5,325,699	5,110,292	267,177	258,566	-	-	-	-	5,592,876	5,368,858
Academic Support	337,287	321,646	20,001	74,511	-	-	-	-	357,288	396,157
Student Services	1,131,737	1,041,525	474,836	424,171	-	-	-	-	1,606,573	1,465,696
Public Service	167,542	93,194	352,995	342,561	-	-	-	-	520,537	435,755
Operation and Maintenance of Plant	5,313,884	2,654,217	-	-	-	-	750,000	115,129	6,063,884	2,769,346
Scholarships and Grants	1,976,000	1,800,987	4,272,314	2,830,200	-	-	-	-	6,248,314	4,631,187
Institutional Support	2,833,031	2,494,159	864,000	641,852	-	-	-	-	3,697,031	3,136,011
Principal	-	-	-	-	1,200,000	1,200,000	-	-	1,200,000	1,200,000
Interest	-	-	-	-	574,512	573,510	-	-	574,512	573,510
<b>Total Expenditures</b>	<b>17,085,180</b>	<b>13,516,020</b>	<b>6,251,323</b>	<b>4,571,861</b>	<b>1,774,512</b>	<b>1,773,510</b>	<b>750,000</b>	<b>115,129</b>	<b>25,861,015</b>	<b>19,976,520</b>
Revenue Over (Under) Expenditures	(4,705,138)	(1,763,244)	(2,585)	165,294	-	(37,679)	(500,000)	135,504	(5,207,723)	(1,500,125)
<b>Other Financing Uses</b>										
Operating Transfers, Net	(296,655)	(279,927)	-	-	-	-	-	-	(296,655)	(279,927)
<b>Total Other Financing Uses</b>	<b>(296,655)</b>	<b>(279,927)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(296,655)</b>	<b>(279,927)</b>
Revenue Over (Under) Expenditures and Other Financing Uses	<u>\$ (5,001,793)</u>	<u>(2,043,171)</u>	<u>\$ (2,585)</u>	<u>165,294</u>	<u>\$ -</u>	<u>(37,679)</u>	<u>\$ (500,000)</u>	<u>135,504</u>	<u>\$ (5,504,378)</u>	<u>(1,780,052)</u>
<b>Fund Balance, July 1, 2019</b>		<u>11,905,303</u>		<u>1,748,886</u>		<u>752,864</u>		<u>795,585</u>		<u>15,202,638</u>
<b>Fund Balance, June 30, 2020</b>		<u>\$ 9,862,132</u>		<u>\$ 1,914,180</u>		<u>\$ 715,185</u>		<u>\$ 931,089</u>		<u>\$ 13,422,586</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Revenues, Expenses,  
and Changes in College Equity - Budget and Actual  
Proprietary Fund Types and Similar Trust Funds  
For the Year Ended June 30, 2020

	Fiduciary Fund Type		Proprietary Fund Type	
	Working Cash Fund		Enterprise Funds	
	Budget	Actual	Budget	Actual
<b>Operating Revenues</b>				
Student and Community Services	\$ -	\$ -	\$ 410,200	\$ 386,346
Student Tuition and Fees	-	-	-	-
State Sources	-	-	-	-
Other Revenue	-	-	-	-
Investment Income	67,000	103,953	-	-
Total Operating Revenues	<u>67,000</u>	<u>103,953</u>	<u>410,200</u>	<u>386,346</u>
<b>Operating Expenses</b>				
Salaries	-	-	213,913	197,488
Employee Benefits	-	-	5,214	11,586
Contractual Services	-	-	47,976	42,483
General Materials and Supplies	-	-	321,754	251,082
Conference and Meeting	-	-	34,855	39,713
Fixed Charges	-	-	25,000	5,988
Depreciation	-	-	2,000	1,931
Capital Outlay	-	-	-	425
Other	-	-	323,143	342,372
Total Operating Expenses	<u>-</u>	<u>-</u>	<u>973,855</u>	<u>893,068</u>
Operating Income (Loss)	67,000	103,953	(563,655)	(506,722)
<b>Other Financing Sources (Uses)</b>				
Operating Transfers, Net	<u>(67,000)</u>	<u>(103,953)</u>	<u>363,655</u>	<u>383,880</u>
<b>Net Loss</b>	<u>\$ -</u>	<u>-</u>	<u>\$ (200,000)</u>	<u>(122,842)</u>
<b>College Equity, July 1, 2019</b>		<u>5,030,178</u>		<u>785,345</u>
<b>College Equity, June 30, 2020</b>		<u>\$ 5,030,178</u>		<u>\$ 662,503</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combined Statement of Cash Flows  
Proprietary Fund Types and Similar Trust Funds  
For the Year Ended June 30, 2020

	Fiduciary Fund Type	Proprietary Fund Type
	Working Cash Fund	Enterprise Funds
<b>Cash Flows from Operating Activities</b>		
Auxiliary Enterprise Charges	\$ -	\$ 386,346
Student Tuition and Fees	-	4,396
Payments to Suppliers	-	(749,537)
Payments to Employees and Benefits Paid	-	(209,074)
Interest on Investments	103,953	-
Net Cash Provided by (Used in) Operating Activities	<u>103,953</u>	<u>(567,869)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Operating Transfers In (Out)	(103,953)	383,880
<b>Cash Flows from Investing Activities</b>		
Purchases of Investments	<u>(174,942)</u>	<u>-</u>
Net Decrease in Cash and Cash Equivalents	(174,942)	(183,989)
<b>Cash and Cash Equivalents, July 1, 2019</b>	<u>2,563,408</u>	<u>559,849</u>
<b>Cash and Cash Equivalents, June 30, 2020</b>	<u><u>\$ 2,388,466</u></u>	<u><u>\$ 375,860</u></u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</b>		
Operating Income (Loss)	\$ 103,953	\$ (506,722)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:		
Depreciation Expense	-	1,931
Changes in Assets and Liabilities:		
Receivables	-	4,396
Inventories	-	(68,584)
Payables	-	1,110
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 103,953</u></u>	<u><u>\$ (567,869)</u></u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet - Modified Accrual Basis  
General Funds  
June 30, 2020

	Education Fund	Operation and Maintenance Fund	Total
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,831,558	\$ 3,176,750	\$ 12,008,308
Receivables:			
Property Taxes	416,501	204,151	620,652
Replacement Taxes	52,766	22,614	75,380
Agency Tuition	88,483	-	88,483
Student Tuition and Fees, Net of Allowance	285,138	-	285,138
Governmental Grants and Contracts	294,755	19,732	314,487
Prepaid Expenses	170,954	-	170,954
Due From Other Funds	390,000	-	390,000
	<u>\$ 10,530,155</u>	<u>\$ 3,423,247</u>	<u>\$ 13,953,402</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 1,411,837	\$ -	\$ 1,411,837
Accrued Liabilities	418,945	-	418,945
Unearned Revenue	628,526	83,664	712,190
Note Payable	1,548,298	-	1,548,298
Total Liabilities	<u>4,007,606</u>	<u>83,664</u>	<u>4,091,270</u>
<b>FUND BALANCE</b>			
Unreserved, Designated	817,937	-	817,937
Unreserved, Undesignated	5,704,612	3,339,583	9,044,195
Total Fund Balance	<u>6,522,549</u>	<u>3,339,583</u>	<u>9,862,132</u>
	<u>\$ 10,530,155</u>	<u>\$ 3,423,247</u>	<u>\$ 13,953,402</u>
Total Liabilities and Fund Balance	<u>\$ 10,530,155</u>	<u>\$ 3,423,247</u>	<u>\$ 13,953,402</u>



SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Modified Accrual Basis  
General Funds  
For the Year Ended June 30, 2020

	Education Fund	Operation and Maintenance Fund	Total
<b>Revenues</b>			
Local Sources	\$ 1,591,563	\$ 763,451	\$ 2,355,014
State Sources	4,077,322	369,204	4,446,526
Tuition and Fees	4,451,240	-	4,451,240
Facilities	-	41,153	41,153
Investment Income	184,110	-	184,110
Other Revenue	274,733	-	274,733
Total Revenues	<u>10,578,968</u>	<u>1,173,808</u>	<u>11,752,776</u>
<b>Expenditures</b>			
Instruction	5,110,292	-	5,110,292
Academic Support	321,646	-	321,646
Student Services	1,041,525	-	1,041,525
Public Service	93,194	-	93,194
Operation and Maintenance of Plant	-	2,654,217	2,654,217
Institutional Support	2,493,250	909	2,494,159
Scholarships and Grants	1,800,987	-	1,800,987
Total Expenditures	<u>10,860,894</u>	<u>2,655,126</u>	<u>13,516,020</u>
Revenue Under Expenditures	<u>(281,926)</u>	<u>(1,481,318)</u>	<u>(1,763,244)</u>
<b>Other Financing Sources (Uses)</b>			
Operating Transfers, Net	<u>(1,261,494)</u>	<u>981,567</u>	<u>(279,927)</u>
Total Other Financing Sources (Uses)	<u>(1,261,494)</u>	<u>981,567</u>	<u>(279,927)</u>
Revenue and Other Financing Sources Under Expenditures and Other Financing Uses	<u>(1,543,420)</u>	<u>(499,751)</u>	<u>(2,043,171)</u>
<b>Fund Balance, July 1, 2019</b>	<u>8,065,969</u>	<u>3,839,334</u>	<u>11,905,303</u>
<b>Fund Balance, June 30, 2020</b>	<u>\$ 6,522,549</u>	<u>\$ 3,339,583</u>	<u>\$ 9,862,132</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet - Modified Accrual Basis  
Special Revenue Funds  
June 30, 2020

	Restricted Purposes Fund	Audit Fund	Liability, Protection and Settlement Fund	Total
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 28,064	\$ 47,978	\$ 1,636,444	\$ 1,712,486
Receivables:				
Property Taxes	-	10,037	243,933	253,970
Governmental Grants and Contracts	361,936	-	-	361,936
Prepaid Expenses	-	-	89,555	89,555
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 390,000</u>	<u>\$ 58,015</u>	<u>\$ 1,969,932</u>	<u>\$ 2,417,947</u>
<b>LIABILITIES</b>				
Unearned Revenue	\$ -	\$ 4,183	\$ 109,584	\$ 113,767
Due to Other Funds	390,000	-	-	390,000
Total Liabilities	<u>390,000</u>	<u>4,183</u>	<u>109,584</u>	<u>503,767</u>
<b>FUND BALANCE</b>				
Reserved	-	53,832	1,860,348	1,914,180
Total Fund Balance	<u>-</u>	<u>53,832</u>	<u>1,860,348</u>	<u>1,914,180</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities and Fund Balance	<u>\$ 390,000</u>	<u>\$ 58,015</u>	<u>\$ 1,969,932</u>	<u>\$ 2,417,947</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Modified Accrual Basis  
Special Revenue Funds  
For the Year Ended June 30, 2020

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<b>Revenues</b>				
Local Sources	\$ -	\$ 30,623	\$ 776,523	\$ 807,146
State Sources	169,093	-	-	169,093
Federal Sources	3,760,916	-	-	3,760,916
Other Revenue	-	-	-	-
On-Behalf Payments	5,788,534	-	-	5,788,534
<b>Total Revenues</b>	<b>9,718,543</b>	<b>30,623</b>	<b>776,523</b>	<b>10,525,689</b>
<b>Expenditures</b>				
Instruction	258,566	-	-	258,566
Academic Support	74,511	-	-	74,511
Student Services	424,171	-	-	424,171
Public Service	342,561	-	-	342,561
Auxiliary Services	-	-	-	-
Operations and Maintenance of Plant	-	-	-	-
Institutional Support	-	35,451	606,401	641,852
Scholarships and Grants	2,830,200	-	-	2,830,200
On-Behalf Payments	5,788,534	-	-	5,788,534
<b>Total Expenditures</b>	<b>9,718,543</b>	<b>35,451</b>	<b>606,401</b>	<b>10,360,395</b>
Revenue Over (Under) Expenditures	-	(4,828)	170,122	165,294
<b>Other Financing Sources (Uses)</b>				
Operating Transfers (Net)	-	-	-	-
Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	-	(4,828)	170,122	165,294
<b>Fund Balance, July 1, 2019</b>	<b>-</b>	<b>58,660</b>	<b>1,690,226</b>	<b>1,748,886</b>
<b>Fund Balance, June 30, 2020</b>	<b>\$ -</b>	<b>\$ 53,832</b>	<b>\$ 1,860,348</b>	<b>\$ 1,914,180</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Combining Balance Sheet  
Fiduciary Funds  
June 30, 2020

	Non-Expendable Trust		
	<u>Working</u>	Trust and	<u>Total</u>
	<u>Cash Fund</u>	<u>Agency Fund</u>	
ASSETS			
Cash and Cash Equivalents	\$ 2,388,466	\$ 212,972	\$ 2,601,438
Investments	<u>2,641,712</u>	<u>-</u>	<u>2,641,712</u>
Total Assets	<u>\$ 5,030,178</u>	<u>\$ 212,972</u>	<u>\$ 5,243,150</u>
LIABILITIES			
Due to Student Groups	\$ -	\$ 212,972	\$ 212,972
FUND BALANCE			
Reserved	<u>5,030,178</u>	<u>-</u>	<u>5,030,178</u>
Total Liabilities and Fund Balance	<u>\$ 5,030,178</u>	<u>\$ 212,972</u>	<u>\$ 5,243,150</u>

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Balance Sheet - Modified Accrual Basis (Governmental Fund Types and Account Groups)  
 and GAAP Basis (Proprietary and Fiduciary Fund Types)  
 All Funds and Account Groups  
 June 30, 2020

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Trust and Agency Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Account Groups		Total (Memorandum Only)
		Operational	Restricted								General Fixed Assets	General Long-Term Debt	
<b>ASSETS</b>													
Cash and Cash Equivalents	\$ 8,831,558	\$ 3,176,750	\$ 890,266	\$ 375,860	\$ 28,064	\$ 2,388,466	\$ 212,972	\$ 425,885	\$ 47,978	\$ 1,636,444	\$ -	\$ -	\$ 18,014,243
Investments	-	-	-	-	-	2,641,712	-	-	-	-	-	-	2,641,712
Receivables:													
Property Taxes	416,501	204,151	75,000	-	-	-	-	527,700	10,037	243,933	-	-	1,477,322
Replacement Taxes	52,766	22,614	-	-	-	-	-	-	-	-	-	-	75,380
Agency Tuition	88,483	-	-	-	-	-	-	-	-	-	-	-	88,483
Student Tuition and Fees, Net of Allowance	285,138	-	-	-	-	-	-	-	-	-	-	-	285,138
Governmental Grants and Contracts	294,755	19,732	-	-	361,936	-	-	-	-	-	-	-	676,423
Due from Other Funds	390,000	-	-	-	-	-	-	-	-	-	-	-	390,000
Prepaid Expenses	170,954	-	-	-	-	-	-	-	-	89,555	-	-	260,509
Inventory	-	-	-	296,282	-	-	-	-	-	-	-	-	296,282
Property and Equipment at Cost, Net	-	-	-	3,939	-	-	-	-	-	-	22,073,887	-	22,077,826
Amount Available to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	715,185	715,185
Amount to be Provided to Retire Debt	-	-	-	-	-	-	-	-	-	-	-	4,084,815	4,084,815
<b>Total Assets</b>	<b>\$ 10,530,155</b>	<b>\$ 3,423,247</b>	<b>\$ 965,266</b>	<b>\$ 676,081</b>	<b>\$ 390,000</b>	<b>\$ 5,030,178</b>	<b>\$ 212,972</b>	<b>\$ 953,585</b>	<b>\$ 58,015</b>	<b>\$ 1,969,932</b>	<b>\$ 22,073,887</b>	<b>\$ 4,800,000</b>	<b>\$ 51,083,318</b>
<b>LIABILITIES</b>													
Accounts Payable	\$ 1,411,837	\$ -	\$ -	\$ 3,760	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,415,597
Accrued Liabilities	418,945	-	-	-	-	-	-	13,057	-	-	-	-	432,002
Due to Other Funds	-	-	-	-	390,000	-	-	-	-	-	-	-	390,000
Unearned Revenue	628,526	83,664	34,177	8,896	-	-	-	225,343	4,183	109,584	-	-	1,094,373
Due to Student Groups	-	-	-	922	-	-	212,972	-	-	-	-	-	213,894
Note Payable	1,548,298	-	-	-	-	-	-	-	-	-	-	-	1,548,298
Bonds Payable	-	-	-	-	-	-	-	-	-	-	-	4,800,000	4,800,000
<b>Total Liabilities</b>	<b>4,007,606</b>	<b>83,664</b>	<b>34,177</b>	<b>13,578</b>	<b>390,000</b>	<b>-</b>	<b>212,972</b>	<b>238,400</b>	<b>4,183</b>	<b>109,584</b>	<b>-</b>	<b>4,800,000</b>	<b>9,894,164</b>
<b>COLLEGE EQUITY</b>													
Investment in General Fixed Assets	-	-	-	-	-	-	-	-	-	-	22,073,887	-	22,073,887
Fund Balance:													
Reserved	-	-	931,089	-	-	5,030,178	-	715,185	53,832	1,860,348	-	-	8,590,632
Unreserved, Designated	817,937	-	-	-	-	-	-	-	-	-	-	-	817,937
Unreserved, Undesignated	5,704,612	3,339,583	-	-	-	-	-	-	-	-	-	-	9,044,195
Retained Earnings (Accumulated Deficit)	-	-	-	662,503	-	-	-	-	-	-	-	-	662,503
<b>Total College Equity (Deficit)</b>	<b>6,522,549</b>	<b>3,339,583</b>	<b>931,089</b>	<b>662,503</b>	<b>-</b>	<b>5,030,178</b>	<b>-</b>	<b>715,185</b>	<b>53,832</b>	<b>1,860,348</b>	<b>22,073,887</b>	<b>-</b>	<b>41,189,154</b>
<b>Total Liabilities and College Equity</b>	<b>\$ 10,530,155</b>	<b>\$ 3,423,247</b>	<b>\$ 965,266</b>	<b>\$ 676,081</b>	<b>\$ 390,000</b>	<b>\$ 5,030,178</b>	<b>\$ 212,972</b>	<b>\$ 953,585</b>	<b>\$ 58,015</b>	<b>\$ 1,969,932</b>	<b>\$ 22,073,887</b>	<b>\$ 4,800,000</b>	<b>\$ 51,083,318</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Statement of Revenues, Expenditures, and Changes in College Equity -  
Modified Accrual Basis (Governmental Fund Types)  
and GAAP Basis (Proprietary and Fiduciary Fund Types)  
All Funds  
For the Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Funds		Auxiliary Enterprise Funds	Restricted Purposes Fund	Working Cash Fund	Bond and Interest Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total (Memorandum Only)
		Operational	Restricted							
<b>Revenues</b>										
Local Sources	\$ 1,591,563	\$ 763,451	\$ 250,633	\$ -	\$ -	\$ -	\$ 1,735,831	\$ 30,623	\$ 776,523	\$ 5,148,624
State Sources	4,077,322	369,204	-	-	169,093	-	-	-	-	4,615,619
Federal Sources	-	-	-	-	3,760,916	-	-	-	-	3,760,916
Tuition and Fees	4,451,240	-	-	-	-	-	-	-	-	4,451,240
Facilities	-	41,153	-	-	-	-	-	-	-	41,153
Investment Income	184,110	-	-	-	-	103,953	-	-	-	288,063
Other Revenue	274,733	-	-	386,346	-	-	-	-	-	661,079
On-Behalf Payments	-	-	-	-	5,788,534	-	-	-	-	5,788,534
<b>Total Revenues</b>	<b>10,578,968</b>	<b>1,173,808</b>	<b>250,633</b>	<b>386,346</b>	<b>9,718,543</b>	<b>103,953</b>	<b>1,735,831</b>	<b>30,623</b>	<b>776,523</b>	<b>24,755,228</b>
<b>Expenditures</b>										
Instruction	5,110,292	-	-	-	258,566	-	-	-	-	5,368,858
Academic Support	321,646	-	-	-	74,511	-	-	-	-	396,157
Student Services	1,041,525	-	-	-	424,171	-	-	-	-	1,465,696
Public Service	93,194	-	-	-	342,561	-	-	-	-	435,755
Auxiliary Services	-	-	-	891,137	-	-	-	-	-	891,137
Operation and Maintenance of Plant	-	2,654,217	115,129	-	-	-	-	-	-	2,769,346
Institutional Support	2,493,250	909	-	-	-	-	-	35,451	606,401	3,136,011
Scholarships and Grants	1,800,987	-	-	-	2,830,200	-	-	-	-	4,631,187
Principal	-	-	-	-	-	-	1,200,000	-	-	1,200,000
Interest	-	-	-	-	-	-	573,510	-	-	573,510
Depreciation	-	-	-	1,931	-	-	-	-	-	1,931
On-Behalf Payments	-	-	-	-	5,788,534	-	-	-	-	5,788,534
<b>Total Expenditures</b>	<b>10,860,894</b>	<b>2,655,126</b>	<b>115,129</b>	<b>893,068</b>	<b>9,718,543</b>	<b>-</b>	<b>1,773,510</b>	<b>35,451</b>	<b>606,401</b>	<b>26,658,122</b>
Revenue Over (Under) Expenditures	(281,926)	(1,481,318)	135,504	(506,722)	-	103,953	(37,679)	(4,828)	170,122	(1,902,894)
<b>Other Financing Sources (Uses)</b>										
Operating Transfers, Net	(1,261,494)	981,567	-	383,880	-	(103,953)	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(1,261,494)</b>	<b>981,567</b>	<b>-</b>	<b>383,880</b>	<b>-</b>	<b>(103,953)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,543,420)	(499,751)	135,504	(122,842)	-	-	(37,679)	(4,828)	170,122	(1,902,894)
<b>College Equity, Beginning of Year</b>	<b>8,065,969</b>	<b>3,839,334</b>	<b>795,585</b>	<b>785,345</b>	<b>-</b>	<b>5,030,178</b>	<b>752,864</b>	<b>58,660</b>	<b>1,690,226</b>	<b>21,018,161</b>
<b>College Equity, End of Year</b>	<b>\$ 6,522,549</b>	<b>\$ 3,339,583</b>	<b>\$ 931,089</b>	<b>\$ 662,503</b>	<b>\$ -</b>	<b>\$ 5,030,178</b>	<b>\$ 715,185</b>	<b>\$ 53,832</b>	<b>\$ 1,860,348</b>	<b>\$ 19,115,267</b>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Reconciliations to the Basic Financial Statements

Reconciliation of the Balance Sheet -  
Modified Accrual Basis (Governmental Fund Types and Account Groups)  
and GAAP Basis (Proprietary and Fiduciary Fund Types) to the Statement of Net Position  
June 30, 2020

College Equity	\$ 41,189,154
Reconciling Items:	
Reclassification of Long Term Debt	(4,800,000)
Accrual of Interest on Long-Term Debt	(15,833)
Recognition of Other Postemployment Benefit Liability	(6,703,834)
Recognition of Summer Tuition Revenues and Scholarship Expenses	123,458
Deferred Outflows of Resources - Other Postemployment Benefits	202,867
Deferred Inflows of Resources - Other Postemployment Benefits	(1,186,655)
Deferred Outflows of Resources - Retirement Plan Contributions	<u>62,333</u>
Net Position	<u>\$ 28,871,490</u>

Reconciliation of the Statement of Revenues, Expenditures, and Changes in College Equity -  
Modified Accrual Basis (Governmental Fund Types) and GAAP Basis (Proprietary Fund Types)  
to the Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2020

Change in College Equity	\$ (1,902,894)
Reconciling Items:	
General Obligation Debt Retired	1,200,000
Record Depreciation on the Capital Assets	(960,416)
Remove Capital Expenditures Related to Capital Assets	1,625,623
Change in Recognition of Summer Tuition Revenues and Scholarship Expenses	124,414
Change in Deferred Outflows - Other Postemployment Benefits	74,088
Change in Deferred Inflows - Other Postemployment Benefits	(223,600)
Change in Net Other Postemployment Benefits Liability	(109,863)
Accrual of Interest on Long-Term Debt	343,051
Change in Deferred Outflows - Retirement Plan Contributions	<u>6,807</u>
Change in Net Position	<u>\$ 177,210</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Assessed Valuations, Tax Rates, Extensions, and Collections  
June 30, 2020

	<u>2018 Levy</u>	<u>2017 Levy</u>	<u>2016 Levy</u>	<u>2015 Levy</u>
<b>District Valuations</b>	\$ 635,983,048	\$ 624,533,755	\$ 603,076,562	\$ 587,294,095
<b>Tax Rates</b> (Per \$100 Assessed Valuations)				
Education	0.20000	0.20000	0.20000	0.20000
Building	0.10000	0.10000	0.10000	0.10000
Liability Insurance	0.10711	0.11142	0.12031	0.12210
Social Security	0.01860	0.01956	0.02120	0.02170
Audit	0.00500	0.00500	0.00500	0.00500
Health and Safety	0.04132	0.04077	0.04192	0.04310
Bond and Interest	0.28356	0.26934	0.28445	0.29440
<b>TOTAL</b>	<u>0.75559</u>	<u>0.74609</u>	<u>0.77288</u>	<u>0.78630</u>
<b>Tax Extensions</b>				
Education	\$ 1,271,966	\$ 1,249,068	\$ 1,206,153	\$ 1,174,588
Building	635,983	624,534	603,077	587,294
Liability Insurance	681,201	695,856	725,561	717,086
Social Security	118,293	122,159	127,852	127,443
Audit	31,799	31,227	30,154	29,365
Health and Safety	262,788	254,604	252,810	253,124
Bond and Interest	1,803,394	1,682,119	1,715,451	1,728,994
	<u>\$ 4,805,424</u>	<u>\$ 4,659,565</u>	<u>\$ 4,661,058</u>	<u>\$ 4,617,893</u>
<b>Collections</b>				
Education	\$ 1,276,325	\$ 1,262,663	\$ 1,240,460	\$ 1,234,935
Building	632,989	621,662	603,999	602,761
Liability Insurance	684,476	701,317	734,025	729,682
Social Security	118,293	122,159	127,852	129,681
Audit	31,739	31,121	30,405	30,556
Health and Safety	263,860	256,522	255,059	257,570
Bond and Interest	1,810,764	1,691,263	1,730,563	1,759,972
	<u>\$ 4,818,445</u>	<u>\$ 4,686,707</u>	<u>\$ 4,722,363</u>	<u>\$ 4,745,157</u>
Percent of Extension Collected	<u>100.27%</u>	<u>100.58%</u>	<u>101.32%</u>	<u>102.76%</u>



SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Schedule of Legal Debt Margin  
 June 30, 2020

<b>Assessed Valuations - 2019 Levy***</b>	<u>\$ 649,341,448</u>
Debt Limit, 2.875 Percent of Assessed Valuation (50 ILCS 405/1)	<u>\$ 18,668,567</u>
Indebtedness:	
General Obligation Community College Bonds	4,800,000
Note Payable	<u>1,548,298</u>
Total Indebtedness	<u>6,348,298</u>
<b>Legal Debt Margin</b>	<u><u>\$ 12,320,269</u></u>

\*\*\* - Most Current Assessed Valuation Available

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Student Enrollment and Full-Time Equivalency  
 At Tenth Day  
 For the Year Ended June 30, 2020  
 (Unaudited)

<b>School Quarter</b>	<b>Student Enrollment</b>	<b>Full-Time Equivalency</b>
	<u>                    </u>	<u>                    </u>
Summer 2019	575	204
Fall 2019	1,089	851
Spring 2020	<u>1,272</u>	<u>879</u>
<b>Semester Average (Exclusive of Summer School)</b>	<u><u>1,181</u></u>	<u><u>865</u></u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
All Funds Summary - Modified Accrual Basis  
Uniform Financial Statement No. 1  
For the Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund Balance, July 1, 2019	\$ 8,065,969	\$ 3,839,334	\$ 795,585	\$ 752,864	\$ 785,345	\$ -	\$ 5,030,178	\$ 58,660	\$ 1,690,226	\$ 21,018,161
Revenues:										
Local Tax Revenue	1,221,507	604,856	250,633	1,735,831	-	-	-	30,623	776,523	4,619,973
All Other Local Revenue	370,056	158,595	-	-	-	-	-	-	-	528,651
Chargeback Revenue	1,679	-	-	-	-	-	-	-	-	1,679
ICCB Grants	4,077,322	369,204	-	-	-	165,740	-	-	-	4,612,266
All Other State Revenue (Including SURS On-Behalf)	-	-	-	-	-	5,791,887	-	-	-	5,791,887
Federal Revenue	-	-	-	-	-	3,760,916	-	-	-	3,760,916
Student Tuition and Fees	4,451,240	-	-	-	-	-	-	-	-	4,451,240
All Other Revenue	457,164	41,153	-	-	386,346	-	103,953	-	-	988,616
Total Revenues	10,578,968	1,173,808	250,633	1,735,831	386,346	9,718,543	103,953	30,623	776,523	24,755,228
Expenditures:										
Instruction	5,110,292	-	-	-	-	3,708,101	-	-	-	8,818,393
Academic Support	321,646	-	-	-	-	222,489	-	-	-	544,135
Student Services	1,041,525	-	-	-	-	1,215,091	-	-	-	2,256,616
Public Service/Continuing Education	93,194	-	-	-	-	544,401	-	-	-	637,595
Organized Research	-	-	-	-	-	-	-	-	-	-
Auxiliary Services	-	-	-	-	893,068	154,320	-	-	-	1,047,388
Operations and Maintenance	-	2,654,217	115,129	-	-	131,351	-	-	-	2,900,697
Institutional Support	2,493,250	909	-	1,773,510	-	891,318	-	35,451	606,401	5,800,839
Scholarships, Student Grants, and Waivers	1,800,987	-	-	-	-	2,851,472	-	-	-	4,652,459
Total Expenditures	10,860,894	2,655,126	115,129	1,773,510	893,068	9,718,543	-	35,451	606,401	26,658,122
Net Transfers	(1,261,494)	981,567	-	-	383,880	-	(103,953)	-	-	-
Fund Balance, June 30, 2020	\$ 6,522,549	\$ 3,339,583	\$ 931,089	\$ 715,185	\$ 662,503	\$ -	\$ 5,030,178	\$ 53,832	\$ 1,860,348	\$ 19,115,267

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Summary of Fixed Assets and Debt  
Uniform Financial Statement No. 2  
For the Year Ended June 30, 2020

	Capital Assets / Long Term Debt			
	July 1, 2019	Additions	Deletions	June 30, 2020
Fixed Assets:				
Land	\$ 89,166	\$ -	\$ -	\$ 89,166
Land Improvements	190,732	22,046	-	212,778
Buildings, Additions, and Improvements	30,125,648	-	(22,678)	30,102,970
Equipment	3,546,019	206,517	(45,870)	3,706,666
Other Fixed Assets	-	1,419,559	-	1,419,559
Accumulated Depreciation	(12,537,970)	(962,347)	47,004	(13,453,313)
Net Fixed Assets	<u>\$ 21,413,595</u>	<u>\$ 685,775</u>	<u>\$ (21,544)</u>	<u>\$ 22,077,826</u>
Fixed Debt:				
Bonds	\$ 6,000,000	\$ -	\$ (1,200,000)	\$ 4,800,000
Net Other Postemployment Benefit Liability	6,593,971	141,727	(31,864)	6,703,834
Note Payable	-	1,548,298	-	1,548,298
Total Fixed Liabilities	<u>\$ 12,593,971</u>	<u>\$ 1,690,025</u>	<u>\$ (1,231,864)</u>	<u>\$ 13,052,132</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Operating Funds Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 3  
For the Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<i>Operating Revenues by Source:</i>			
<i>Local Government Revenue</i>			
Local Taxes	\$ 1,221,507	\$ 604,856	\$ 1,826,363
Corporate Personal Property Replacement Tax	370,056	158,595	528,651
Chargeback Revenue	1,679	-	1,679
Total Local Government	<u>1,593,242</u>	<u>763,451</u>	<u>2,356,693</u>
<i>State Government</i>			
ICCB Base Operating Grant	972,512	369,204	1,341,716
ICCB Equalization Grant	2,984,560	-	2,984,560
ICCB Career & Technical Education	120,250	-	120,250
Total State Government	<u>4,077,322</u>	<u>369,204</u>	<u>4,446,526</u>
<i>Federal Government</i>			
Department of Education	-	-	-
Total Federal Government	<u>-</u>	<u>-</u>	<u>-</u>
<i>Student Tuition and Fees</i>			
Tuition	3,796,910	-	3,796,910
Fees	654,330	-	654,330
Total Student Tuition and Fees	<u>4,451,240</u>	<u>-</u>	<u>4,451,240</u>
<i>Other Sources</i>			
Sales and Service Fees	4,410	-	4,410
Facilities Revenue	-	41,153	41,153
Investment Revenue	184,110	-	184,110
Bond Proceeds	-	-	-
Other	268,644	-	268,644
Total Other Sources	<u>457,164</u>	<u>41,153</u>	<u>498,317</u>
Total Operating Revenues	10,578,968	1,173,808	11,752,776
<i>Less: Non-Operating Items</i>			
Tuition Chargeback Revenue	(1,679)	-	(1,679)
Adjusted Operating Revenue	<u>\$ 10,577,289</u>	<u>\$ 1,173,808</u>	<u>\$ 11,751,097</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Operating Funds Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 3  
For the Year Ended June 30, 2020

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating Expenditures by Program:			
Instruction	\$ 5,110,292	\$ -	\$ 5,110,292
Academic Support	321,646	-	321,646
Student Services	1,041,525	-	1,041,525
Public Service/Continuing Education	93,194	-	93,194
Operations and Maintenance	-	2,654,217	2,654,217
Institutional Support	2,493,250	909	2,494,159
Scholarships, Grants, and Waivers	1,800,987	-	1,800,987
Transfers	1,261,494	-	1,261,494
Total Operating Expenditures by Program	12,122,388	2,655,126	14,777,514
Less: Non-Operating Items			
Transfers	(1,261,494)	-	(1,261,494)
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Program	\$ 10,860,894	\$ 2,655,126	\$ 13,516,020
Operating Expenditures by Object:			
Salaries	\$ 6,637,284	\$ 173,671	\$ 6,810,955
Employee Benefits	620,548	18,738	639,286
Contractual Services	742,939	509,741	1,252,680
General Materials and Supplies	489,019	43,418	532,437
<i>Library Materials</i> *	33,568	-	33,568
Conference and Meeting Expenses	72,944	-	72,944
Fixed Charges	128,020	-	128,020
Utilities	52,145	549,910	602,055
Capital Outlay	189,976	1,357,723	1,547,699
Other	1,928,019	1,925	1,929,944
Transfers	1,261,494	-	1,261,494
Total Operating Expenditures by Object	12,122,388	2,655,126	14,777,514
Less: Non-Operating Items			
Transfers	(1,261,494)	-	(1,261,494)
Tuition Chargeback	-	-	-
Adjusted Operating Expenditures by Object	\$ 10,860,894	\$ 2,655,126	\$ 13,516,020

\* Per ICCB reporting requirements, this line is presented as a memo only figures and is not added into the total expenditures amount.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 4  
For the Year Ended June 30, 2020

	Restricted Purposes Fund
Revenue by Source:	
<i>State Government</i>	
ICCB - Adult Education	\$ 163,887
ICCB - Other	1,853
Illinois Department of Commerce and Economic Opportunity	-
Illinois Board of Higher Education	230
SURS - On Behalf	5,788,534
Other State Government	3,123
Total State Government	5,957,627
 <i>Federal Government</i>	
Department of Education	3,494,875
ICCB - Adult Education	94,449
ICCB - Carl Perkins	77,867
ICCB - Other Grants	-
National Science Foundation	-
Department of Health and Human Services	-
Department of Labor	-
Department of Commerce and Economic Opportunity	93,725
Other Federal Sources	-
Total Federal Government	3,760,916
 <i>All Other Revenues</i>	-
 Total Restricted Purposes Fund Revenues	 \$ 9,718,543

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Restricted Purposes Fund Revenues and Expenditures - Modified Accrual Basis  
Uniform Financial Statement No. 4  
For the Year Ended June 30, 2020

	Restricted Purposes Fund
Expenditures by Program:	
Instruction	\$ 3,708,331
Academic Support	239,128
Student Services	1,209,842
Public Service/Continuing Education	532,781
Auxiliary Services	154,320
Operations and Maintenance	131,351
Institutional Support	891,318
Scholarships, Grants, and Waivers	2,851,472
Total Restricted Purposes Fund Expenditures by Program	\$ 9,718,543
Expenditures by Object:	
Salaries	\$ 638,526
Employee Benefits (Including SURS On-Behalf)	5,933,724
Contractual Services	49,186
General Materials and Supplies	116,911
Travel and Conference/Meeting Expenses	34,869
Utilities	18,272
Capital Outlay	54,469
Other	2,872,586
<i>Scholarships, Grants, and Waivers *</i>	2,851,472
Total Restricted Purposes Fund Expenditures by Object	\$ 9,718,543

\* Per ICCB reporting requirements, this line is presented as a memo only figures and is not added into the total expenditures amount.



SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Current Funds\* Expenditures by Activity - Modified Accrual Basis  
 Uniform Financial Statement No. 5  
 For the Year Ended June 30, 2020

Instruction:	
Instructional Programs	<u>\$ 8,818,393</u>
Academic Support:	
Library Center	130,842
Academic Computing Support	73,663
Academic Administration and Planning	175,013
Other	<u>164,617</u>
Total Academic Support	<u>544,135</u>
Student Services Support:	
Admissions and Records	44,243
Counseling and Career Services	776,029
Financial Aid Administration	197,495
Other	<u>1,238,849</u>
Total Student Services Support	<u>2,256,616</u>
Public Service/Continuing Education:	
Community Services	447,375
Other	<u>190,220</u>
Total Public Service/Continuing Education	<u>637,595</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Current Funds\* Expenditures by Activity - Modified Accrual Basis  
Uniform Financial Statement No. 5  
For the Year Ended June 30, 2020

Auxiliary Services	1,047,388
Operations and Maintenance of Plant:	
Maintenance	1,782,957
Custodial Services	291,665
Grounds	24,650
Campus Security	5,035
Transportation	-
Utilities	549,910
Administration	-
Other	131,351
Total Operations and Maintenance of Plant	2,785,568
Institutional Support:	
Executive Management	336,460
Fiscal Operations	505,486
Community Relations	201,133
Board of Trustees	11,577
General Institutional	1,253,588
Institutional Research	71,706
Administrative Data Processing	756,061
Other	2,664,828
Total Institutional Support	5,800,839
Scholarships, Student Grants, and Waivers	4,652,459
Total Current Funds Expenditures	\$ 26,542,993

\* Current funds include the Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; Liability, Protection, and Settlement; and Bond and Interest Funds

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Certificate of Chargeback Reimbursement  
For the Year Ended June 30, 2020

All Fiscal Year 2020 Non-Capital Audited Operating Expenditures  
from the Following Funds:

Education	\$ 10,670,918
Operations and Maintenance Fund	1,297,403
Bond and Interest Fund	-
Restricted Purposes Fund	3,875,540
Audit Fund	35,451
Liability, Protection and Settlement Fund	606,401
Auxiliary Enterprise Fund (subsidy fund)	383,880
Total Non-Capital Expenditures	16,869,593

Depreciation on Capital Outlay Expenditures from Sources

Other than State and Federal Funds	781,223
Total Costs Included	\$ 17,650,816

Total Certified Semester Credit Hours for Fiscal Year 2020 26,530

Per Capita Cost \$ 665.32

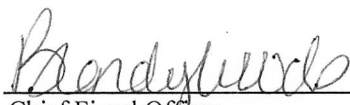
All Fiscal Year 2020 State and Federal Operating Grants  
for Non-Capital Expenditures, Except ICCB Grants \$ 3,764,269

Fiscal Year 2020 State and Federal Grants Per Semester Credit Hour 141.89

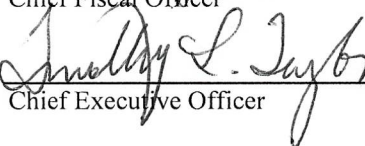
District's Average ICCB Grant Rate for Fiscal Year 2021 42.85

District's Student Tuition and Fee Rate Per Semester  
Credit Hour for Fiscal Year 2021 140.00

Chargeback Reimbursement Per Semester Credit Hour \$ 340.58

Approved:   
Chief Fiscal Officer

Date: 02/24/21

Approved:   
Chief Executive Officer

Date: 02/24/21

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR ADULT EDUCATION AND FAMILY LITERACY GRANT

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

### **Report on the Financial Statements**

We have audited the accompanying balance sheet of the Adult Education and Family Literacy Grant of Shawnee Community College, Community College District #531 (the College) as of June 30, 2020, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements.

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

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 and the financial reporting provisions of the Illinois Community College Board (ICCB). Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud. Management is also responsible for compliance with the requirements of the ICCB.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the ICCB's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements.



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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit also included a review of compliance with the provisions of laws, regulations, contracts, and grants between the College and the State of Illinois and the ICCB.

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Adult Education and Family Literacy grant of the College at June 30, 2020, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Other Information***

The accompanying balance sheet and statement of revenue and expenditures were prepared for the purpose of complying with the terms of the ICCB Grant and are not intended to be a complete presentation of the College's revenue and expenditures in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic grant program financial statements taken as a whole. The supplementary ICCB compliance schedule for the Adult Education and Family Literacy Grant (Schedule 25) is presented for purposes of additional analysis as required by the ICCB and is not a required part of the basic grant program financial statements. This schedule is the responsibility of the College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic grant program financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic grant program financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic grant program financial statements taken as a whole.

### **Report on Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to comply with the terms, covenants, provisions, or conditions of the Adult Education and Family Literacy grant as presented in the policy guidelines of the ICCB's *Fiscal Management Manual*, insofar as they relate to accounting matters.

However, our audit was not directed toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures; other matters may have come to our attention regarding the College's noncompliance.

*Martin Hood LLC*

Champaign, Illinois

February 22, 2021

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
State Adult Education Restricted Funds  
(State Basic and Performance)  
Balance Sheet  
June 30, 2020

## ASSETS

	State Basic	Performance	Total
	<u>          </u>	<u>          </u>	<u>          </u>
Cash	\$ -	\$ -	\$ -
Accounts Receivable	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## LIABILITIES AND FUND BALANCE

Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

*See Accompanying Notes on Page 77*

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
State Adult Education Restricted Funds  
(State Basic and Performance)  
Statement of Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2020

	State Basic	Performance	Total
<b>Revenues</b>			
ICCB Grant	\$ 112,820	\$ 51,067	\$ 163,887
<b>Expenditures</b>			
Instructional Student Services:			
Instruction	106,483	33,935	140,418
Social Work Services	-	-	-
Guidance Services	-	-	-
Assistive and Adaptive Equipment	-	-	-
Assessment and Testing	3,593	8,665	12,258
Student Transportation Services	-	-	-
Literacy Services	-	-	-
Total Instructional Student Services	<u>110,076</u>	<u>42,600</u>	<u>152,676</u>
Program Support:			
Improvement of Instructional Services	2,744	8,467	11,211
General Administration	-	-	-
Operation and Maintenance of Plant	-	-	-
Data and Information Services	-	-	-
Approved Indirect Costs	-	-	-
Total Program Support	<u>2,744</u>	<u>8,467</u>	<u>11,211</u>
Total Expenditures	<u>112,820</u>	<u>51,067</u>	<u>163,887</u>
Excess of Revenue Over Expenditures	-	-	-
<b>Fund Balance, July 01, 2019</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, June 30, 2020</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes on Page 77



SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 ICCB Compliance Statement for the  
 Adult Education and Family Literacy Grant  
 Expenditure Amounts and Percentages for  
 ICCB Grant Funds Only  
 For the Year Ended June 30, 2020

	<u>Audited Expenditure (Dollars)</u>	<u>Actual Expenditure (Percentage)</u>
<b>State Basic</b>		
Instruction (45 Percent Minimum Required)*	\$ 106,483	94.38%
General Administration (15 Percent Maximum Allowed)	-	0.00%

\* This requirement was waived by ICCB for Fiscal Year 2020

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to the ICCB Grant Financial Statements  
June 30, 2020

The Adult Education and Family Literacy Grant Program was established as a special revenue sub-fund of Shawnee Community College, Community College District #531 (the College) to account for revenues and expenditures of the respective program. This program is administered by the Illinois Community College Board (ICCB). The following is a summary of the significant accounting policies followed by the College in respect to this fund.

**Basis of Accounting**

The statements have been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2020. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

**Budgets and Budgetary Accounting**

Each year the College prepares a budget for the grant. The budget is prepared on the same basis of accounting as the records are maintained.

**Capital Outlay**

Capital outlay is charged to expenditure in the period which it is purchased instead of being recognized as an asset and depreciated over its useful life. As a result, the expenditures reflected in the statements include the cost of capital outlay purchased during the year rather than a provision for depreciation.

Certain capital outlay expenditures are accumulated in the General Fixed Assets Account Group of the College, for reporting specific to ICCB and in capital assets for external financial reporting on the statement of net position.

**Grant Extension**

All state funded ICCB grants for Fiscal Year 2020 were extended until June 30, 2021 in response to the coronavirus pandemic.

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

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

### **Report on the Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed**

We have audited the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Shawnee Community College, Community College District #531 (the College) for the year ended June 30, 2020.

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

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the financial reporting provisions of the Illinois Community College Board. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement, which is free from material misstatement, whether due to error or fraud.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

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

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

### ***Opinion***

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

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statement noted above. The information on Schedules 27 through 31 is presented for purposes of additional analysis as required by the Illinois Community College Board and is not a required part of the financial statement. These schedules are the responsibility of the College's management and were derived from and related directly to the underlying accounting and other records used to prepare the financial statement. These schedules have been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated February 22, 2021, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Champaign, Illinois  
February 22, 2021

SHAWNEE COMMUNITY COLLEGE  
 COMMUNITY COLLEGE DISTRICT #531  
 Schedule of Enrollment Data and Other Bases  
 Upon Which Claims are Filed  
 For the Year Ended June 30, 2020

Categories	Total Reimbursable Semester Credit Hours by Term						
	Summer		Fall		Spring		Total
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	
Baccalaureate	1,911.0	-	6,991.0	-	7,515.0	-	16,417.0
Business Occupational	134.0	-	775.0	-	923.5	-	1,832.5
Technical Occupational	211.0	-	783.5	-	702.5	-	1,697.0
Health Occupational	705.5	100.0	1,445.5	188.5	1,540.5	150.0	3,691.5
Remedial Developmental	139.0	-	763.0	-	454.0	-	1,356.0
Adult Basic/Secondary Education	397.0	-	425.0	1,320.0	714.0	834.0	2,154.0
<b>TOTAL CREDIT HOURS CERTIFIED</b>	<b>3,497.5</b>	<b>100.0</b>	<b>11,183.0</b>	<b>1,508.5</b>	<b>11,849.5</b>	<b>984.0</b>	<b>26,530.0</b>

Reimbursable Semester Credit Hours (All Terms)	Attending In-District	28,057.5
Reimbursable Semester Credit Hours (All Terms)	Dual Credit	3,501.0
District 2018 Equalized Assessed Valuation	Dual Enrollment	2,205.5
	Attending Out-of-District on Chargeback	-
	<b>Total</b>	<b>28,057.5</b>

Categories	Total Reimbursable Correctional Semester Credit Hours by Term		
	Summer	Fall	Spring
	Baccalaureate	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic/Secondary Education	-	-	-
<b>TOTAL CREDIT HOURS CERTIFIED</b>	<b>-</b>	<b>-</b>	<b>-</b>

*Andrew T. Juber*  
 Chief Executive Officer (CEO)

*Bronchynna Woods*  
 Chief Financial Officer (CFO)

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
For the Year Ended June 30, 2020

**Reconciliation of Total Semester Credit Hours**

Categories	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit Hours Certified to the ICCB	Difference
Baccalaureate	16,417.0	16,417.0	-	-	-	-
Business Occupational	1,832.5	1,832.5	-	-	-	-
Technical Occupational	1,697.0	1,697.0	-	-	-	-
Health Occupational	3,691.5	3,691.5	-	439	439	-
Remedial Developmental	1,356.0	1,356.0	-	-	-	-
Adult Basic / Secondary Education	1,536.0	1,536.0	-	2,154	2,154	-
Total Credit Hours Certified	<u>26,530.0</u>	<u>26,530.0</u>	<u>-</u>	<u>2,593</u>	<u>2,593</u>	<u>-</u>

**Reconciliation of In-District/Chargeback and Cooperative/Contractual Agreement Credit Hours**

	Total Attending	Total Attending as Certified to the ICCB	Difference
In-District Residents	28,057.5	28,057.5	-
Out-of-District on Chargeback or Contractual Agreement	-	-	-
Total	<u>28,057.5</u>	<u>28,057.5</u>	<u>-</u>

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual Credit	3,501.0	3,501.0	-
Dual Enrollment	2,205.5	2,205.5	-
Total	<u>5,706.5</u>	<u>5,706.5</u>	<u>-</u>

**Reconciliation of Total Correctional Semester Credit Hours**

Categories	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupational	-	-	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic/Secondary Education	-	-	-
Total Credit Hours Certified	<u>-</u>	<u>-</u>	<u>-</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Documentation of Residency Verification Steps  
For the Year Ended June 30, 2020

The following procedures detail the process for verifying the residency status of the students of Shawnee Community College, Community College District #531:

**In-District Student**

*Description:* A student who has lived in Johnson, Alexander, Massac, Pulaski, or Union counties for at least 30 days prior to the beginning of the semester.

*Residency Code:* In-district

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, in-district high school transcript, 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 at least 35 hours per week at a business or industry located in the district.

*Residency Code:* In-district

*Acceptable Documentation:* A signed letter from employer verifying that the student works at least 35 hours 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

*Acceptable Documentation:* Includes driver's license, voter registration card, property tax statement, in-district high school transcript, 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 Shawnee Community College 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. Documentation maintained by the Business Office.

*Tuition Charge:* Current in-district tuition charge

### **Reciprocal Agreement Student**

*Description:* A student who lives in the district of a College participating in the Comprehensive Agreement Regarding the Expansion of Educational Resources (CAREER) and attends Shawnee Community College 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 colleges, a chargeback request is not required.

*Residency Code:* Out-of-district

*Acceptable Documentation:* A letter of reciprocity from the home community college. Documentation maintained by the Business Office.

*Tuition Charge:* Current in-district tuition charge

### **Out-of-State Student**

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

*Residency Code:* Out-of-state

*Acceptable Documentation:* None is required.

*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 Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **International Athlete**

*Description:* A student who lives outside of the United States but attends Shawnee Community College 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 Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **International Student with U.S. In-District Sponsor**

*Description:* A student whose permanent residence is outside of the United States but who lives with and is financially sponsored by a resident within the college district.

*Residency Code:* Out-of-country

*Acceptable Documentation:* None, other than the typical international student admission paperwork which is completed with the Dean of Student Services or Registrar.

*Tuition Charge:* Current foreign student tuition charge

### **Returned Mail**

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

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Background Information on State Grant Activity  
For the Year Ended June 30, 2020

**Unrestricted Grants**

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

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

**Statewide Initiatives**

Other Grants – These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the College and the State of Illinois. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

**Restricted Adult Education Grants/State**

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

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

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Findings and Questioned Costs – ICCB Grant Compliance  
For the Year Ended June 30, 2020

**Findings – ICCB Grant Compliance**

No findings noted in the current fiscal year.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Prior Audit Findings – ICCB Grant Compliance  
For the Year Ended June 30, 2020

**Findings – ICCB Grant Compliance**

No findings noted in the prior fiscal year.

SHAWNEE COMMUNITY COLLEGE  
 Illinois Grant Accountability and Transparency - Consolidated Year-End Financial Report  
 For the Year Ended June 30, 2020

CSFA Number	Program Name	State Funding	Federal Funding	Other Funding	Total
420-35-0083	Small Business Development Centers	\$ -	\$ 93,725	\$ -	\$ 93,725
497-00-1177	Veterans Scratch-Off Lottery Ticket Program	1,853	-	-	1,853
684-00-0465	Career and Technical Education - Basic Grants to States	-	66,033	-	66,033
684-00-0816	Small College Grants	49,251	-	-	49,251
684-00-0820	Career and Technical Education Formula Grants	131,139	-	-	131,139
684-00-0825	Base Operating Grants	1,011,323	-	-	1,011,323
684-00-0826	Equalization Grants	3,254,814	-	-	3,254,814
684-00-2333	Transitional Instruction Math and English Pilot Grant	230	-	-	230
684-01-1625	Adult Education - Basic Grants to States - Federal and State Funding Combined	162,727	94,035	-	256,762
	Other Grant Programs and Activities	-	3,507,123	-	3,507,123
	All Other Costs Not Allocated	-	-	13,608,381	13,608,381
<b>Total</b>		<u>\$ 4,611,337</u>	<u>\$ 3,760,916</u>	<u>\$ 13,608,381</u>	<u>\$ 21,980,634</u>

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

Federal Grantor/State Pass-Through Grantor/Program Title/Grant Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
<b>Department of Education</b>				
<i>Direct</i>				
<i>Student Financial Aid Cluster</i>				
Pell Grant Program	84.063		\$ 2,577,480	\$ -
Federal Work Study	84.033		29,466	-
Federal Supplemental Educational Opportunity Grant (FSEOG)	84.007		26,617	-
Total Student Financial Aid Cluster			* 2,633,563	-
<i>Trio Cluster</i>				
Trio Student Support Services	84.042A		332,345	-
Trio Talent Search Program	84.044A		260,456	-
Total Trio Cluster			592,801	-
<i>Other Direct Programs</i>				
COVID-19 Higher Education Emergency Relief Fund - Institutional Portion	84.425E		* 74,511	-
COVID-19 Higher Education Emergency Relief Fund - Student Portion	84.425F		* 194,000	-
Total Other Direct Programs			268,511	-
<i>Passed through the Illinois Community College Board (ICCB)</i>				
Career and Technical Education - Basic Grants to States	84.048	CTE-50620	77,867	-
Adult Education - Basic Grants to States	84.002	5310120	94,449	-
Total Passed through ICCB			172,316	-
Total Department of Education			3,667,191	-
<b>U.S. Small Business Administration</b>				
<i>Passed through the Illinois Department of Commerce and Economic Opportunity:</i>				
Small Business Development Center	59.037	19-185174	93,725	-
<b>Total Expenditures of Federal Awards</b>			<b>\$ 3,760,916</b>	<b>\$ -</b>

\* - Denotes a major program.

See Accompanying Notes on the Following Page

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Notes to the Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

**1. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (Schedule 33) includes the federal grant activity of Shawnee Community College (the College) for the year ended June 30, 2020. The information in this 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).

Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the College, which are presented in conformity with accounting principles generally accepted in the United States of America.

The College did not use the 10 percent de minimis indirect cost rate. The indirect allocations allowable under the TRIO Cluster was \$49,651 for the year ended June 30, 2020.

**2. Basis of Accounting**

The schedule has been prepared on the accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services received as of June 30, 2020.

**3. Property and Equipment**

Property and equipment purchases that are presented as expenditures in the schedule may be capitalized by the College, if applicable.

SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**1. Summary of Auditor's Results**

- (i) Type of audit report issued on the financial statements: Unmodified
- (ii) The audit did not disclose a significant deficiency or material weakness in internal control that is required to be reported in accordance with *Government Auditing Standards*.
- (iii) The audit did not disclose instances of noncompliance material to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.
- (iv) The audit did not disclose a significant deficiency or material weakness in internal control over major federal award programs.
- (v) Type of report issued on compliance for the major programs: Unmodified
- (vi) The audit did not disclose findings that are required to be reported in accordance with 2 CFR Section 200.516a
- (vii) Major Programs:
  - U.S. Department of Education:
    - Student Financial Aid Cluster:
      - CFDA # 84.007
      - CFDA # 84.033
      - CFDA # 84.063
    - COVID-19 Higher Education Emergency Relief Funds:
      - CFDA #84.425E
      - CFDA #84.425F
- (viii) The dollar threshold used to distinguish Type A and Type B programs was \$750,000.
- (ix) The College qualifies as a low-risk auditee.

**2. Findings – Financial Statement Audit**

None noted

**3. Findings and Questioned Costs – Major Federal Award Program Audit**

None noted



SHAWNEE COMMUNITY COLLEGE  
COMMUNITY COLLEGE DISTRICT #531  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2020

The College has no prior audit findings.

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  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shawnee Community College, Community College District #531 (the College) and its discretely presented component unit for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements of the College and have issued our report thereon dated February 22, 2021.

### **Internal Control over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.



CERTIFIED PUBLIC ACCOUNTANTS and CONSULTANTS

A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected, and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in black ink that reads "Matthew Hood" followed by a stylized monogram "LHC".

Champaign, Illinois  
February 22, 2021

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

Board of Trustees  
Shawnee Community College  
Community College District #531  
Ullin, Illinois

## Report on Compliance for Each Major Federal Program

We have audited Shawnee Community College, Community College District #531's (the College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal programs for the year ended June 30, 2020. The College'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 the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative*



*Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

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

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

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

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

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

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

A handwritten signature in black ink that reads "Martin Hood LLC". The signature is written in a cursive, flowing style.

Champaign, Illinois  
February 22, 2021