

**Spoon River College District No. 534**  
Canton, Illinois

Annual Financial Report

Fiscal Years Ended June 30, 2019 and 2018



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## **Financial Section**



## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Spoon River College District No. 534  
Canton, Illinois

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

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Spoon River College District No. 534 (the "College") as of and for the years ended June 30, 2019 and 2018, 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 the accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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. The financial statements of Spoon River College Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Spoon River College District No. 534, as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States require that the Management Discussion and Analysis, Schedule of Share of Net Pension Liability, Schedule of Pension Contributions, Schedule of Share of Net OPEB Liability, and Schedule of OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 opinions on the financial statements that collectively comprise the College's basic financial statements as a whole. The special reports section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards in the annual federal financial compliance section is presented for purposes of additional analysis as required by U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental financial information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the annual federal financial compliance section and the supplemental financial information listed under the special reports section of the table of contents are fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplemental financial information listed in the special reports section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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.

*Wipfli LLP*

Sterling, Illinois  
September 11, 2019



# Spoon River College District No. 534

## Management Discussion and Analysis

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### Using This Annual Report

This section of Spoon River College District No. 534's (the "College") presents management discussion and analysis of the College's financial activities for the fiscal years ended June 30, 2019 and 2018. Since management discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's basic financial statements and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

The financial statement format focuses on the College as a whole. A comparative analysis is presented under this model. The College financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. These statements combine and consolidate current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

The College's financial reports are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These standards also require that financial statements be presented on a consolidated basis to focus on the College as a whole.

### 2019 Financial Highlights

- For the year ended June 30, 2019, the College recorded total operating revenues of \$4,651,532 and total operating expenses of \$18,852,973. The difference produced an operating loss of \$14,201,441. Net nonoperating revenue of \$14,922,953 offset this loss and resulted in an overall increase in net position of \$721,512.
- The largest sources of nonoperating revenue included local property taxes of \$5,691,317, state appropriations of \$5,459,676, and federal grants of \$3,213,224.
- Operating revenue accounted for 23% of the College's total revenue, while nonoperating revenues account for the other 77% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$3,543,182 and auxiliary enterprise revenues totaling \$1,108,350.

### 2018 Financial Highlights

- For the year ended June 30, 2019, the College recorded total operating revenues of \$4,822,179 and total operating expenses of \$18,620,233. The difference produced an operating loss of \$13,798,054. Net nonoperating revenue of \$13,970,508 and capital contributions of \$1,106,542 offset this loss and resulted in an overall increase in net position of \$1,278,996.
- The largest sources of nonoperating revenue included local property taxes of \$5,399,849 state appropriations of \$5,080,358, and federal grants of \$3,251,008.

# Spoon River College District No. 534

## Management Discussion and Analysis

### 2018 Financial Highlights (continued)

- Operating revenue accounted for 23% of the College's total revenue, while nonoperating revenues account for the other 77% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$3,603,640 and auxiliary enterprise revenues totaling \$1,218,539.

### Financial Analysis of the College as a Whole

The College's financial position is summarized as follows for the years ended June 30, 2019, 2018, and 2017:

	Net Position As of June 30,		Increase (Decrease) 2019-2018	As Restated 2017	Increase (Decrease) 2018-2017
	2019	2018			
Current assets	\$20,644,522	\$18,289,533	\$2,354,989	\$14,842,953	\$3,446,580
Non-current assets -					
Capital assets, net of depreciation	22,130,120	19,433,420	2,696,700	13,657,937	5,775,483
Total assets	42,774,642	37,722,953	5,051,689	28,500,890	9,222,063
Deferred outflows of resources	910,333	734,404	175,929	8,405	725,999
Total assets and deferred outflows of resources	43,684,975	38,457,357	5,227,618	28,509,295	9,948,062
Current liabilities	5,661,359	5,864,089	(202,730)	4,761,303	1,102,786
Non-current liabilities	25,079,030	21,080,675	3,998,355	14,470,555	6,610,120
Total liabilities	30,740,389	26,944,764	3,795,625	19,231,858	7,712,906
Deferred inflows of resources	7,059,478	6,348,997	710,481	5,392,837	956,160
Total liabilities and deferred inflows of resources	37,799,867	33,293,761	4,506,106	24,624,695	8,669,066
Net position					
Net investment in capital assets	9,289,381	7,366,139	1,923,242	5,401,735	3,495,792
Restricted	3,331,286	1,759,205	1,572,081	555,757	(327,940)
Unrestricted	(6,735,559)	(3,961,748)	(2,773,811)	(2,072,892)	(1,888,856)
Total	\$5,885,108	\$5,163,596	\$721,512	\$3,884,600	\$1,278,996

This schedule is prepared from the College's Statements of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated and long-term liabilities are recorded.

# Spoon River College District No. 534

## Management Discussion and Analysis

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### **Fiscal Year 2019 Compared to 2018**

Current assets increased \$2,354,989 due to the issuance of bonds and the related unspent bond proceeds that are included in investments relating to the College's sweep account.

Non-current assets increased \$2,696,700 due to the additions in capital assets relating to the HVAC replacement project.

Deferred outflows of resources increased \$175,929 with an increase in deferred outflows of OPEB resources.

Current liabilities decreased \$202,730 due to a decrease in accounts payable relating to outstanding payments for the HVAC project.

Non-current liabilities increased \$3,998,355 due the issuance of bonds and an increase in net OPEB liability.

Deferred inflows of resources increased \$710,481 with an increase in deferred property tax revenue and deferred inflows of resources related to OPEB.

Total net position at June 30, 2019 increased by \$721,512. The restricted net position is restricted for \$3,331,286 of capital projects, and grants and scholarships.

### **Fiscal Year 2018 Compared to 2017**

Current assets increased \$3,446,580 due to an increase in investments relating to the College's sweep account.

Non-current assets increased \$5,775,483 due to the additions in capital assets relating to the construction of the Multipurpose Building and an HVAC project.

Deferred outflows of resources increased \$725,999 with an increase in deferred outflows of OPEB resources.

Current liabilities increased \$1,102,786 due to an increase in accounts payable relating to an outstanding payment for the HVAC project, as well as an increase in current payments for bonds payable.

Non-current liabilities increased \$6,610,120 due the issuance of bonds and an increase in net OPEB liability.

Deferred inflows of resources increased \$956,160 with an increase in deferred property tax revenue.

Total net position at June 30, 2019 increased by \$1,278,996. The restricted net position is restricted for \$1,759,205 of debt service payments, capital projects, and grants and scholarships.

# Spoon River College District No. 534

## Management Discussion and Analysis

<b>Operating Results for the Year Ended June 30,</b>					
	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease) 2019-2018</b>	<b>As Restated 2017</b>	<b>Increase (Decrease) 2018-2017</b>
<b>Operating revenue:</b>					
Tuition and fees	\$3,543,182	\$3,603,640	(\$60,458)	\$3,293,098	\$310,542
Auxiliary	1,108,350	1,218,539	(110,189)	1,256,547	(38,008)
Other operating revenues	0	0	0	0	0
<b>Total operating revenue</b>	<b>4,651,532</b>	<b>4,822,179</b>	<b>(170,647)</b>	<b>4,549,645</b>	<b>272,534</b>
<b>Less operating expenses</b>	<b>18,852,973</b>	<b>18,620,233</b>	<b>232,740</b>	<b>23,109,521</b>	<b>(4,489,288)</b>
<b>Operating loss</b>	<b>(14,201,441)</b>	<b>(13,798,054)</b>	<b>(403,387)</b>	<b>(18,559,876)</b>	<b>4,761,822</b>
<b>Non-operating revenue</b>					
State grants and contracts	5,459,676	5,080,358	379,318	5,432,263	(351,905)
Federal grants and contracts	3,213,224	3,251,008	(37,784)	3,209,868	41,140
Property taxes	5,691,317	5,399,849	291,468	5,271,512	128,337
Replacement taxes	908,957	931,093	(22,136)	992,263	(61,170)
Local grants	58,942	83,119	(24,177)	62,514	20,605
Investment income	240,250	87,660	152,590	32,102	55,558
Other	52,563	193,436	(140,873)	13,628	179,808
Interest expense	(701,976)	(1,056,015)	354,039	(441,582)	(614,433)
<b>Total net non-operating revenues</b>	<b>14,922,953</b>	<b>13,970,508</b>	<b>952,445</b>	<b>14,572,568</b>	<b>(602,060)</b>
Capital contributions	0	1,106,542	(1,106,542)	1,800,615	(694,073)
<b>Increase (decrease) in net position</b>	<b>721,512</b>	<b>1,278,996</b>	<b>(557,484)</b>	<b>(2,186,693)</b>	<b>3,465,689</b>
Net position, beginning of year	5,163,596	3,884,600	1,278,996	6,071,293	(2,186,693)
<b>Net position, end of year</b>	<b>\$5,885,108</b>	<b>\$5,163,596</b>	<b>\$721,512</b>	<b>\$3,884,600</b>	<b>\$1,278,996</b>

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2019 were \$20,276,491 and \$19,554,949, respectively. Fiscal year 2018 total revenues and expenses (Operating and Non-Operating) were \$20,955,244 and \$19,676,248, respectively. Fiscal year 2017 total revenues and expenses (Operating and Non-Operating) were \$21,364,410 and \$23,551,103, respectively.

# Spoon River College District No. 534

## Management Discussion and Analysis

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### **Fiscal Year 2019 Compared to 2018**

Operating revenue decreased \$170,647 due to a decrease in tuition and fees as well as Auxiliary revenues.

Operating expenses increased \$232,740 which is fairly consistent with prior year.

Net nonoperating revenue increased \$952,445 due to an increase in state grants and property taxes revenues along with a decrease in interest expense relating to bonds.

### **Fiscal Year 2018 Compared to 2017**

Operating revenue increased \$272,534 due to an increase in tuition and fees.

Operating expenses decreased \$4,489,288 due to a decrease in OPEB expense.

Net nonoperating revenue decreased \$602,060 due to an increase interest expense relating to bond interest.

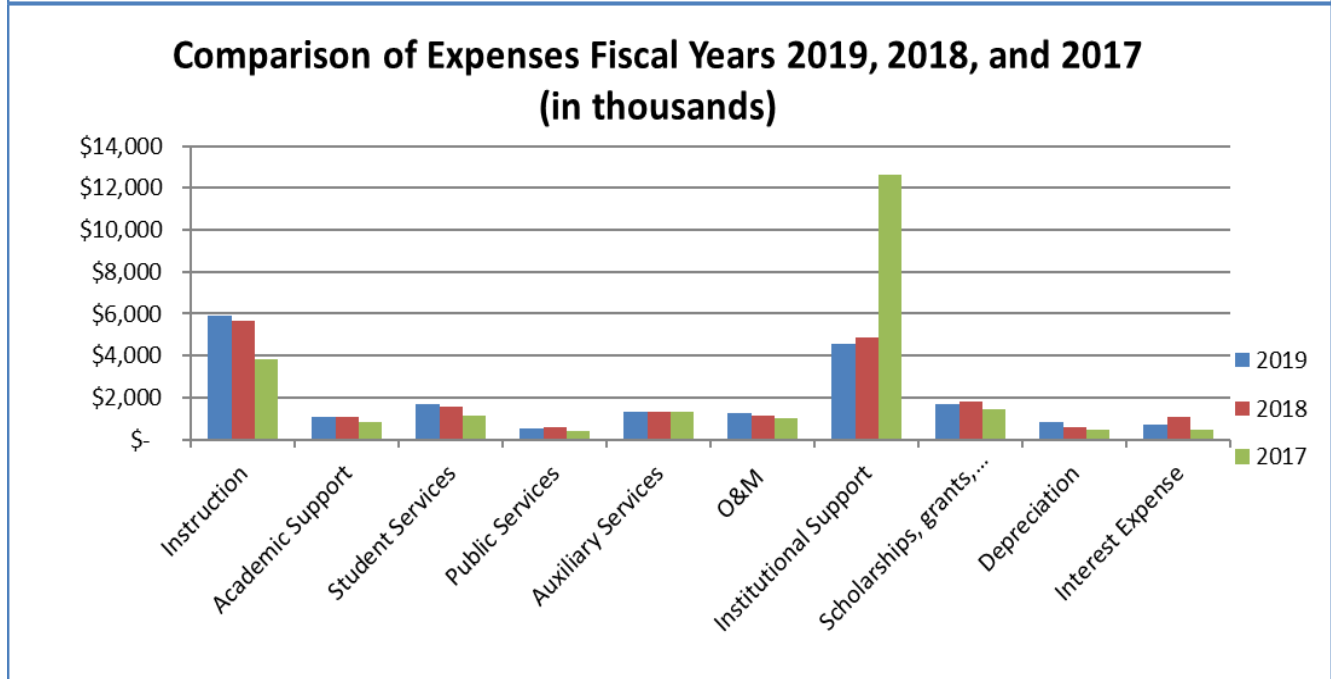
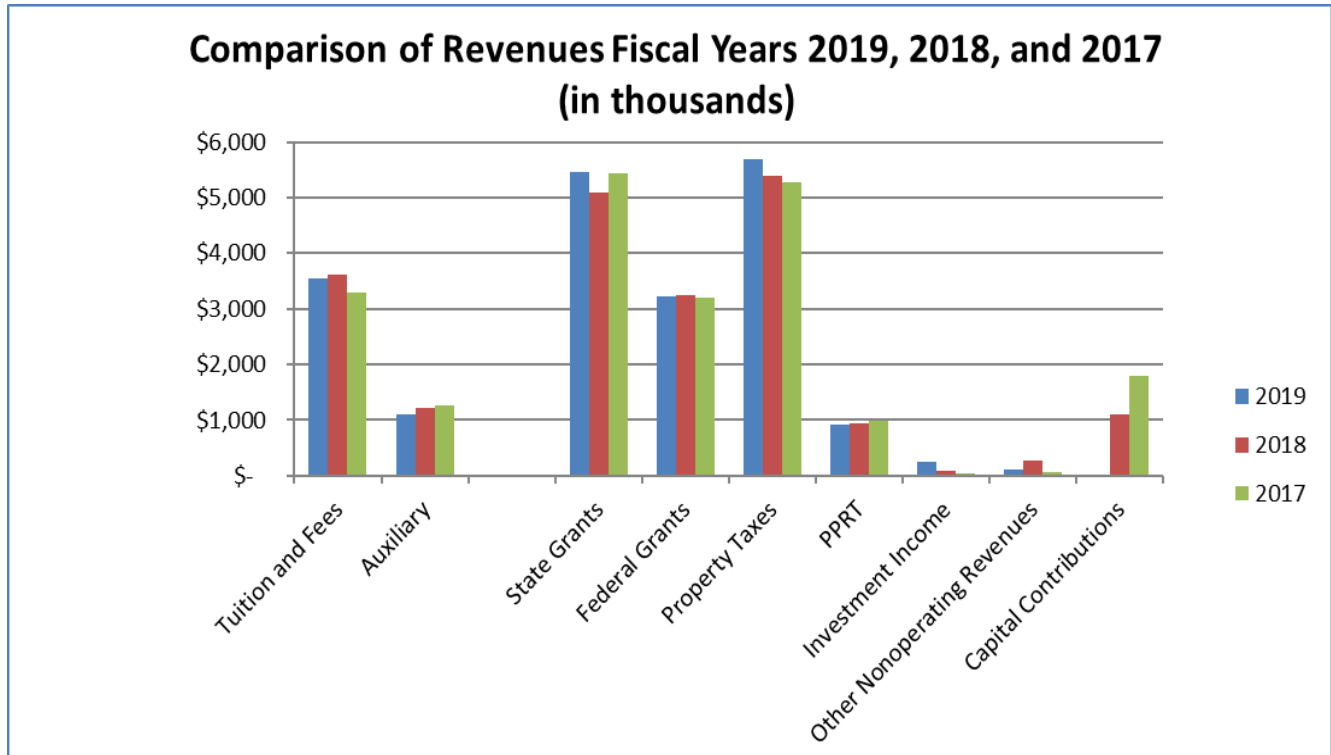
#### **Operating Expenses For the Year Ended June 30,**

	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease) 2019-2018</b>	<b>As Restated 2017</b>	<b>Increase (Decrease) 2018-2017</b>
Operating expense:					
Instruction	\$5,928,402	\$5,677,487	\$290,915	\$3,840,811	\$1,836,676
Academic support	1,056,318	1,077,577	(21,259)	839,269	238,308
Student services	1,676,161	1,581,982	94,179	1,155,008	426,974
Public services	548,651	559,189	(10,538)	396,461	162,728
Auxiliary services	1,311,538	1,338,788	(27,250)	1,310,161	28,627
Operations & maintenance of plant	1,257,115	1,130,745	126,370	1,029,045	101,700
Institutional support	4,530,755	4,874,122	(343,367)	12,629,792	(7,755,670)
Scholarships, grants, waivers	1,705,090	1,777,637	(72,547)	1,427,726	349,911
Depreciation	838,943	602,706	236,237	481,248	121,458
<b>Total</b>	<b>\$18,852,973</b>	<b>\$18,620,233</b>	<b>\$232,740</b>	<b>\$23,109,521</b>	<b>(\$4,489,288)</b>

# Spoon River College District No. 534

## Management Discussion and Analysis

The following graphs depict revenues and expense for the years ended June 30, 2019 and 2018:



# Spoon River College District No. 534

## Management Discussion and Analysis

<b>Capital Assets, Net June 30,</b>					
	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease) 2019-2018</b>	<b>2017</b>	<b>Increase (Decrease) 2018-2017</b>
Capital assets:					
Land and improvements	\$869,115	\$869,115	\$0	\$869,115	\$0
Buildings and improvements	34,461,900	28,195,364	6,266,536	20,187,460	8,007,904
Equipment	540,787	525,989	14,798	574,063	(48,074)
Computer technology	344,717	1,974,938	(1,630,221)	2,093,823	(118,885)
Construction in progress	2,102,233	4,822,064	(2,719,831)	6,726,187	(1,904,123)
<b>Total</b>	<b>38,318,752</b>	<b>36,387,470</b>	<b>1,931,282</b>	<b>30,450,648</b>	<b>5,936,822</b>
Less accumulated depreciation	16,188,632	16,954,050	(765,418)	16,792,711	161,339
<b>Net capital assets</b>	<b>\$22,130,120</b>	<b>\$19,433,420</b>	<b>\$2,696,700</b>	<b>\$13,657,937</b>	<b>\$5,775,483</b>

### **Fiscal Year 2019 Compared to 2018**

As of June 30, 2019, the College had recorded \$38,318,752 invested in capital assets, \$16,188,632 in accumulated depreciation, and \$22,130,120 in net capital assets. The College had \$3,598,503 in capital asset additions mostly related to the HVAC replacement project and \$1,667,221 of disposals. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements.

### **Fiscal Year 2018 Compared to 2017**

As of June 30, 2019, the College had recorded \$36,387,470 invested in capital assets, \$16,954,050 in accumulated depreciation, and \$19,433,420 in net capital assets. The College had \$6,381,607 in capital asset additions mostly related to the construction of the new Multipurpose Building and \$444,785 of disposals. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements.

<b>Debt June 30,</b>					
	<b>2019</b>	<b>2018</b>	<b>Increase (Decrease) 2019-2018</b>	<b>2017</b>	<b>Increase (Decrease) 2018-2017</b>
General obligation bonds	\$20,096,587	\$16,434,577	\$3,662,010	\$10,514,574	\$5,920,003
Compensated absences	271,164	266,273	4,891	298,477	(32,204)
<b>Total</b>	<b>\$20,367,751</b>	<b>\$16,700,850</b>	<b>\$3,666,901</b>	<b>\$10,813,051</b>	<b>\$5,887,799</b>

# Spoon River College District No. 534

## Management Discussion and Analysis

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### **Fiscal Year 2019 Compared to 2018**

During fiscal year 2019, the College paid \$1,545,000 in bond payments funded through the tax levy. The college issued Series 2019 GO Bond for a total of \$5,055,000. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements.

### **Fiscal Year 2018 Compared to 2017**

During fiscal year 2019, the College paid \$1,465,000 in bond payments funded through the tax levy and defeased \$4,710,000 of the Series 2008 GO Bond. The college issued Series 2018 Refunding Bond and Series 2019 GO Bond for a total of \$11,750,000. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements.

### **Factors or Conditions Impacting Future Periods**

Financial and budget planning is directly related to and supportive of the College's strategic plan and operational needs. The College's financial outlook is influenced by factors such as: the State and local economy, actual and projected enrollment, the level of support available from the Spoon River College Foundation, program growth and development, new initiatives, and technology needs.

The College's main sources of Operating Funds Revenue are: property tax revenue, student tuition and fees, and State Operating grants. Management is aware of conditions that may impact each of those sources of revenue in fiscal year 2020.

Property tax revenue in the Operating Funds has increased roughly 1.6% for fiscal year 2019, after a 2.7% increase in fiscal year 2018. The College experienced a 1.6% increase in equalized assessed valuation (EAV) from tax year 2017 to 2018. For fiscal year 2020, the College has estimated a 2.0% increase in EAV due to the economic conditions of the College. Each percentage point in EAV is the equivalent of about \$40,000 in property tax revenue in the Operating funds.

Management anticipates a 5% increase in tuition revenue in fiscal year 2020 based on estimated 2.5% decrease in credit hour enrollment for the 2019-2020 academic year, combined with a \$5 increase in tuition.

The State of Illinois adopted a budget for fiscal year 2020. Expected State appropriations for the College for fiscal year 2020 are \$222,000 more than the fiscal year 2019 State funding. Overall, Operating funds revenue is expected to increase by \$423,000, or 4.4%, from fiscal year 2019 actual levels to fiscal year 2020.

For fiscal year 2020, the Operating funds budget is balanced. The majority of the Operating funds budget for fiscal year 2020 continues to comprise instruction, academic support, and student services, reflecting the College's commitment to providing quality education and learning opportunities to the people of West Central Illinois.

### **Contacting the College's Financial Management**

This financial report is designed to provide our constituents with a general overview of the College's financial position. Questions concerning this report or requests for additional information should be directed to Sarah Gray, Director of Business Services, 23235 N. County Highway 22, Canton, IL 61520.



## Basic Financial Statements

# Spoon River College District No. 534

## Statements of Net Position

June 30, 2019 and 2018

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
<b>Current assets:</b>		
Cash and cash equivalents	\$484,198	\$577,476
Investments	12,046,710	11,630,881
Property taxes receivable, net of allowance	5,174,391	3,221,612
Other receivables, net of allowance	2,454,589	2,447,651
Prepaid items	67,112	27,283
Inventories	417,522	384,630
<b>Total current assets</b>	<b>20,644,522</b>	<b>18,289,533</b>
<b>Noncurrent assets:</b>		
Non-depreciable capital assets	2,861,271	5,581,102
Depreciable capital assets	35,457,481	30,806,368
Less accumulated depreciation	(16,188,632)	(16,954,050)
<b>Total noncurrent assets</b>	<b>22,130,120</b>	<b>19,433,420</b>
<b>Total assets</b>	<b>42,774,642</b>	<b>37,722,953</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
SURS pension contribution	25,652	15,502
College insurance plan OPEB	884,681	718,902
<b>Total deferred outflow of resources</b>	<b>910,333</b>	<b>734,404</b>
<b>Total assets and deferred outflows of resources</b>	<b>43,684,975</b>	<b>38,457,357</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	762,137	1,029,593
Accrued liabilities	578,834	661,518
Unearned tuition and fees	2,280,513	2,246,441
Accrued compensated absences	271,164	266,273
Other accounts payable	0	1,420
Bonds payable, net of unamortized premiums (discounts)	1,768,711	1,658,844
<b>Total current liabilities</b>	<b>5,661,359</b>	<b>5,864,089</b>
<b>Noncurrent liabilities:</b>		
Bonds payable, net of unamortized premiums (discounts)	18,327,876	14,775,733
OPEB liability	6,751,154	6,304,942
<b>Total noncurrent liabilities</b>	<b>25,079,030</b>	<b>21,080,675</b>
<b>Total liabilities</b>	<b>30,740,389</b>	<b>26,944,764</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property taxes	6,130,112	5,603,571
Deferred grant revenue	8,000	8,000
Unamortized gain on refunding	61,023	194,320
Deferred OPEB	860,343	543,106
<b>Total deferred inflows of resources</b>	<b>7,059,478</b>	<b>6,348,997</b>
<b>Total liabilities and deferred inflows of resources</b>	<b>37,799,867</b>	<b>33,293,761</b>
<b>NET POSITION</b>		
Net investment in capital assets	9,289,381	7,366,139
<b>Restricted - expendable:</b>		
Capital projects	3,320,032	1,612,451
Debt service	0	144,836
Grants and scholarships	11,254	1,918
Unrestricted	(6,735,559)	(3,961,748)
<b>Total net position</b>	<b>\$5,885,108</b>	<b>\$5,163,596</b>

See Notes to Financial Statements.

Spoon River College District No. 534  
 Statements of Revenues, Expenses, and Changes in Net Position  
 For the years ended June 30, 2019 and 2018

	2019	2018
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$1,492,425 and \$1,455,534, respectively	\$3,543,182	\$3,603,640
Auxiliary enterprises revenue	1,108,350	1,218,539
<b>Total operating revenue</b>	<b>4,651,532</b>	<b>4,822,179</b>
Operating expenses:		
Instruction	5,928,402	5,677,487
Academic support	1,056,318	1,077,577
Student services	1,676,161	1,581,982
Public services	548,651	559,189
Auxiliary services	1,311,538	1,338,788
Operation and maintenance of plant	1,257,115	1,130,745
Institutional support	4,530,755	4,874,122
Scholarships, student grants, and waivers	1,705,090	1,777,637
Depreciation	838,943	602,706
<b>Total operating expenses</b>	<b>18,852,973</b>	<b>18,620,233</b>
<b>Operating loss</b>	<b>(14,201,441)</b>	<b>(13,798,054)</b>
Nonoperating revenues and (expenses):		
State grants	5,459,676	5,080,358
Federal grants	3,213,224	3,251,008
Property taxes	5,691,317	5,399,849
Personal property replacement tax	908,957	931,093
Local grants	58,942	83,119
Investment income	240,250	87,660
Other nonoperating revenues	52,563	193,436
Interest expense	(701,976)	(1,056,015)
<b>Net nonoperating revenues and (expenses)</b>	<b>14,922,953</b>	<b>13,970,508</b>
Capital contributions - Capital grants and gifts	0	1,106,542
<b>Change in net position</b>	<b>721,512</b>	<b>1,278,996</b>
<b>Net position, beginning of year, as restated</b>	<b>5,163,596</b>	<b>3,884,600</b>
<b>Net position, end of year</b>	<b>\$5,885,108</b>	<b>\$5,163,596</b>

See Notes to Financial Statements.

# Spoon River College District No. 534

## Statements of Cash Flows

For the years ended June 30, 2019 and 2018

	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$5,064,446	\$5,093,638
Payments to suppliers	(5,198,464)	(4,298,516)
Payments to employees	(6,780,783)	(7,327,878)
Payments to students for scholarships	(3,197,515)	(3,233,171)
Auxiliary enterprise charges	1,108,350	1,218,539
Net cash used in operating activities	(9,003,966)	(8,547,388)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from property taxes	4,265,079	5,521,241
Replacement tax	908,957	931,093
Proceeds from grants	4,476,783	6,844,298
Other nonoperating	80,106	179,604
Net cash provided by noncapital financing activities	9,730,925	13,476,236
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(3,598,503)	(6,381,607)
Loss on disposal of capital assets	62,860	3,418
Principal paid on capital debt	(1,545,000)	(1,465,000)
Proceeds from bonds sold	5,055,000	11,750,000
Principal deposit in escrow	0	(4,710,000)
Premium (discount) on bonds sold	276,330	505,959
Interest paid on bonds payable and other long-term obligations	(762,048)	(350,077)
Net cash used in capital and related financing activities	(511,361)	(647,307)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(415,829)	(5,044,415)
Interest on investments	106,953	281,980
Net cash used in investing activities	(308,876)	(4,762,435)
Net increase (decrease) in cash and cash equivalents	(93,278)	(480,894)
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	577,476	1,058,370
End of year	\$484,198	\$577,476

See Notes to Financial Statements.

# Spoon River College District No. 534

Statements of Cash Flows - (Continued)

For the years ended June 30, 2019 and 2018

	2019	2018
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED</b>		
<b>IN OPERATING ACTIVITIES:</b>		
Operating loss	(\$14,201,441)	(\$13,798,054)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	838,943	602,706
State on-behalf payments for fringe benefits	4,225,811	3,901,593
Changes in assets and liabilities:		
Receivables	(5,233)	(43,617)
Prepaid expenses	(39,829)	54,471
Inventories	(32,892)	(7,603)
Deferred outflows of resources	(175,929)	(725,999)
Accounts payable	(268,876)	735,843
Accrued liabilities	(146,932)	(693,601)
Accrued compensated absences	4,891	(32,204)
Unearned tuition and fees	34,072	78,081
OPEB liability	446,212	837,890
Deferred inflows of resources	317,237	543,106
<b>Net cash used in operating activities</b>	<b>(\$9,003,966)</b>	<b>(\$8,547,388)</b>
<b>NONCASH INVESTING, CAPITAL, AND FINANCIAL:</b>		
Acquisition of capital assets with state capital contributions	\$0	\$1,106,542
Acquisition of capital assets using accounts payable	\$53,750	\$879,011
Disposal of assets	\$62,860	\$3,418
<b>STATE ON-BEHALF PAYMENTS</b>	<b>\$3,901,593</b>	<b>\$3,791,852</b>

See Notes to Financial Statements.

Spoon River College District No. 534  
 Component Unit - Spoon River College Foundation  
 Statements of Financial Position  
 June 30, 2019 and 2018

<b>ASSETS</b>	<b>2019</b>	<b>2018</b>
Cash	\$490,340	\$671,471
Investments	2,804,118	2,372,879
Receivables, net	18,299	12,632
Beneficial interest in perpetual trusts	824,212	808,502
Capital assets, non-depreciable	40,000	40,000
<b>Total assets</b>	<b>\$4,176,969</b>	<b>\$3,905,484</b>
<b>LIABILITIES</b>		
Accounts payable	\$5,892	\$14,686
<b>Total liabilities</b>	<b>5,892</b>	<b>14,686</b>
<b>NET ASSETS</b>		
Without donor restrictions	142,368	130,399
With donor restrictions	4,028,709	3,760,399
<b>Total net assets</b>	<b>4,171,077</b>	<b>3,890,798</b>
<b>Total liabilities and net assets</b>	<b>\$4,176,969</b>	<b>\$3,905,484</b>

See Notes to Financial Statements.

Spoon River College District No. 534  
Component Unit - Spoon River College Foundation  
Statements of Activities  
For the years ended June 30, 2019 and 2018

	2019		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenue, gains, and other support received:			
Contributions	\$45,884	\$284,025	\$329,909
In-kind	78,170	0	78,170
Interest and dividends	0	68,515	68,515
Net realized gain (loss) on investments	0	21,267	21,267
Net unrealized gain (loss) on investments	0	40,969	40,969
Unrealized gain (loss) on beneficial interest in trusts	0	15,713	15,713
Net assets reclassified	(5,000)	5,000	0
Net assets released from restrictions	167,179	(167,179)	0
<b>Total revenue, gains, and other support received</b>	<b>286,233</b>	<b>268,310</b>	<b>554,543</b>
Expenses:			
Program services:			
Grants, awards and scholarships			
Student Scholarships	96,329	0	96,329
Institutional support	70,850	0	70,850
<b>Total program services</b>	<b>167,179</b>	<b>0</b>	<b>167,179</b>
Supporting services:			
Management and general:			
In-kind - salaries, benefits, and rent	78,170	0	78,170
Administrative	14,479	0	14,479
Other	1,486	0	1,486
Fundraising:			0
Marketing and promotion	2,574	0	2,574
Materials and supplies	6,615	0	6,615
Food	3,761	0	3,761
<b>Total supporting services</b>	<b>107,085</b>	<b>0</b>	<b>107,085</b>
<b>Total expenses</b>	<b>274,264</b>	<b>0</b>	<b>274,264</b>
<b>Change in net assets</b>	<b>11,969</b>	<b>268,310</b>	<b>280,279</b>
<b>Net assets, beginning of year</b>	<b>130,399</b>	<b>3,760,399</b>	<b>3,890,798</b>
<b>Net assets, end of year</b>	<b>\$142,368</b>	<b>\$4,028,709</b>	<b>\$4,171,077</b>

See Notes to Financial Statements.

Spoon River College District No. 534  
Component Unit - Spoon River College Foundation  
Statements of Activities (Continued)  
For the years ended June 30, 2019 and 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains, and other support received:			
Contributions	\$66,851	\$316,074	\$382,925
In-kind	76,691	0	76,691
Interest and dividends	0	51,756	51,756
Net realized gain (loss) on investments	0	49,998	49,998
Net unrealized gain (loss) on investments	0	27,782	27,782
Unrealized gain (loss) on beneficial interest in trusts	0	7,175	7,175
Net assets reclassified	(5,075)	5,075	0
Net assets released from restrictions	251,184	(251,184)	0
Total revenue, gains, and other support received	389,651	206,676	596,327
Expenses:			
Program services	174,155	0	174,155
Supporting services	204,312	0	204,312
Total expenses	378,467	0	378,467
Change in net assets	11,184	206,676	217,860
Net assets, beginning of year, as restated	119,215	3,553,723	3,672,938
Net assets, end of year	\$130,399	\$3,760,399	\$3,890,798

See Notes to Financial Statements.



# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 1     Summary of Significant Accounting Policies**

#### **Nature of entity**

Spoon River College (the College”) is a two-year community college and is part of the Illinois Community College System which is regulated by the Illinois Community College Board. The College’s district covers five counties in west-central Illinois.

Revenues are substantially generated as a result of taxes assessed and allocated to the college and grants received from other state and federal governmental agencies. The College’s revenues are, therefore, primarily dependent upon the availability of funds at the state and federal level and the economy within its territorial boundaries. Industry within the territorial area is primarily retail and agricultural.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

Spoon River College District No. 534 (the “College”) is organized in accordance with Chapter 110 of the Illinois Compiled Statutes. The Board of Trustees (the “Board”) has the governing responsibilities over all activities related to public post and secondary school education within the jurisdiction of the College. The College receives funding from local, state and federal sources and must comply with the requirements established by these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management and the responsibility to significantly influence operations and primary accountability for fiscal matters.

#### **Reporting entity**

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

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The 15 member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation’s operations and reporting model are described by FASB issued guidance. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No financial reporting entity for these differences; however, significant note disclosures (see Note 9) to the Foundation’s financial statements have been incorporated into the College’s notes to the financial statements.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 1    Summary of Significant Accounting Policies (continued)**

#### **Reporting Entity (continued)**

Financial statements for the Foundation can be obtained at 23235 N. County Highway 22, Canton, IL 61520.

The College is not aware of any entity whose elected officials are financially accountable for the operations of the College which would result in the College being considered a component unit of such entity.

#### **Measurement focus, basis of accounting, and financial statement presentation**

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

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, federal, state, and local grants, and state appropriations. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants and state appropriations 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 for the fiscal year resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

The following is a summary of the more significant policies:

#### **Cash and cash equivalents**

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

#### **Investments**

Investments, which consist of Illinois School District Liquid Asset Fund, Illinois Funds, and Goldman Sachs Financial Square Prime Obligations Fund money markets, are stated at cost, which approximates market. These investments are not subject to the fair value hierarchy disclosures.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 1    Summary of Significant Accounting Policies (continued)**

#### **Receivables**

Accounts receivable include uncollateralized student obligations, which generally require payment by the first day of class unless a payment plan through a third party has been established. Accounts receivable are stated at the invoice amount.

The carrying amount of accounts receivable 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 specific student accounts and the aging of accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected. The allowance for doubtful accounts relating to student receivables as of June 30, 2019 and 2018 were \$1,411,635 and \$1,378,697, respectively.

#### **Property taxes**

The College's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee's resolution, property tax levies for 2017 and 2016 are to be recognized as revenue in fiscal years 2019 and 2018, respectively.

The Fulton County Supervisor of Assessments prepares the property tax assessment rolls with the property tax liens as of January 1 of each year. Levies are set prior to the lien by the last Tuesday of December. Deferred property taxes represent the revenue to be generated from the 2018 levy which was passed by the Board on December 12, 2018.

The collection date for property tax receipts is thirty days after the property tax bills are mailed to property owners for the first installment, generally June 1 of each year. The second installment, being one-half of the total tax levy, is due September 1 of each year.

Property taxes collected are distributed to the College thirty days after receipt by the County, generally July, August, and September. Any unpaid property tax levies are sold at a tax sale the last week of October, and final distribution is made by the end of November of each year.

#### **Inventories**

Inventories consist of items held for resale at the bookstore and cafeteria. Inventories are recorded at the lower of cost or market, on a first-in, first-out basis. The cost is recorded as an expense at the time individual inventory items are utilized or sold.

#### **Capital assets**

Capital assets include property, plant, and 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 for equipment and \$100,000 or more for building remodeling and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated their 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.

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (continued)

#### Capital assets (continued)

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	10
Buildings and improvements	10-40
Equipment	4-5
Computer technology	3

#### Unearned tuition and fee revenue

Tuition and fee revenues received and related to the period after June 30 are reported as deferred.

#### Long-term debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are netted with bonds payable on the Statement of Net Position.

#### Compensated absences

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacations days from year to year.

#### Other Post-Employment (“OPEB”) Obligations

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and to OPEB expense, information about the plan net position of the College Insurance Plan (“CIP”) and additions to/deductions from CIP’s plan net position has been determined on the same basis as they are reported by CIP. For this purpose, OPEB payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

#### Deferred inflows and outflows of resources

In addition to assets and liabilities, the statement of net position will sometimes report separate sections, deferred inflows and outflows of resources, which represent acquisitions or losses of net position that applies to future periods and so will not be recognized as an inflow (revenue) or outflow (expense) of resources until that time.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 1    Summary of Significant Accounting Policies (continued)**

#### **Classification of revenues and expenses**

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, and (3) most federal, state, and local grants and contracts and federal appropriations. Operating expenses generally result from providing services in connection with ongoing operations. Nonoperating expenses do not meet this definition.

#### **Federal financial assistance programs**

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement.

#### **On-behalf payments for fringe benefits and salaries**

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2019 and 2018, the state made contributions of \$4,225,811 and \$3,901,593, respectively (Note 5 and 6).

#### **Pensions**

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

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

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 1    Summary of Significant Accounting Policies (continued)**

#### **Net position**

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation and related debt.

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

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

#### **Use of estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses, and other changes in fund equity during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, allowance for doubtful accounts, and the fair value of investments. Actual results could differ from those estimates.

### **Note 2    Cash and Investments:**

The College's cash throughout the year and at year-end consisted of demand deposit accounts and money markets.

Cash as of June 30, 2019 and 2018 consist of the following:

	<u>Carrying Amount</u>	
	<u>2019</u>	<u>2018</u>
Cash on hand	\$18,424	\$13,078
Deposits with financial institutions	465,774	564,398
<b>Total</b>	<b>\$484,198</b>	<b>\$577,476</b>

The College is allowed to invest in securities as authorized by the Illinois Public Community College Act and the Illinois Investment of Public Funds Act.

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 2 Cash and Investments (continued):

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College's investment policy limits investment maturities to remain sufficiently liquid to meet all operating requirements as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments at June 30, 2019 and 2018 comprise the following at fair value:

	2019	2018
Illinois School District Liquid Asset Fund	\$9,619,514	\$8,315,670
Local Government Investment Pool	131,819	677,415
Goldman Sachs Financial Square Prime Obligations Fund	2,295,377	2,637,796
	<u>\$12,046,710</u>	<u>\$11,630,881</u>

As of June 30, 2019, the College had the following investments with stated maturities.

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois School District Liquid Asset Fund	\$9,619,514	\$9,619,514	\$0	\$0	\$0
Local Government Investment Pool	131,819	131,819	0	0	0
Goldman Sachs Financial Square Prime Obligations Fund	2,295,377	2,295,377	0	0	0
Total	<u>\$12,046,710</u>	<u>\$12,046,710</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

As of June 30, 2018, the College had the following investments with stated maturities.

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois School District Liquid Asset Fund	\$8,315,670	\$8,315,670	\$0	\$0	\$0
Local Government Investment Pool	677,415	677,415	0	0	0
Goldman Sachs Financial Square Prime Obligations Fund	2,637,796	2,715,876	0	0	0
Total	<u>\$11,630,881</u>	<u>\$11,630,881</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 2 Cash and Investments (continued):

As of June 30, 2019, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Illinois School District Liquid Asset Fund	\$9,619,514	\$9,619,514	\$0	\$0	\$0
Local Government Investment Pool	131,819	131,819	0	0	0
Goldman Sachs Financial Square Prime Obligations Fund	2,295,377	2,295,377	0	0	0
Total	\$12,046,710	\$12,046,710	\$0	\$0	\$0

As of June 30, 2018, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Illinois School District Liquid Asset Fund	\$8,315,670	\$8,315,670	\$0	\$0	\$0
Local Government Investment Pool	677,415	677,415	0	0	0
Goldman Sachs Financial Square Prime Obligations Fund	2,637,796	2,637,796	0	0	0
Total	\$11,630,881	\$11,630,881	\$0	\$0	\$0

*Credit Risk.* Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. The College's investment policy does not limit the ratings of investments as a means of managing exposure to credit risk.

*Custodial Credit Risk.* Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2019, there are no investments with custodial credit risk.

*Custodial credit risk for deposits* is the risk that in the event of a bank failure, the College's deposits may not be returned to it. At year end, the College's carrying amount of deposits was \$484,198 and the bank balance was \$472,809. Of the bank balance, \$384,971 was covered by federal depository insurance and \$87,838 was uncollateralized.

*Concentration Risk.* Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. The College's investment policy limits its concentration risk by not allowing investments that are not secured by the U.S. Government. The College has no investments that represent 5 percent or more of the total investments.

*Foreign Currency Risk.* Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The College's investment policy does not permit investment that are not secured by the U.S. Government. The College does not have any investments with foreign currency risk exposure.



# Spoon River College District No. 534

## Notes to Financial Statements

### Note 3 Capital Assets:

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

	Balance at July 1, 2018	Additions	Deletions	Transfers	Balance at June 30, 2019
Nondepreciable assets:					
Land	\$759,038	\$0	\$0	\$0	\$759,038
Construction in progress	4,822,064	2,102,233	0	(4,822,064)	2,102,233
	5,581,102	2,102,233	0	(4,822,064)	2,861,271
Depreciable assets:					
Land improvements	110,077	0	0	0	110,077
Buildings and improvements	28,195,364	1,444,472	0	4,822,064	34,461,900
Equipment	525,989	51,798	37,000	0	540,787
Computer technology	1,974,938	0	1,630,221	0	344,717
	30,806,368	1,496,270	1,667,221	4,822,064	35,457,481
Less accumulated depreciation:					
Land improvements	107,344	512	0	0	107,856
Buildings and improvements	14,564,463	732,377	0	0	15,296,840
Equipment	458,541	39,859	37,000	0	461,400
Computer technology	1,823,702	66,195	1,567,361	0	322,536
	16,954,050	838,943	1,604,361	0	16,188,632
Depreciable assets, net	13,852,318	657,327	62,860	4,822,064	19,268,849
Capital assets, net	\$19,433,420	\$2,759,560	\$62,860	\$0	\$22,130,120

Construction in progress represents costs incurred to construct baseball fields and to replace the HVAC system at the Canton Campus. Total contractual costs for the engineering and construction of the baseball fields are estimated to be \$735,094 of which \$31,086 was incurred as of June 30, 2019. The second and third phases of the HVAC project consists of replacing the HVAC system in the Engle and Centers buildings. Total costs for the HVAC system are estimated to be \$4,467,878 of which \$1,890,787 was incurred as of June 30, 2019.

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 3 Capital Assets (continued):

A summary of the changes in capital assets for the College for the year ended June 30, 2018, is as follows:

	Balance at July 1, 2017	Additions	Deletions	Transfers	Balance at June 30, 2018
Nondepreciable assets:					
Land	\$759,038	\$0	\$0	\$0	\$759,038
Construction in progress	6,726,187	4,737,913	0	(6,642,036)	4,822,064
	7,485,225	4,737,913	0	(6,642,036)	5,581,102
Depreciable assets:					
Land improvements	110,077	0	0	0	110,077
Buildings and improvements	20,187,460	1,600,695	(234,827)	6,642,036	28,195,364
Equipment	574,063	0	(48,074)	0	525,989
Computer technology	2,093,823	42,999	(161,884)	0	1,974,938
	22,965,423	6,381,607	(444,785)	0	30,806,368
Less accumulated depreciation:					
Land improvements	106,832	512	0	0	107,344
Buildings and improvements	14,312,062	487,225	(234,824)	0	14,564,463
Equipment	460,240	42,690	(44,659)	0	458,541
Computer technology	1,913,577	72,009	(161,884)	0	1,823,702
	16,792,711	602,706	(441,367)	0	16,954,050
Depreciable assets, net	6,172,712	1,040,988	(3,418)	6,642,036	13,852,318
Capital assets, net	\$13,657,937	\$5,778,901	(\$3,418)	\$0	\$19,433,420

### Note 4 Debt:

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2019:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds	\$15,895,000	\$5,055,000	\$1,545,000	\$19,405,000	\$1,645,000	\$17,760,000
Bond premiums (discounts)	539,577	276,330	124,320	691,587	123,711	567,876
Total Bonded Debt	16,434,577	5,331,330	1,669,320	20,096,587	1,768,711	18,327,876
Compensated absences	266,273	314,093	309,202	271,164	271,164	0
Totals	\$16,700,850	\$5,645,423	\$1,978,522	\$20,367,751	\$2,039,875	\$18,327,876

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 4 Debt (continued):

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2018:

	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds	\$10,320,000	\$11,750,000	\$6,175,000	\$15,895,000	\$1,545,000	\$14,350,000
Bond premiums (discounts)	194,574	505,959	160,956	539,577	113,844	425,733
<b>Total Bonded Debt</b>	<b>10,514,574</b>	<b>12,255,959</b>	<b>6,335,956</b>	<b>16,434,577</b>	<b>1,658,844</b>	<b>14,775,733</b>
Compensated absences	298,477	260,297	292,501	266,273	266,273	0
<b>Totals</b>	<b>\$10,813,051</b>	<b>\$12,516,256</b>	<b>\$6,628,457</b>	<b>\$16,700,850</b>	<b>\$1,925,117</b>	<b>\$14,775,733</b>

Details on the debt as of June 30, 2019 are as follows:

- In July 2010, the College issued Taxable General Obligation Community College Bonds, Series 2010 totaling \$3,500,000 with interest rates ranging from 4.50% to 5.65%. The bonds are due serially beginning in 2012 through 2021. The proceeds were used to redeem the General Obligation Debt Certificates, Series 2010. 0% of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2020	\$430,000	\$37,855	\$467,855
2021	455,000	12,854	467,854
<b>Totals</b>	<b>\$885,000</b>	<b>\$50,709</b>	<b>\$935,709</b>

- In December 2013, the College issued General Obligation Community College Bonds, Series 2013, in the amount of \$4,300,000 with interest rates ranging from 1.15% to 4.20%. The bonds are due serially beginning in 2015 through 2024. The proceeds were used to redeem the General Obligation Debt Certificates, Series 2013. A portion of the bond proceeds (94.34%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2020	\$75,000	\$100,650	\$175,650
2021	75,000	98,550	173,550
2022	500,000	90,375	590,375
2023	500,000	75,750	575,750
2024	1,625,000	34,125	1,659,125
<b>Totals</b>	<b>\$2,775,000</b>	<b>\$399,450</b>	<b>\$3,174,450</b>

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 4 Debt (continued):

3. In November 2017, the College issued General Obligation Refunding Community College Bonds, Series 2017, in the amount of \$4,710,000 with interest rates ranging from 2.50% to 3.25%. The bonds are due serially beginning in 2019 through 2023. The proceeds were used to defease the General Obligation Community College Bonds, Series 2008 which was used 100% for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2020	\$930,000	\$100,750	\$1,030,750
2021	970,000	73,412	1,043,412
2022	1,025,000	43,487	1,068,487
2023	865,000	14,056	879,056
<b>Totals</b>	<b>\$3,790,000</b>	<b>\$231,705</b>	<b>\$4,021,705</b>

4. In February 2018, the College issued General Obligation Community College Bonds, Series 2018, in the amount of \$7,040,000 with an interest rate of 3.25%. The bonds are due serially beginning in 2019 through 2028. The proceeds were used to redeem the General Obligation Debt Certificates, Series 2017A and 2017B which were issued to purchase technology infrastructure and equipment, build a water tower, and improve the College's HVAC system. A portion of the bond proceeds (78.40%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2020	\$210,000	\$266,100	\$476,100
2021	210,000	259,275	469,275
2022	240,000	251,962	491,962
2023	205,000	244,731	449,731
2024	0	241,400	241,400
2025-2028	6,035,000	427,700	6,462,700
<b>Totals</b>	<b>\$6,900,000</b>	<b>\$1,691,168</b>	<b>\$8,591,168</b>

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 4 Debt (continued):

5. In February 2019, the College issued General Obligation Community College Bonds, Series 2019, in the amount of \$5,055,000 with an interest rate of 4.25%-4.50%. The bonds are due serially beginning in 2020 through 2030. The proceeds were used to redeem the Taxable General Obligation Debt Certificates, Series 2018A which were issued to renovate the science lab and improve the college's HVAC system. A portion of the bond proceeds (27.09%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2020	\$0	\$284,838	\$284,838
2021	0	219,575	219,575
2022	0	219,575	219,575
2023	0	219,575	219,575
2024	0	219,575	219,575
2025-2029	3,160,000	981,425	4,141,425
2030	1,895,000	42,637	1,937,637
<b>Totals</b>	<b>\$5,055,000</b>	<b>\$2,187,200</b>	<b>\$7,242,200</b>

The annual requirements to amortize all debt outstanding as of June 30, 2019, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Compensated Absences	Total Principal	Interest	Total Principal and Interest
2020	\$1,645,000	\$271,164	\$1,916,164	\$790,193	\$2,706,357
2021	1,710,000		1,710,000	663,666	2,373,666
2022	1,765,000		1,765,000	605,399	2,370,399
2023	1,570,000		1,570,000	554,112	2,124,112
2024	1,625,000		1,625,000	495,100	2,120,100
2025-2029	9,195,000		9,195,000	1,409,125	10,604,125
2030	1,895,000		1,895,000	42,637	1,937,637
<b>Total</b>	<b>\$19,405,000</b>	<b>\$271,164</b>	<b>\$19,676,164</b>	<b>\$4,560,232</b>	<b>\$24,236,396</b>

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2019, is \$27,193,252. General obligation debt at June 30, 2019, is \$19,405,000 resulting in a legal debt margin of \$7,788,252.

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 5 Defined Benefit Pension Plans

#### General Information about the Pension Plan

*Plan Description.* SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Chapter 40, Act 5, Article 15 of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at [www.SURS.org](http://www.SURS.org).

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

*Contributions.* The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2018 and 2019 respectively, was 12.46% and 12.29% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of "affected annuitants" or specific return to work annuitants), and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period) and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

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

##### *Net Pension Liability*

The net pension liability (NPL) was measured as of June 30, 2018 and June 30, 2017. SURS reported a net pension liability (NPL) of \$27,494,556,682 at June 30, 2018 and \$25,481,105,995 at June 30, 2017.

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 5 Defined Benefit Pension Plans (continued)

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

The amount of the proportionate share of the net pension liability to be recognized for the College in fiscal year 2018 is \$0 and for fiscal year 2017 it was \$0. The proportionate share of the State's net pension liability associated with the College at June 30, 2018 is \$42,946,498 or 0.1562% and at June 30, 2017 was \$40,871,694 or 0.1604%. This liability should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2018 was determined based on the June 30, 2017 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2018.

#### *Pension Expense*

At June 30, 2018 and June 30, 2017, SURS reported a collective net pension expense of \$2,685,322,700 and \$2,412,918,129, respectively.

#### *Employer Proportionate Share of Pension Expense*

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2018 and 2017, respectively. As a result, the College recognized on-behalf revenue and pension expense of \$4,194,474 and \$3,870,321 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively.

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

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

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

<b>Fiscal Year Ended June 30, 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$65,521,614	\$181,032,053
Changes in assumption	1,286,257,095	123,218,306
Net difference between projected and actual earnings on pension plan investments	26,810,634	0
Total	\$1,378,589,343	\$304,250,359

<b>Fiscal Year Ended June 30, 2017</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$139,193,227	\$1,170,771
Changes in assumption	205,004,315	259,657,577
Net difference between projected and actual earnings on pension plan investments	94,620,827	0
Total	\$438,818,369	\$260,828,348

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 5 Defined Benefit Pension Plans (continued)

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

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

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

The College paid \$25,652 and \$15,502 in federal, trust or grant contributions for the fiscal year ended June 30, 2019 and June 30, 2018, respectively. These contributions were made subsequent to the pension measurement date of June 30, 2018 and June 30, 2017, and are recognized as Deferred Outflows of Resources as of June 30, 2019 and June 30, 2018.

#### **Assumptions and Other Inputs**

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

Inflation	2.75 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 RP2014 Combined Mortality Table with projected generational mortality and a separate mortality assumption for disabled participants.

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



# Spoon River College District No. 534

## Notes to Financial Statements

### Note 5 Defined Benefit Pension Plans (continued)

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

*Discount Rate.* A single discount rate of 6.65% and 7.09% at June 30, 2018 and June 30, 2017, respectively, was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and 7.25% at June 30, 2018 and June 30, 2017, respectively, and a municipal bond rate of 3.62% and 3.56% at June 30, 2018 and June 30, 2017, respectively (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

*Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate.* Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.65% and 7.09% at June 30, 2018 and June 30, 2017, respectively, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

June 30, 2018		
1% Decrease 5.65%	Current Single Discount Rate Assumption 6.65%	1% Increase 7.65%
\$33,352,188,584	\$27,494,556,682	\$22,650,651,520
June 30, 2017		
1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
\$30,885,146,279	\$25,481,105,995	\$20,997,457,586

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 6    Other Post-Employment Benefits**

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS comprehensive annual financial report by accessing the website at [www.SURS.org](http://www.SURS.org).

*Plan Administration.* The Community College Health Insurance Security Fund (CCHISF) (also known as The College Insurance Program, "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 the State Universities Retirement System and the boards of trustees of the various community college districts.

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

*Benefit Provisions.* A summary of post-employment benefit provisions, changes in benefit provisions, employee eligibility requirements including eligibility for vesting, and the authority under which benefit provisions are established are included as an integral part of the financial statements of the Department of Central Management Services. A copy of the financial statements of the Department may be obtained by writing to the Department of Central Management Services, 401 South Spring Street, Springfield, Illinois, 62706-4100.

*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 (ACT) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

*Contributions.* The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of the salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriate Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 6    Other Post-Employment Benefits (continued)**

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

*Net OPEB Liability.* The net OPEB liability was measured as of June 30, 2018 and June 30, 2017. CIP reported a net OPEB liability at June 30, 2017 of \$1,885,251,764 and at June 30, 2017 of \$1,823,636,957.

*Employer Proportionate Share of Net OPEB Liability.* The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2018 is \$6,751,154 or 0.3581%, and for fiscal year 2017 it was \$6,304,942 or 0.3457%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0124%. The proportionate share of the State's net OPEB liability associated with the College at June 30, 2018 and June 30, 2017 was \$6,751,154 or 0.3581% and \$6,221,902 or 0.3412%, respectively. The total proportionate share of the net OPEB liability associated with the College at June 30, 2018 and June 30, 2017 was \$13,502,308 and \$12,526,844, respectively. The net OPEB liability and total OPEB liability as of June 30, 2018 was determined based on the June 30, 2017 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2018.

*OPEB Expense.* At June 30, 2018 and June 30, 2017, CIP reported a collective net OPEB expense of \$125,287,478 and \$169,446,479, respectively.

*Employer Proportionate Share of OPEB Expense.* The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2018 and 2017, respectively. As a result, the College recognized on-behalf revenue of \$31,337 and \$31,272 for the fiscal years ended June 30, 2019 and June 30, 2018, respectively. Additionally, the College recognized OPEB expense of \$566,398 and \$662,094 for the fiscal years ended June 30, 2019 and June 30, 2018.

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

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 6 Other Post-Employment Benefits (continued)

The College's Deferred Outflows and Deferred Inflows of Resources by Sources:

<b>Fiscal Year Ended June 30, 2018</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$99,226	\$14,786
Changes in assumption	0	845,045
Net difference between projected and actual earnings on OPEB plan investments	0	221
Changes in proportion and differences between employer contributions and share of contributions	754,118	291
<b>Total deferred amounts to be recognized in pension expense in future periods</b>	<b>853,344</b>	<b>860,343</b>
OPEB contributions made subsequent to the measurement date	31,337	0
<b>Total</b>	<b>\$884,681</b>	<b>\$860,343</b>

<b>Fiscal Year Ended June 30, 2017</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$0	\$17,844
Changes in assumption	0	525,196
Net difference between projected and actual earnings on OPEB plan investments	0	66
Changes in proportion and differences between employer contributions and share of contributions	687,630	0
<b>Total deferred amounts to be recognized in pension expense in future periods</b>	<b>687,630</b>	<b>543,106</b>
OPEB contributions made subsequent to the measurement date	31,272	0
<b>Total</b>	<b>\$718,902</b>	<b>\$543,106</b>

The College reported \$31,337 and \$31,272 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting years ended June 30, 2019 and June 30, 2018, respectively. 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:

<b>Year ended June 30:</b>	<b>Net Deferred Inflows of Resources</b>
2020	(\$1,167)
2021	(1,167)
2022	(1,167)
2023	(1,167)
2024	(1,167)
Thereafter	(1,164)
<b>Total</b>	<b>(\$6,999)</b>

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 6 Other Post-Employment Benefits (continued)

#### Assumptions and Other Inputs

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

Inflation	2.75%
Salary increases	Depends on service and ranges from 10.00% at less than 1 year of service to 3.75% at 34 or more years of service. Salary increase includes a 3.75% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2018 based on premium increases. For fiscal years on and after 2019, trend starts at 8.00% and 9.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.5%. Additional trend rate of 0.41% is added to non-Medicare cost on and after 2022 to account for the Excise Tax.
Asset Valuation Method	Market value

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

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

*Discount Rate.* Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.56% as of June 30, 2017, and 3.62% as of June 30, 2018. The increase in the single discount rate from 3.56% to 3.62% caused the total OPEB liability to decrease by approximately \$16.5 million from 2017 to 2018.

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 6 Other Post-Employment Benefits (continued)

#### Sensitivity of Net OPEB Liability to Changes in the Single Discount Rate

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.62% and 3.56% at June 30, 2018 and June 30, 2017, respectively, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

#### Sensitivity of Net OPEB Liability as of June 30, 2018 to the Single Discount Rate Assumption

	1% Decrease (2.62%)	Current Single Discount Rate Assumption (3.62%)	1% Increase (4.62%)
Net OPEB liability	\$7,824,412	\$6,751,154	\$5,857,884

#### Sensitivity of Net OPEB Liability as of June 30, 2017 to the Single Discount Rate Assumption

	1% Decrease (2.56%)	Current Single Discount Rate Assumption (3.56%)	1% Increase (4.56%)
Net OPEB liability	\$7,210,708	\$6,304,933	\$5,524,037

#### Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.00% in 2019 decreasing to an ultimate trend rate of 4.91% in 2026, for non-Medicare coverage, and 9.00% in 2019 decreasing to an ultimate trend rate of 4.5% in 2028 for Medicare coverage.

#### Sensitivity of Net OPEB Liability as of June 30, 2018 to the Healthcare Cost Trend Rate Assumption

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$5,596,662	\$6,751,154	\$8,270,640

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

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 6 Other Post-Employment Benefits (continued)

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

#### Sensitivity of Net OPEB Liability as of June 30, 2017 to the Healthcare Cost Trend Rate Assumption

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$5,230,581	\$6,304,933	\$7,859,647

- (b) One percentage point decrease in healthcare trend rates are 7.00% in 2018 decreasing to an ultimate trend rate of 4.02% in 2025, for non-Medicare coverage, and 8.00% in 2018 decreasing to an ultimate trend rate of 3.50% in 2027 for Medicare coverage.
- (b) One percentage point increase in healthcare trend rates are 9.00% in 2018 decreasing to an ultimate trend rate of 6.02% in 2025, for non-Medicare coverage, and 10.00% in 2018 decreasing to an ultimate trend rate of 5.50% in 2027 for Medicare coverage.

### Note 7 Risk Management:

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The College purchases commercial insurance to cover the various risks of loss. The commercial insurance policies contain deductibles which vary with the type of coverage and risk involved. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

### Note 8 Contingencies and Commitments:

The College entered into an operating lease agreement for two minibuses in July 2016 through July 2021. The agreement allows for a fair market value purchase option in 2022. The College returned the two minibuses in June 2019. Total lease expense for 2019 was \$17,040.

In June 2019, the College entered into a new operating lease agreement for three minibuses from September 2019 through September 2023. The agreement allows for a fair market value purchase option in 2023. The College will bypass the purchase option and return the minibuses in 2023.

Commitments under operating lease agreements for minibuses for minimum annual lease payments are as follows:

Year Ended June 30	Facilities
2020	\$48,143
2021	37,524
2022	37,524
2023	6,254
Total	\$129,445

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 8    Contingencies and Commitments (continued):**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

*Construction Commitments.* In fiscal year 2019, the College entered into a contact with CTS for the replacement of the HVAC system at the Canton Campus with estimated total cost of \$4,467,878. The total remaining project costs as of June 30, 2019 was \$2,577,091. The project is expected to be completed in September 2020.

In April 2019, the College entered into a contact with Aupperle for the construction of baseball fields with estimated total cost of \$735,094. The total remaining project costs as of June 30, 2019 was \$704,008. The project is expected to be completed in September 2019.

### **Note 9    Component Unit Disclosures:**

#### **Spoon River College Foundation**

##### **Nature of Business**

Spoon River College Foundation (the Foundation) was formed under the General Not For Profit Foundation Act of the State of Illinois on May 21, 1979. The Foundation has been approved by the Commissioner of Internal Revenue as an exempt organization under Section 501 of the Internal Revenue Code. Contributions to the Foundation qualify as charitable contributions for federal income tax purposes.

The Foundation was established to assist in carrying out the educational functions of Spoon River Community College. The Foundation provides funds by solicitation and receipt of grants, endowments and other funds and the allocation of these funds to the College for educational, service, capital and other institutional needs.

##### **Basis of Accounting**

The accompanying financial statements are prepared on the accrual basis.



# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Net Assets**

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

*Net assets without donor restrictions:* net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net assets with donor restrictions:* net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### **Contributions and Revenues**

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions depending on the existence and/or nature of any donor restrictions. When restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions of assets other than cash are recorded at fair value at the date of the donation.

The Foundation reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

##### **Promises to Give**

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Income Taxes**

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Foundation files Forms 990 (Return of Organization Exempt from Income Tax) annually. When these returns are filled, it is highly certain that some positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would ultimately be sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes that it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any.

Tax positions are not offset or aggregated with other positions. Tax positions that meet the “more likely than not” recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely to be realized on settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying statements of financial position along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Services (IRS) up to three years from the extended due date of each return. Forms 990 filed by the Foundation are no longer subject to examination for tax years before June 30, 2016.

##### **Functional Allocation of Expenses**

Included on the statement of activities is expenses by function with natural classification detail. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

##### **Cash and Cash Equivalents**

The Foundation considers all liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

##### **Concentrations of Credit Risk**

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its general cash accounts in one financial institution. Those balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

##### **Certificates of Deposit**

The Foundation holds non-brokered certificates of deposit which are carried at cost.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Investments and Investment Earnings**

Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. All investments are in mutual funds with readily determinable fair values. Investments are carried at fair value as determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Investment income or loss is included in the statement of activities as an increase or decrease in unrestricted net assets unless the income or loss is restricted by donor or law.

##### **Capital Assets**

The Foundation capitalizes all expenditures for capital assets at historical cost. Donated capital assets are carried at the approximate fair value at the date of the donation. Depreciation is computed using primarily the straight-line method over the estimated useful years. As of June 30, 2019, the Foundation's capital assets consists of land which is not depreciable.

##### **Donated Services**

Donated services are to be recognized in the financial statements. The services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in in-kind in the amount of \$78,170.

##### **Estimates**

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

##### **Subsequent Events**

The Foundation has evaluated subsequent events through September 11, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019 have been incorporated herein. There are no other subsequent events that require disclosure.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Pending Accounting Pronouncements**

In 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard supersedes current revenue recognition requirements in FASB Accounting Standards Codification (ASC) Topic 605, *Revenue Recognition*, and most industry specific guidance. When adopted, the amendments in the ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic organizations for annual periods beginning after December 15, 2018. Management is evaluating what impact this new standard will have on its financial statements.

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, with early adoption permitted. ASU 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

In 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in ASU No. 2018-08 will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in ASU No. 2018-08 are effective for annual financial statements issued for the fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource recipient. Early application of the amendments in ASU No. 2018-08 is permitted. The Foundation has not elected to early implement the amendments.

##### **Change in Accounting Policies**

In 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-profit Entities*. This ASU provides for certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective July 1, 2018.

# Spoon River College District No. 534

## Notes to Financial Statements

### Note 9 Component Unit Disclosures (continued):

#### Spoon River College Foundation (continued)

#### Liquidity and Availability of Financial Assets:

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2019, reduced by amounts not available for general expenditures:

Total financial assets	\$4,131,077
Less those unavailable for general expenditure within one year due to:	
Purpose restrictions	3,204,497
Perpetual endowments	824,212
<hr/>	
Financial assts available to meet cash needs for general expenditures within one year	<u>\$102,368</u>

#### Investments:

All investments are carried by the Foundation at fair market value. The investments at June 30, 2019 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Money market	\$145,247	\$145,247	\$0
Certificates of deposit	573,881	573,881	0
Mutual funds	584,593	560,575	24,018
Equities	1,043,577	710,865	332,712
Bonds and notes	456,820	451,948	4,872
<hr/>			
	\$2,804,118	\$2,442,516	\$361,602
<hr/>			

The following schedule summarizes the investment return and its classification in the Statements of Activities for the year ended June 30, 2019:

	<b>With Donor Restrictions</b>
Interest and dividends	\$85,902
Realized gains (losses)	21,267
Unrealized gains (losses)	40,969
Investment fees	(17,387)
<hr/>	
Total	<u>\$130,751</u>

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 9 Component Unit Disclosures (continued):

#### Spoon River College Foundation (continued)

##### Capital Assets:

At June 30, 2019, the Foundation's capital assets consisted of donated land carried at the approximate fair value at the date of the donation.

	Fair Value	Accumulated Depreciation	Net
Land	\$40,000	\$0	\$40,000

During fiscal year 2017, the Foundation purchased land from the College for \$10 to lease to a company that built apartments on campus. Since this is a related party transaction that is not at arm's length, the land was valued at approximated fair value instead of cost.

##### Endowment Funds:

The Foundation's endowment consists of approximately 71 individual funds established to be maintained permanently with earnings to be used for a variety of purposes.

The Foundation follows the laws prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

##### Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified the net assets with donor restriction-perpetual endowments as (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions-perpetual endowments are classified as net assets with donor restrictions-endowments subject to spending policy and appropriation until those assets have been appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed in UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purpose of the Foundation and the donor-restricted endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the Foundation; and
7. The investment policies of the Foundation

Investment income generated by the Foundation's endowment funds are used to benefit each endowment's intended purpose.

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 9 Component Unit Disclosures (continued):

#### Spoon River College Foundation (continued)

##### Endowment Funds (continued):

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$2,753,850	\$2,753,850

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

	Without Donor Restrictions	With Donor Restrictions	Total Endowment Assets
Endowment net assets	\$0	\$2,566,746	\$2,566,746
Investment return:			
Interest income	0	85,902	85,902
Net appreciation (realized and unrealized) on investments	0	62,236	62,236
Total investment return	0	148,138	148,138
Contributions	0	106,445	106,445
Net assets reclassified	0	10,000	10,000
Appropriation of endowment assets for expenditure	0	(77,479)	(77,479)
Endowment net assets, end of year	\$0	\$2,753,850	\$2,753,850

#### Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no individual donor-restricted endowment fund deficiencies at June 30, 2019.

#### Return Objectives and Risk Parameters

The Foundation has adopted investment policies to maximize total return (appreciation and income) and to achieve a specified income level while minimizing credit risk and avoiding excessive market risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a specified period(s), as well as the earnings on those funds which have not yet been appropriated. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Endowment Funds (continued):**

###### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized and current yield (interest and dividends). The Foundation's policy is that its investments should consist of a high-quality portfolio of securities following "the Prudent Man rule." Management believes this strategy will help to achieve the Foundation's long-term return objectives within prudent risk constraints. While this is the long-term strategy, on a short-term basis the Foundation chose to invest in highly liquid, short-term securities.

###### Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period.

##### **Beneficial Interest in Perpetual Trusts:**

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 20% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 20% of the trust's fair value. The recorded value was \$281,686 as of June 30, 2019. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 60% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 60% of the trust's fair value. The recorded value was \$59,862 as of June 30, 2019. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$11,368 as of June 30, 2019. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 100% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 100% of the trust's fair value. The recorded value was \$25,773 as of June 30, 2019. The change in fair value is recorded on the statement of activities.

The Foundation is a beneficiary of a trust that stipulates it is the recipient of 50% of the trust's earnings. The principal is to be held for perpetuity. The beneficial interest in the perpetual trust is recorded at 50% of the trust's fair value. The recorded value was \$445,523 as of June 30, 2019. The change in fair value is recorded on the statement of activities.



# Spoon River College District No. 534

## Notes to Financial Statements

### Note 9 Component Unit Disclosures (continued):

#### Spoon River College Foundation (continued)

##### Pledges Receivable:

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2019 is as follows:

Due in one year or less	\$19,777
Less allowance for uncollectible pledges	(1,478)
	<hr/>
Donation receivables	<u>\$18,299</u>

##### Fair Value Measurements:

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan 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; or 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.

The following table presents the Foundation's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2019:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual funds	\$584,593	\$584,593	\$0	\$0
Equities	1,043,577	1,043,577	0	0
Bonds and notes	456,820	0	456,820	0
Beneficial interest in perpetual trusts	824,212	0	0	824,212
		<hr/>		
Total fair value measurements	\$2,909,202	\$1,628,170	\$456,820	\$824,212

# Spoon River College District No. 534

## Notes to Financial Statements

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### Note 9 Component Unit Disclosures (continued):

#### Spoon River College Foundation (continued)

#### Fair Value Measurements (continued):

Reconciliation of assets measured using Level 3 inputs as of June 30, 2019:

Balance, beginning of year	\$808,502
Gains (Losses)	18,137
Purchases	13,082
Distributions and fees	(15,509)
<hr/>	
Balance, end of year	\$824,212

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Equities: Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Bonds and notes: Investments in debt securities that are classified as Level 2 if the fair value is determined using similar benchmark quoted securities. They are subject to restrictive provisions relating to redemptions of the investments.

Beneficial Interests in Perpetual Trusts: The Foundation is the beneficiary of four perpetual trusts established by donors and managed by banks. The fair value of the beneficial interest is estimated using the fair value of the assets held in the trust reported by the trustee as of June 30, 2019. The Foundation considers the measurement of its beneficial interest in the perpetual charitable trust to be a Level 3 measurement because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Foundation will never receive those assets or have the ability to direct the trustee to redeem them and they cannot be sold.

#### Net Assets With Donor Restrictions:

Net assets with donor restrictions consist of the following as of June 30, 2019

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$1,420,162
Endowment subject to spending policy and appropriation	1,784,335
Perpetual endowments	824,212
<hr/>	
Net assets with donor restrictions	\$4,028,709

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 9 Component Unit Disclosures (continued):**

#### **Spoon River College Foundation (continued)**

##### **Net Assets With Donor Restrictions (continued):**

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the years ended June 30, 2019 for scholarships, awards and institutional support totaled \$167,179.

The Foundation also reclassified \$5,000 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

##### **Related Parties:**

The Foundation expends funds either directly to or for the indirect benefit of Spoon River College, a related party. These expenses are for scholarships and other miscellaneous expenses. During the year, \$96,329 was expended for scholarships, and \$70,850 was expended for institutional support. As of June 30, 2019, the Foundation had payables to the College in the amount of \$5,892.

The College pays the salaries and benefits of the Foundation's employees. The Foundation has implemented "Not-for-Profit Entities: Services Received from Employees of an Affiliate" that includes \$78,170 on the financial statements as donation and the related in-kind expenses for the personnel costs incurred by the College on the Foundation's behalf.

##### **Commitments:**

As of June 30, 2019, the Foundation is committed to paying scholarships of approximately \$59,754 awarded in 2019, but not yet payable until the students enroll and attend classes.

### **Note 10 Impact of Pending Accounting Pronouncements:**

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

# Spoon River College District No. 534

## Notes to Financial Statements

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### **Note 10 Impact of Pending Accounting Pronouncements (continued):**

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

GASB Statement No. 90, Majority Equity Interests-an amendment of GASB Statements No. 14 and No. 61 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

GASB Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The College has not determined the effect of this Statement.

### **Note 11 Subsequent Event:**

The College has evaluated subsequent events through September 12, 2019, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2019 have been incorporated herein. There are no other subsequent events that require disclosure.

### **Note 12 Prior Year Restatement**

As a result of the implementation of GASB Statement No. 75 for the year ended June 30, 2018, the business-type activities beginning net position was restated as follows:

	<b>Business-Type Activities</b>
Balance at July 1, 2017, as previously reported	\$9,351,652
Subtract beginning net OPEB liability	(5,467,052)
Balance at July 1, 2017, as restated	<u>\$3,884,600</u>

## Required Supplementary Information

Spoon River College District No. 534  
 Schedule of Share of Net Pension Liability  
 Last 10 Fiscal Years  
 (Schedule to be Built Prospectively from 2014)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%					
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0					
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$42,946,498	\$40,871,694	\$38,063,665	\$35,750,486	\$34,007,812					
College DB covered-employee payroll	\$5,598,932	\$5,681,188	\$5,311,468	\$5,489,800	\$5,705,637					
Proportion of collective net pension liability associated with the College as a percentage of covered-employee payroll	767.05%	719.42%	716.63%	651.22%	596.04%					
SURS plan net position as a percentage of total pension liability	41.27%	42.04%	39.57%	42.37%	44.39%					

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

Spoon River College District No. 534  
 Schedule of Pension Contributions  
 Last 10 Fiscal Years  
 (Schedule to be Built Prospectively from 2014)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Federal, trust, grant and other contribution	\$25,652	\$15,502	\$8,405	\$8,314	\$10,381	\$3,361				
Contribution in relation to required contribution	25,652	15,502	8,405	8,314	10,381	3,361				
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0				
College covered-employee payroll	\$5,901,485	\$5,876,188	\$5,553,295	\$5,448,552	\$5,507,779	\$5,710,878				
Contribution as a percentage of covered-employee payroll	0.43%	0.26%	0.15%	0.15%	0.19%	0.06%				

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

Spoon River College District No. 534  
 Schedule of Share of Net OPEB Liability  
 Last 10 Fiscal Years  
 (Schedule to be Built Prospectively from 2018)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Proportion percentage of the collective net OPEB liability	0.36%	0.35%	0.30%							
Proportion amount of the collective net OPEB liability	\$ 6,751,154	\$6,304,942	\$5,467,052							
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$6,751,154	\$6,221,902	\$5,696,203							
Total collective net OPEB liability associated with the College	\$13,502,308	\$12,526,844	\$11,163,255							
College covered-employee payroll	\$5,876,188	\$5,553,295	\$5,448,552							
Proportion of collective net OPEB liability associated with the College as a percentage of covered-employee payroll	229.78%	225.57%	204.88%							
College insurance plan net position as a percentage of total OPEB liability	-3.54%	-2.87%	-2.15%							

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



Spoon River College District No. 534  
 Schedule of OPEB Contributions  
 Last 10 Fiscal Years  
 (Schedule to be Built Prospectively from 2018)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Statutorily required contribution	\$31,337	\$31,272	\$29,995	\$27,225						
Contribution in relation to the required statutorily	31,337	31,272	29,995	27,225						
Contribution deficiency (excess)	\$0	\$0	\$0	\$0						
College covered-employee payroll	\$5,901,485	\$5,876,188	\$5,553,295	\$5,448,552						
Contribution as a percentage of covered-employee payroll	0.53%	0.53%	0.54%	0.50%						

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

# Spoon River College District No. 534

## Notes to Required Supplementary Information

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### **Note 1**    **Changes of Pension Benefit Terms:**

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

### **Note 2**    **Changes of Pension 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 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 the 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 MP2014 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.

### **Note 3**    **Changes of OPEB Benefit Terms:**

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

### **Note 4.**    **Changes of OPEB 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 CIP. An experience review for the years June 30, 2010 to June 30, 2014, resulting in the adoption of new assumptions as of June 30, 2017.

- Healthcare cost trend rates. Change from actual trend used for fiscal year 2017 to actual trend used for fiscal year 2018 based on premium increases. Change the additional trend rate of 0.52% is added to non-Medicare cost on and after 2020 to account for the Excise Tax for fiscal year 2017 to additional trend rate of 0.41% is added to non-Medicare cost on and after 2022 to account for the Excise Tax for fiscal year 2018.

## Supplemental Financial Information

# Spoon River College District No. 534

## Supplemental Financial Information Section

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### **Uniform Financial Statements**

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a College's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net position, the Uniform Financial Statements are completed using the modified accrual basis of accounting and a current financial resource measurement focus.

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Fixed Assets and Debt
- No. 3 - Operating Funds Revenues and Expenditures
- No. 4 - Restricted Purposes Fund Revenues and Expenditures
- No. 5 - Current Funds Expenditures by Activity

### **Certificate of Chargeback Reimbursement**

- No. 6 - Certificate of Chargeback Reimbursement

# Spoon River College District No. 534

## Uniform Financial Statement #1

### All Funds Summary

For the year ended June 30, 2019

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance (deficit) at July 1, 2018	\$5,278,662	\$179,968	\$1,612,451
Revenue:			
Local taxes	2,248,139	456,824	157,437
All other local government	609,002	299,955	0
ICCB grants	714,352	308,593	0
All other state revenue (including SURS on-behalf)	0	0	0
Federal revenue	9,939	0	0
Student tuition and fees	5,031,647	0	0
All other revenue	158,994	16,790	96,849
<b>Total revenue</b>	<b>8,772,073</b>	<b>1,082,162</b>	<b>254,286</b>
Expenditures:			
Instruction	3,384,939	0	0
Academic support	693,963	0	0
Student services	844,461	0	0
Public service	263,932	0	0
Auxiliary services	0	0	0
Operation and maintenance	0	1,109,511	0
Institutional support	2,453,658	0	0
Scholarships, student grants, and waivers	428,018	0	0
Principal retirement	0	0	0
Interest and issuance costs	0	0	0
Building construction, building improvements, and equipment	51,798	0	3,546,705
<b>Total expenditures</b>	<b>8,120,769</b>	<b>1,109,511</b>	<b>3,546,705</b>
Bond proceeds	0	0	5,000,000
Bond premiums	0	0	0
Deposit in escrow	0	0	0
Net transfers	(89,722)	0	0
	(89,722)	0	5,000,000
<b>Fund balance (deficit) at June 30, 2019</b>	<b>\$5,840,244</b>	<b>\$152,619</b>	<b>\$3,320,032</b>

# Spoon River College District No. 534

Uniform Financial Statement #1 (Continued)

All Funds Summary

For the year ended June 30, 2019

	Bond and Interest Fund	Auxiliary Enterprise Fund	Health Insurance Fund	Restricted Purpose Fund
Fund balance (deficit) at July 1, 2018	\$144,836	\$66,593	\$0	\$1,918
Revenue:				
Local taxes	1,993,903	0	0	0
All other local government	0	0	0	0
ICCB grants	0	0	0	160,920
All other state revenue (including SURS on-behalf)	0	0	0	4,275,811
Federal revenue	0	0	0	3,203,285
Student tuition and fees	0	0	0	0
All other revenue	1,533	2,051,357	311,866	58,960
<b>Total revenue</b>	<b>1,995,436</b>	<b>2,051,357</b>	<b>311,866</b>	<b>7,698,976</b>
Expenditures:				
Instruction	0	0	0	2,268,392
Academic support	0	0	0	317,452
Student services	0	0	0	761,061
Public service	0	0	0	262,937
Auxiliary services	0	2,117,949	311,866	117,165
Operation and maintenance	0	0	0	129,313
Institutional support	0	0	0	1,063,823
Scholarships, student grants, and waivers	0	0	0	2,769,497
Principal retirement	1,545,000	0	0	0
Interest and issuance costs	1,038,378	0	0	0
Building construction, building improvements, and equipment	0	0	0	0
<b>Total expenditures</b>	<b>2,583,378</b>	<b>2,117,949</b>	<b>311,866</b>	<b>7,689,640</b>
Bond proceeds	55,000	0	0	0
Bond premiums	276,330	0	0	0
Deposit in escrow	0	0	0	0
Net transfers	0	89,722	0	0
	331,330	89,722	0	0
Fund balance (deficit) at June 30, 2019	(\$111,776)	\$89,723	\$0	\$11,254

Spoon River College District No. 534  
Uniform Financial Statement #1 (Continued)  
All Funds Summary  
For the year ended June 30, 2019

	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance (deficit) at July 1, 2018	\$62,431	\$1,040,764	\$8,387,623
Revenue:			
Local taxes	42,421	792,593	5,691,317
All other local government	0	0	908,957
ICCB grants	0	0	1,183,865
All other state revenue (including SURS on-behalf)	0	0	4,275,811
Federal revenue	0	0	3,213,224
Student tuition and fees	0	0	5,031,647
All other revenue	7	15,764	2,712,120
<b>Total revenue</b>	<b>42,428</b>	<b>808,357</b>	<b>23,016,941</b>
Expenditures:			
Instruction	0	0	5,653,331
Academic support	0	0	1,011,415
Student services	0	0	1,605,522
Public service	0	0	526,869
Auxiliary services	0	0	2,546,980
Operation and maintenance	0	0	1,238,824
Institutional support	42,125	768,028	4,327,634
Scholarships, student grants, and waivers	0	0	3,197,515
Principal retirement	0	0	1,545,000
Interest and issuance costs	0	0	1,038,378
Building construction, building improvements, and equipment	0	0	3,598,503
<b>Total expenditures</b>	<b>42,125</b>	<b>768,028</b>	<b>26,289,971</b>
Bond proceeds	0	0	5,055,000
Bond premiums	0	0	276,330
Deposit in escrow	0	0	0
Net Transfers	0	0	0
	0	0	5,331,330
<b>Fund balance (deficit) at June 30, 2019</b>	<b>\$62,734</b>	<b>\$1,081,093</b>	<b>\$10,445,923</b>

# Spoon River College District No. 534

Uniform Financial Statement #2

Summary of Fixed Assets and Debt

For the year ended June 30, 2019

	<b>Fixed Assets/ Debt Account Groups July 1, 2018</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassification</b>	<b>Fixed Assets/ Debt Account Groups June 30, 2019</b>
Fixed assets:					
Land	\$759,038	\$0	\$0	\$0	\$759,038
Construction in process	4,822,064	2,102,233	0	(4,822,064)	2,102,233
Land improvements	110,077	0	0	0	110,077
Buildings and improvements	28,195,364	1,444,472	0	4,822,064	34,461,900
Equipment	525,989	51,798	(37,000)	0	540,787
Computer technology	1,974,938	0	(1,630,221)	0	344,717
Total fixed assets	36,387,470	3,598,503	(1,667,221)	0	38,318,752
Accumulated depreciation	16,954,050	838,943	(1,604,361)	0	16,188,632
Total net fixed assets	\$19,433,420	\$2,759,560	(\$62,860)	\$0	\$22,130,120
Fixed debts:					
Bonds payable	\$15,895,000	\$5,055,000	(\$1,545,000)	\$0	\$19,405,000
Bond premium	539,577	276,330	(124,320)	0	691,587
OPEB liability	6,304,942	446,212	0	0	6,751,154
Total fixed debts	\$22,739,519	\$5,777,542	(\$1,669,320)	\$0	\$26,847,741



Spoon River College District No. 534  
Uniform Financial Statement #3  
Operating Funds Revenues and Expenditures  
For the year ended June 30, 2019

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$2,248,139	\$456,824	\$2,704,963
Corporate personal property replacement tax	609,002	299,955	908,957
Tuition chargeback revenue	0	0	0
<b>Total local government</b>	<b>2,857,141</b>	<b>756,779</b>	<b>3,613,920</b>
State government:			
ICCB base operating grant	552,182	308,593	860,775
ICCB equalization grant	50,000	0	50,000
ICCB small college grant	36,560	0	36,560
ICCB CTE - state formula grant	75,610	0	75,610
<b>Total state government</b>	<b>714,352</b>	<b>308,593</b>	<b>1,022,945</b>
Federal government:			
Department of Education	9,939	0	9,939
<b>Total federal government</b>	<b>9,939</b>	<b>0</b>	<b>9,939</b>
Student tuition and fees:			
Tuition	4,338,806	0	4,338,806
Fees	692,841	0	692,841
<b>Total tuition and fees</b>	<b>5,031,647</b>	<b>0</b>	<b>5,031,647</b>
Other sources:			
Facilities revenue	0	0	0
Interest	155,547	68	155,615
Other	3,447	16,722	20,169
<b>Total other sources</b>	<b>158,994</b>	<b>16,790</b>	<b>175,784</b>
<b>Total revenue</b>	<b>8,772,073</b>	<b>1,082,162</b>	<b>9,854,235</b>
Less nonoperating items *			
Tuition chargeback revenue	0		0
<b>Adjusted revenue</b>	<b>\$8,772,073</b>	<b>\$1,082,162</b>	<b>\$9,854,235</b>

\* Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

Spoon River College District No. 534  
 Uniform Financial Statement #3 (Continued)  
 Operating Funds Revenues and Expenditures  
 For the year ended June 30, 2019

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$3,384,939	\$0	\$3,384,939
Academic support	693,963	0	693,963
Student services	844,461	0	844,461
Public services	263,932	0	263,932
Operation and maintenance of plant	0	\$1,109,511	1,109,511
Institutional support	2,505,456	0	2,505,456
Scholarships, student grants, and waivers	428,018	0	428,018
<b>Total expenditures</b>	<b>8,120,769</b>	<b>1,109,511</b>	<b>9,230,280</b>
Less nonoperating items *			
Tuition chargeback	0	0	0
<b>Adjusted expenditures</b>	<b>\$8,120,769</b>	<b>\$1,109,511</b>	<b>\$9,230,280</b>
By object:			
Salaries	\$5,443,271	\$203,150	\$5,646,421
Employee benefits	1,051,592	42,731	1,094,323
Contractual services	98,048	326,295	424,343
General materials and supplies	774,947	113,369	888,316
Conference and meeting expense	106,778	11,374	118,152
Fixed charges	7,763	2,173	9,936
Utilities	0	364,129	364,129
Other	638,370	46,290	684,660
<b>Total expenditures</b>	<b>8,120,769</b>	<b>1,109,511</b>	<b>9,230,280</b>
Less nonoperating items *			
Tuition chargeback	0	0	0
<b>Adjusted expenditures</b>	<b>\$8,120,769</b>	<b>\$1,109,511</b>	<b>\$9,230,280</b>

\* Intercollege revenues that do not generate related local college credit hours are subtracted to allow for statewide comparisons.

Spoon River College District No. 534  
 Uniform Financial Statement #4  
 Restricted Purposes Fund Revenues and Expenditures  
 For the year ended June 30, 2019

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Revenue by source:

State government:	
ICCB:	
State Adult Education Restricted Funds Grants	\$160,920
CTE Program Improvement Grant	0
S of S Volunteer Literacy	50,000
SURS on behalf contributions	4,225,811
<hr/>	
Total state government	4,436,731
<hr/>	
Federal government:	
Department of Education:	
College Work Study Grants	25,387
Pell Grants	2,710,921
Supplemental Educational Opportunity Grant	66,549
Perkins Postsecondary	91,355
Trio - Student Support Services	236,278
Adult Education Federal Basic	72,795
<hr/>	
Total federal government	3,203,285
<hr/>	
Other sources:	
Career Link Transition	50,942
Dollar General Literacy	8,000
Interest	18
<hr/>	
Total other sources	58,960
<hr/>	
Total restricted purposes fund revenues	\$7,698,976
<hr/>	

Spoon River College District No. 534  
 Uniform Financial Statement #4 (Continued)  
 Restricted Purposes Fund Revenues and Expenditures  
 For the year ended June 30, 2019

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Expenditures by program:	
Instruction	\$2,268,392
Academic support	317,452
Student services	761,061
Public services	262,937
Auxiliary services	117,165
Operation and maintenance	129,313
Institutional support	1,063,823
Scholarships, student grants, and waivers	2,769,497
<hr/>	
Total restricted purposes fund expenditures by program	\$7,689,640
<hr/>	

Expenditures by object:	
Salaries	\$429,538
Employee benefits (including SURS on-behalf)	4,339,811
Contractual services	17,496
General materials and supplies	87,199
Travel, conference and meeting expense	19,393
Capital outlay	0
Other	2,796,203
<hr/>	
Total restricted purposes fund expenditures by object	\$7,689,640
<hr/>	

# Spoon River College District No. 534

## Uniform Financial Statement #5

### Current Funds\* - Expenditures by Activity

For the year ended June 30, 2019

Instruction -	
Instructional programs	\$5,653,331
Academic support:	
Library	220,878
Instructional materials center	84,819
Academic administration and planning	388,266
Other academic support	317,452
Total academic support	1,011,415
Student services:	
Admissions and records	480,787
Counseling and career guidance	123,906
Financial aid administration	236,623
Other student services	764,206
Total student services	1,605,522
Public service/continuing education:	
Administration	263,932
Other public service	262,937
Total public service/continuing education	526,869
Auxiliary services	2,546,980
Operations and maintenance of plant:	
Maintenance	705,176
Plant utilities	404,335
Other operations and maintenance of plant	129,313
Total operations and maintenance of plant	1,238,824
Institutional support:	
Executive management	229,944
Fiscal operations	411,297
Administrative support services	1,288,034
Board of trustees	15,991
General institution	278,084
Administrative data processing	1,092,259
Other institutional support	1,063,823
Total institutional support	4,379,432
Scholarships, student grants, and waivers	3,197,515
Total current funds expenditures	\$20,159,888

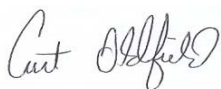
\* Current Funds include Education; Operations and Maintenance; Auxiliary Enterprises; Restricted Purposes; Audit; and Liability, Protection, and Settlement.

Spoon River College District No. 534  
 Certification of Chargeback Reimbursement \*  
 For Fiscal Year 2019

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All fiscal year 2019 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$8,068,971
2	Operations and Maintenance Fund	1,109,511
3	Public Building Commission Operation and Maintenance Fund	
4	Bond and Interest Fund	641,548
5	Public Building Commission Rental Fund	
6	Restricted Purposes Fund	3,463,829
7	Audit Fund	42,125
8	Liability, Protection, and Settlement Fund	768,028
9	Auxiliary Enterprises Fund (subsidy only)	
		<hr/>
10	Total noncapital expenditures (sum of lines 1-9)	<u>\$14,094,012</u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$788,868</u>
12	Total costs included (line 10 plus line 11)	<u>\$14,882,880</u>
13	Total certified semester credit hours for FY 2019	<u>26,322</u>
14	Per capita cost (line 12 divided by line 13)	\$ 565.42
15	All FY 2019 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$3,414,205</u>
16	FY 2019 state and federal grants per semester credit hour (line 15 divided by line 13)	129.71
17	District's average ICCB grant rate (excluding equalization grants) for FY 2020	<u>42.25</u>
18	District's student tuition and fee rate per semester credit hour for FY 2020	<u>165.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>\$228.46</u>

Approved:   
 President

9/11/2019  
 Date

Approved:   
 Chief Financial Officer

9/11/2019  
 Date

## Other Supplemental Financial Information

# Spoon River College District No. 534

Balance Sheet - All Fund Types

June 30, 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Education</b>	<b>Operations and Maintenance</b>	<b>Operations and Maintenance Restricted</b>
Cash and cash equivalents	\$260,028	\$0	\$221,499
Investments	6,827,718	0	4,517,644
Receivables:			
Property taxes	1,896,318	396,228	200,580
Government claims and grants	239,619	0	0
Other	2,075,566	213	0
Advances to other funds	720,669	253,946	0
Prepaid items	67,112	0	0
Inventories	0	0	0
Property and equipment, net	0	0	0
Total assets	12,087,030	650,387	4,939,723
Deferred outflows of resources:			
Deferred pension	0	0	0
Deferred OPEB	0	0	0
Total deferred outflows of resources	0	0	0
Total assets and deferred outflows	\$12,087,030	\$650,387	\$4,939,723
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$762,307	\$0	\$0
Accrued liabilities	404,966	13,571	0
Advances from other funds	0	0	1,400,725
Unearned tuition and fees	2,572,815	0	0
Accrued compensated absences	249,664	16,321	0
Other accounts payable	0	0	0
OPEB liability	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0
Total liabilities	3,989,752	29,892	1,400,725
Deferred inflows of resources:			
Deferred property taxes	2,257,034	467,876	218,966
Deferred grant revenue	0	0	0
Unamortized gain on refunding	0	0	0
Deferred OPEB	0	0	0
Total deferred inflows	2,257,034	467,876	218,966
Fund balance/net position (deficit):			
Net investment in capital assets	0	0	0
Restricted	0	0	3,320,032
Unrestricted	5,840,244	152,619	0
Total fund balance/net position (deficit)	5,840,244	152,619	3,320,032
Total liabilities, deferred inflows of resources, and fund balances/net position	\$12,087,030	\$650,387	\$4,939,723



# Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Bond and Interest</b>	<b>Auxiliary Enterprises Fund</b>	<b>Restricted Purpose</b>
Cash and cash equivalents	\$0	\$2,651	\$20
Investments	0	98,870	0
Receivables:			
Property taxes	2,029,587	0	0
Government claims and grants	0	0	128,134
Other	0	11,337	(280)
Advances to other funds	256,970	0	0
Prepaid items	0	0	0
Inventories	0	417,522	0
Property and equipment, net	0	0	0
Total assets	2,286,557	530,380	127,874
Deferred outflows of resources:			
Deferred pension	0	0	0
Deferred OPEB	0	0	0
Total deferred outflows of resources	0	0	0
Total assets and deferred outflows	\$2,286,557	\$530,380	\$127,874
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accounts payable	\$0	\$0	\$0
Accrued liabilities	0	8,665	12,865
Advances from other funds	0	426,813	95,755
Unearned tuition and fees	0	0	0
Accrued compensated absences	0	5,179	0
Other accounts payable	0	0	0
OPEB liability	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0
Total liabilities	0	440,657	108,620
Deferred inflows of resources:			
Deferred property taxes	2,398,333	0	0
Deferred grant revenue	0	0	8,000
Unamortized gain on refunding	0	0	0
Deferred OPEB	0	0	0
Total deferred inflows	2,398,333	0	8,000
Fund balance/net position (deficit):			
Net investment in capital assets	0	0	0
Restricted	0	0	11,254
Unrestricted	(111,776)	89,723	0
Total fund balance/net position (deficit)	(111,776)	89,723	11,254
Total liabilities, deferred inflows of resources, and fund balances/net position	\$2,286,557	\$530,380	\$127,874

# Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2019

<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>Trust and Agency Fund</b>	<b>Audit</b>	<b>Liability, Protection, and Settlement Fund</b>	<b>Fund Totals</b>
Cash and cash equivalents	\$0	\$0	\$0	\$484,198
Investments	0	0	602,478	12,046,710
Receivables:				
Property taxes	0	37,263	614,415	5,174,391
Government claims and grants	0	0	0	367,753
Other	0	0	0	2,086,836
Advances to other funds	(170)	69,451	622,427	1,923,293
Prepaid items	0	0	0	67,112
Inventories	0	0	0	417,522
Property and equipment, net	0	0	0	0
Total assets	(170)	106,714	1,839,320	22,567,815
Deferred outflows of resources:				
Deferred pension	0	0	0	0
Deferred OPEB	0	0	0	0
Total deferred outflows of resources	0	0	0	0
Total assets and deferred outflows	(\$170)	\$106,714	\$1,839,320	\$22,567,815
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	(\$170)	\$0	\$0	\$762,137
Accrued liabilities	0		14,304	454,371
Advances from other funds	0	0	0	1,923,293
Unearned tuition and fees	0	0	0	2,572,815
Accrued compensated absences	0	0	0	271,164
Other accounts payable	0	0	0	0
OPEB liability	0	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0	0
Total liabilities	(170)	0	14,304	5,983,780
Deferred inflows of resources:				
Deferred property taxes	0	43,980	743,923	6,130,112
Deferred grant revenue	0	0	0	8,000
Unamortized gain on refunding	0	0	0	0
Deferred OPEB	0	0	0	0
Total deferred inflows	0	43,980	743,923	6,138,112
Fund balance/net position (deficit):				
Net investment in capital assets	0	0	0	0
Restricted	0	0	0	3,331,286
Unrestricted	0	62,734	1,081,093	7,114,637
Total fund balance/net position (deficit)	0	62,734	1,081,093	10,445,923
Total liabilities, deferred inflows of resources, and fund balances/net position	(\$170)	\$106,714	\$1,839,320	\$22,567,815

# Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2019

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	GASB			Adjusted Totals
	General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
Cash and cash equivalents	\$0	\$0	\$0	\$484,198
Investments	0	0	0	12,046,710
Receivables:				
Property taxes	0	0	0	5,174,391
Government claims and grants	0	0	0	367,753
Other	0	0	0	2,086,836
Advances to other funds	0	0	(2,102,737)	(179,444)
Prepaid items	0	0	0	67,112
Inventories	0	0	0	417,522
Property and equipment, net	22,130,120	0	0	22,130,120
Total assets	22,130,120	0	(2,102,737)	42,595,198
Deferred outflows of resources:				
Deferred pension	0	0	25,652	25,652
Deferred OPEB	0	884,681	0	884,681
Total deferred outflows of resources	0	884,681	25,652	910,333
Total assets and deferred outflows	\$22,130,120	\$884,681	(\$2,077,085)	\$43,505,531
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$762,137
Accrued liabilities	0	124,463	0	578,834
Advances from other funds	0	0	(2,102,737)	(179,444)
Unearned tuition and fees	0	0	(292,302)	2,280,513
Accrued compensated absences	0	0	0	271,164
Other accounts payable	0	0	0	0
OPEB liability	0	6,751,154	0	6,751,154
Bonds payable, net of unamortized premiums (discounts)	0	20,096,587	0	20,096,587
Total liabilities	0	26,972,204	(2,395,039)	30,560,945
Deferred inflows of resources:				
Deferred property taxes	0	0	0	6,130,112
Deferred grant revenue	0	0	0	8,000
Unamortized gain on refunding	0	61,023	0	61,023
Deferred OPEB	0	860,343	0	860,343
Total deferred inflows	0	921,366	0	7,059,478
Fund balance/net position (deficit):				
Net investment in capital assets	22,130,120	(12,840,739)	0	9,289,381
Restricted	0	0	0	3,331,286
Unrestricted	0	(14,168,150)	317,954	(6,735,559)
Total fund balance/net position (deficit)	22,130,120	(27,008,889)	317,954	5,885,108
Total liabilities, deferred inflows of resources, and fund balances/net position	\$22,130,120	\$884,681	(\$2,077,085)	\$43,505,531

# Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,  
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types  
For the year ended June 30, 2019

	Education	Operations and Maintenance	Operations and Maintenance Restricted
<b>Revenues:</b>			
Local government	\$2,857,141	\$756,779	\$157,437
State government	714,352	308,593	0
State of Illinois SURS on-behalf payments	0	0	0
Federal government	9,939	0	0
Student tuition and fees	5,031,647	0	0
Sales and service fees	0	0	0
Interest	155,547	68	64,455
Other	3,447	16,722	32,394
<b>Total revenues</b>	<b>8,772,073</b>	<b>1,082,162</b>	<b>254,286</b>
<b>Expenditures/expenses:</b>			
<b>Current:</b>			
Instruction	3,384,939	0	0
Academic support	693,963	0	0
Student services	844,461	0	0
Public services	263,932	0	0
Auxiliary services	0	0	0
Operation and maintenance of plant	0	1,109,511	3,546,705
Institutional support	2,505,456	0	0
Scholarships, student grants, and waivers	428,018	0	0
Depreciation expense	0	0	0
<b>Debt service:</b>			
Principal retirement	0	0	0
Interest	0	0	0
Bond issuance cost	0	0	0
<b>Total expenditures/expenses</b>	<b>8,120,769</b>	<b>1,109,511</b>	<b>3,546,705</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>651,304</b>	<b>(27,349)</b>	<b>(3,292,419)</b>
<b>Other financing sources (uses):</b>			
Bond proceeds	0	0	5,000,000
Bond premium	0	0	0
Deposit in escrow	0	0	0
Transfers in	0	0	0
Transfers out	(89,722)	0	0
<b>Total other financing sources (uses)</b>	<b>(89,722)</b>	<b>0</b>	<b>5,000,000</b>
<b>Net change in fund balance / net position</b>	<b>561,582</b>	<b>(27,349)</b>	<b>1,707,581</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>5,278,662</b>	<b>179,968</b>	<b>1,612,451</b>
<b>Fund balance/net position at end of year (deficit)</b>	<b>\$5,840,244</b>	<b>\$152,619</b>	<b>\$3,320,032</b>

# Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,  
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)  
For the year ended June 30, 2019

	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
<b>Revenues:</b>			
Local government	\$1,993,903	\$0	\$0
State government	0	0	210,920
State of Illinois SURS on-behalf payments	0	0	4,225,811
Federal government	0	0	3,203,285
Student tuition and fees	0	0	0
Sales and service fees	0	817,379	0
Interest	1,533	2,858	18
Other	0	1,542,986	58,942
<b>Total revenues</b>	<b>1,995,436</b>	<b>2,363,223</b>	<b>7,698,976</b>
<b>Expenditures/expenses:</b>			
<b>Current:</b>			
Instruction	0	0	2,268,392
Academic support	0	0	317,452
Student services	0	0	761,061
Public services	0	0	262,937
Auxiliary services	0	2,429,815	117,165
Operation and maintenance of plant	0	0	129,313
Institutional support	0	0	1,063,823
Scholarships, student grants, and waivers	0	0	2,769,497
Depreciation expense	0	0	0
<b>Debt service:</b>			
Principal retirement	1,545,000	0	0
Interest	762,048	0	0
Bond issuance costs	276,330	0	0
<b>Total expenditures/expenses</b>	<b>2,583,378</b>	<b>2,429,815</b>	<b>7,689,640</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>(587,942)</b>	<b>(66,592)</b>	<b>9,336</b>
<b>Other financing sources (uses):</b>			
Bond proceeds	55,000	0	0
Bond premium	276,330	0	0
Deposit in escrow	0	0	0
Transfers in	0	89,722	0
Transfers out	0	0	0
<b>Total other financing sources (uses)</b>	<b>331,330</b>	<b>89,722</b>	<b>0</b>
<b>Net change in fund balance / net position</b>	<b>(256,612)</b>	<b>23,130</b>	<b>9,336</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>144,836</b>	<b>66,593</b>	<b>1,918</b>
<b>Fund balance/net position at end of year (deficit)</b>	<b>(\$111,776)</b>	<b>\$89,723</b>	<b>\$11,254</b>

# Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,  
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)  
For the year ended June 30, 2019

	Trust and Agency Fund	Audit	Liability, Protection, and Settlement Fund	Fund Totals
<b>Revenues:</b>				
Local government	\$0	\$42,421	\$792,593	\$6,600,274
State government	0	0	0	1,233,865
State of Illinois SURS on-behalf payments	0	0	0	4,225,811
Federal government	0	0	0	3,213,224
Student tuition and fees	0	0	0	5,031,647
Sales and service fees	0	0	0	817,379
Interest	0	7	15,764	240,250
Other	0	0	0	1,654,491
<b>Total revenues</b>	<b>0</b>	<b>42,428</b>	<b>808,357</b>	<b>23,016,941</b>
<b>Expenditures/expenses:</b>				
<b>Current:</b>				
Instruction	0	0	0	5,653,331
Academic support	0	0	0	1,011,415
Student services	0	0	0	1,605,522
Public services	0	0	0	526,869
Auxiliary services	0	0	0	2,546,980
Operation and maintenance of plant	0	0	0	4,785,529
Institutional support	0	42,125	768,028	4,379,432
Scholarships, student grants, and waivers	0	0	0	3,197,515
Depreciation expense	0	0	0	0
<b>Debt service:</b>				
Principal retirement	0	0	0	1,545,000
Interest	0	0	0	762,048
Bond issuance cost	0	0	0	276,330
<b>Total expenditures/expenses</b>	<b>0</b>	<b>42,125</b>	<b>768,028</b>	<b>26,289,971</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>0</b>	<b>303</b>	<b>40,329</b>	<b>(3,273,030)</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	0	0	0	5,055,000
Bond premiums	0	0	0	276,330
Deposit in escrow	0	0	0	0
Transfers in	0	0	0	89,722
Transfers out	0	0	0	(89,722)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,331,330</b>
<b>Net change in fund balance/net position</b>	<b>0</b>	<b>303</b>	<b>40,329</b>	<b>2,058,300</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>0</b>	<b>62,431</b>	<b>1,040,764</b>	<b>8,387,623</b>
<b>Fund balance/net position at end of year (deficit)</b>	<b>\$0</b>	<b>\$62,734</b>	<b>\$1,081,093</b>	<b>\$10,445,923</b>

# Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,  
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)  
For the year ended June 30, 2019

	GASB			Adjusted Totals
	General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	
<b>Revenues:</b>				
Local government	\$0	\$0	\$0	\$6,600,274
State government	0	0	0	1,233,865
State of Illinois SURS on-behalf payments	0	0	0	4,225,811
Federal government	0	0	0	3,213,224
Student tuition and fees	0	0	(1,488,465)	3,543,182
Sales and service fees	0	0	290,971	1,108,350
Interest	0	0	0	240,250
Other	0	0	(1,542,986)	111,505
<b>Total revenues</b>	<b>0</b>	<b>0</b>	<b>(2,740,480)</b>	<b>20,276,461</b>
<b>Expenditures/expenses:</b>				
<b>Current:</b>				
Instruction	0	275,071	0	5,928,402
Academic support	0	44,903	0	1,056,318
Student services	0	70,639	0	1,676,161
Public services	0	21,782	0	548,651
Auxiliary services	0	16,573	(1,252,015)	1,311,538
Operation and maintenance of plant	(3,546,705)	18,291	0	1,257,115
Institutional support	11,062	150,411	(10,150)	4,530,755
Scholarships, student grants, and waivers	0	0	(1,492,425)	1,705,090
Depreciation expense	838,943	0	0	838,943
<b>Debt service:</b>				
Principal retirement	0	(1,545,000)	0	0
Interest	0	(60,072)	0	701,976
Bond issuance cost	0	(276,330)	0	0
<b>Total expenditures/expenses</b>	<b>(2,696,700)</b>	<b>(1,283,732)</b>	<b>(2,754,590)</b>	<b>19,554,949</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>2,696,700</b>	<b>1,283,732</b>	<b>14,110</b>	<b>721,512</b>
<b>Other financing sources (uses):</b>				
Bond proceeds	0	(5,055,000)	0	0
Bond premium	0	(276,330)	0	0
Deposit in escrow	0	0	0	0
Transfers in	0	0	(89,722)	0
Transfers out	0	0	89,722	0
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>(5,331,330)</b>	<b>0</b>	<b>0</b>
<b>Net change in fund balance / net position</b>	<b>2,696,700</b>	<b>(4,047,598)</b>	<b>14,110</b>	<b>721,512</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>19,433,420</b>	<b>(22,961,291)</b>	<b>303,844</b>	<b>5,163,596</b>
<b>Fund balance/net position at end of year (deficit)</b>	<b>\$22,130,120</b>	<b>(\$27,008,889)</b>	<b>\$317,954</b>	<b>\$5,885,108</b>

Spoon River College District No. 534  
 Schedule of Operating Revenues and Expenses, by Program  
 Auxiliary Enterprise Fund  
 For the year ended June 30, 2019

	General	Bookstore	Food Services	Print Shop	Postage	Nursing Exams	Student Activities
<b>Operating revenues:</b>							
Sales and service fees	\$0	\$571,205	\$67,543	\$5,192	\$15,703	\$6,241	\$150
Student tuition and fees	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Interest	2,858	0	0	0	0	0	0
<b>Total revenues</b>	<b>2,858</b>	<b>571,205</b>	<b>67,543</b>	<b>5,192</b>	<b>15,703</b>	<b>6,241</b>	<b>150</b>
<b>Operating expenses:</b>							
Salaries	0	25,459	59,690	0	0	0	15,165
Employee benefits	0	11,545	0	0	0	0	0
Contractual services	0	0	1,611	18,588	0	0	14,676
General materials and supplies	0	445,651	67,315	5,524	16,620	1,599	6,025
Travel and conference/ meeting expenses	0	124	0	0	0	0	0
	0	0	271	0	0	0	2,937
Fixed charges	0	19,729	0	0	0	0	0
Other	0	(77,034)	0	0	0	0	1,680
<b>Total operating expenses</b>	<b>0</b>	<b>425,474</b>	<b>128,887</b>	<b>24,112</b>	<b>16,620</b>	<b>1,599</b>	<b>40,483</b>
Operating income (loss) before operating transfers	2,858	145,731	(61,344)	(18,920)	(917)	4,642	(40,333)
Operating transfers	0	0	0	0	0	0	0
<b>Net income (loss)</b>	<b>\$2,858</b>	<b>\$145,731</b>	<b>(\$61,344)</b>	<b>(\$18,920)</b>	<b>(\$917)</b>	<b>\$4,642</b>	<b>(\$40,333)</b>



# Spoon River College District No. 534

## Schedule of Operating Revenues and Expenses, by Program (Continued)

### Auxiliary Enterprise Fund

For the year ended June 30, 2019

	Athletics	Diesel Tractor Auto Technology	Transportation	Health Insurance	Total
<b>Operating revenues:</b>					
Sales and service fees	\$90,000	\$61,345	\$0	\$0	\$817,379
Student tuition and fees	0	0	0	0	0
Other	0	0	0	311,866	311,866
Interest	0	0	0	0	2,858
<b>Total revenues</b>	<b>90,000</b>	<b>61,345</b>	<b>0</b>	<b>311,866</b>	<b>1,132,103</b>
<b>Operating expenses:</b>					
Salaries	83,752	0	0	0	184,066
Employee benefits	11,246	0	0	311,866	334,657
Contractual services	12,214	0	0	0	47,089
General materials and supplies	34,645	57,738	0	0	635,117
Travel and conference/ meeting expenses	48,005	0	0	0	51,213
Fixed charges	2,054	0	0	0	21,783
Other	0	0	0	0	(75,354)
<b>Total operating expenses</b>	<b>191,916</b>	<b>57,738</b>	<b>0</b>	<b>311,866</b>	<b>1,198,695</b>
Operating income (loss) before operating transfers	(101,916)	3,607	0	0	(66,592)
Operating transfers	0	0	0	0	0
<b>Net income (loss)</b>	<b>(\$101,916)</b>	<b>\$3,607</b>	<b>\$0</b>	<b>\$0</b>	<b>(\$66,592)</b>

**Spoon River College District No. 534**  
**Assessed Valuations, Tax Rates, Tax Extensions**  
**and Tax Collections**  
**Levy Years 2018, 2017, and 2016**

	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>Assessed Valuations</b>	<b>\$945,852,246</b>	<b>\$931,311,632</b>	<b>\$894,299,396</b>
<b>Tax Rate (per \$100 assessed valuation):</b>			
Educational Accounts	0.2412	0.2366	0.2469
Bond and Interest Fund	0.2563	0.2249	0.2126
Operations and Maintenance Accounts	0.0500	0.0481	0.0494
Audit Fund	0.0047	0.0045	0.0047
Fire Prevention/Safety/Energy	0.0234	0.0228	0.0146
Liability, Protection, Settlement, and Social Security	0.0795	0.0772	0.0797
<b>Total tax rate</b>	<b>0.6551</b>	<b>0.6141</b>	<b>0.6079</b>
<b>Tax Extensions:</b>			
Educational Accounts	\$2,281,396	\$2,257,316	\$2,199,883
Bond and Interest Fund	2,424,219	2,145,691	1,894,269
Operations and Maintenance Accounts	472,926	458,905	440,155
Audit Fund	44,455	42,933	41,877
Fire Prevention/Safety/Energy	221,329	217,527	130,086
Liability, Protection, Settlement, and Social Security	751,953	736,537	710,128
<b>Total tax extensions</b>	<b>\$6,196,278</b>	<b>\$5,858,909</b>	<b>\$5,416,398</b>
<b>Tax Collections to June 30:</b>			
Educational Accounts	\$360,717	\$2,248,139	\$2,186,121
Bond and Interest Fund	368,745	1,993,903	1,891,071
Operations and Maintenance Accounts	71,648	456,824	438,889
Audit Fund	6,717	42,421	41,562
Fire Prevention/Safety/Energy	18,386	157,437	117,914
Liability, Protection, Settlement, and Social Security	129,509	792,593	719,420
<b>Total tax collections</b>	<b>\$955,722</b>	<b>\$5,691,317</b>	<b>\$5,394,977</b>
<b>Percent of extensions collected</b>	<b>15.42%</b>	<b>97.14%</b>	<b>99.60%</b>

## State Grant Activity and Schedule of Enrollment Data



## **INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS**

Board of Trustees  
Spoon River College District No. 534  
Canton, Illinois

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

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Spoon River College District No. 534 (the “College”) as of and for the year ended June 30, 2019, and the related notes to the 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 and the grant policy guidelines of the Illinois Community College Board’s *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Spoon River College District No. 534 as of June 30, 2019, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States.

## **Compliance**

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to materially comply with the provisions of laws, regulations, contracts and grants between the College and the State of Illinois and the Illinois Community College Board (ICCB). However, our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced laws, regulations, contracts and grants. We also believe that the College is materially in compliance with the provisions of laws, contracts, and ICCB policy guidelines with respect to restricted grants.

## **Emphasis of Matter**

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of Spoon River College District No. 534 as of June 30, 2019, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

*Wipfli LLP*

Sterling, Illinois  
September 11, 2019

# Spoon River College District No. 534

## Balance Sheet

### State Adult Education and Family Literacy Restricted Funds

June 30, 2019

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<b>ASSETS</b>	<b>State Basic</b>	<b>State Performance</b>	<b>Total</b>
Cash	\$0	\$0	\$0
Receivables	10,333	5,759	16,092
<b>Total assets</b>	<b>\$10,333</b>	<b>\$5,759</b>	<b>\$16,092</b>

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<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>			
Liabilities:			
Accrued liabilities	\$1,998	\$1,404	\$3,402
Advances from other funds	8,335	4,355	12,690
<b>Total liabilities</b>	<b>10,333</b>	<b>5,759</b>	<b>16,092</b>
Deferred inflows of resources - Unavailable grant revenue	0	0	0
Fund balance	0	0	0
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$10,333</b>	<b>\$5,759</b>	<b>\$16,092</b>

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# Spoon River College District No. 534

## Statement of Revenues, Expenditures and Changes in Fund Balance

### State Adult Education and Family Literacy Restricted Funds

For the year ended June 30, 2019

	State Basic	State Performance	Total
Revenues -			
Grant revenue	\$103,330	\$57,590	\$160,920
Expenditures:			
Instruction	65,117	13,133	78,250
Social work services	5,088	0	5,088
Guidance services	17,757	0	17,757
Subtotal instructional and student services	87,962	13,133	101,095
General administration	15,368	42,981	58,349
Data and information services	0	1,476	1,476
Subtotal program support	15,368	44,457	59,825
Contractual Services	0	0	0
Total expenditures	103,330	57,590	160,920
Excess of revenues over expenditures	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$0	\$0

# Spoon River College District No. 534

ICCB Compliance Statement for the Adult Education and Family Literacy  
Grant - Expenditure Amounts and Percentages for ICCB Grant Funds Only  
State Adult Education Restricted Funds  
For the year ended June 30, 2019

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<b>State Basic</b>	<b>Audited Expenditure Amount</b>	<b>Actual Expenditure Percentage</b>
Instruction (45% minimum required)	\$65,117	63.02%
General Administration (15% maximum allowed)	\$15,368	14.87%



# Spoon River College District No. 534

## Notes to ICCB Grant Programs Financial Statements

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### **Note 1**    **Summary of Significant Accounting Policies**

#### **General**

The accompanying statements include only those transactions resulting from the State Adult Education and Family Literacy and Career and Technical Education-Program Improvement Grants. These transactions have been accounted for in the College's Restricted Purpose Fund.

#### **Basis of Accounting**

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2019. Funds obligated for goods must be spent before December 31.

#### **Fixed Assets**

Fixed asset purchases are recorded as capital outlay and not capitalized. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

### **Note 2**    **Payment of Prior Year's Encumbrances**

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

# Spoon River College District No. 534

## Background Information on State Grant Activity

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### **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 child care facilities or provision.

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



**INDEPENDENT ACCOUNTANT'S REPORT ON ENROLLMENT DATA  
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

Board of Trustees  
Spoon River College District No. 534  
Canton, Illinois

We have examined management of Spoon River College District No. 534's (the "College") assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Spoon River College District No. 534 during the period July 1, 2018 through June 30, 2019. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

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

Our examination does not provide a legal determination on the College's compliance with the specified requirements.

In our opinion, management's assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Spoon River College District No. 534 is fairly stated, in all material respects.

*Wipfli LLP*

Sterling, Illinois  
September 11, 2019

# Spoon River College District No. 534

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed  
For the year ended June 30, 2019

## Total Reimbursable Semester Credit Hours by Term

<u>Credit Hour Categories</u>	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	2,149.0	0.0	8,166.0	0.0	7,984.0	0.0	18,299.0	0.0
Business Occupational	40.0	0.0	606.0	17.0	312.5	17.0	958.5	34.0
Technical Occupation	286.0	0.0	1,042.5	0.0	1,231.0	0.0	2,559.5	0.0
Health Occupational	375.0	0.0	912.5	0.0	1,175.0	0.0	2,462.5	0.0
Remedial Development	40.0	0.0	726.0	0.0	514.0	0.0	1,280.0	0.0
Adult Education	0.0	0.0	0.0	399.0	0.0	363.0	0.0	762.0
	2,890.0	0.0	11,453.0	416.0	11,216.5	380.0	25,559.5	796.0


	In-District (All Terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	21,862.0	0.0	2,254.0	0.0	28.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 0.0

District equalized assessed valuation \$931,311,632

## Correctional Semester Credit Hours by Term

<u>Credit Hour Categories</u>	Summer	Fall	Spring	Total
	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical Occupation	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0
Remedial Development	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0

Signature:   
President

Signature:   
Chief Financial Officer

# Spoon River College District No. 534

## Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

(Continued)

For the year ended June 30, 2019

Total Reimbursable Semester Credit Hours						
Credit Hour Categories	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
	Baccalaureate	18,299.0		18,299.0	0.0	
Business Occupational	958.5	958.5	0.0	34.0	34.0	0.0
Technical Occupation	2,559.5	2,559.5	0.0	0.0	0.0	0.0
Health Occupational	2,462.5	2,462.5	0.0	0.0	0.0	0.0
Remedial Development	1,280.0	1,280.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	762.0	762.0	0.0
Total:	25,559.5	25,559.5	0.0	796.0	796.0	0.0
Total Correctional Semester Credit Hours						
Credit Hour Categories	Total Reported in Audit Unrestricted Hours	Total Certified to ICCB Unrestricted Hours	Difference	Total Reported in Audit Restricted Hours	Total Certified to ICCB Restricted Hours	Difference
	In-District Credit Hours:	21,862.0		21,862.0	0.0	
Dual Credit Hours:	2,254.0	2,254.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	28.0	28.0	0.0	0.0	0.0	0.0
Baccalaureate	0	0	0	0	0	0
Business Occupational	0	0	0	0	0	0
Technical Occupation	0	0	0	0	0	0
Health Occupational	0	0	0	0	0	0
Remedial Development	0	0	0	0	0	0
Adult Education	0	0	0	0	0	0
Total:	0	0	0	0	0	0

See Notes to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed.

# Spoon River College District No. 534

Note to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

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## **Note 1     Residency Verification Process**

### **Procedures for Verifying and Classifying Residency**

A student is considered a resident of Spoon River College District No. 534 if one of the following criteria is met at least 30 days prior to the start of the academic term.

1. The student resides with his/her parents within the district.
2. The student is an emancipated minor, completely self-supporting and residing within the district.
3. The student is married and maintains a family residence within the district.
4. The student is self-supporting as defined by the Federal Office of Education and maintains a residence with the district not operated by an institution or higher education; or
5. The student resides outside the district but work full-time (at least 35 hours per week) within the district.

Students must provide one of the following to verify residency:

- In-district driver's license (if not a licensed driver, a State identification card)
- In-district voter's registration card
- Property tax forms showing taxes paid to Spoon River College District No. 534.
- Letter from employer verifying employment equal to or greater than 35 hours a week at a local in-district employer.
- Concurrent full-time enrollment at Western Illinois University.

## Annual Federal Financial Compliance Section



**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  
Spoon River College District No. 534  
Canton, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Spoon River College District No. 534 (the “College”), as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated September 11, 2019. The financial statements of Spoon River College Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 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. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College’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 the attention of 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College'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.

*Wipfli LLP*

Sterling, Illinois  
September 11, 2019



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

Board of Trustees  
Spoon River College District No. 534  
Canton, Illinois

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

We have audited Spoon River College District No. 534’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 each of the its major federal programs for the year ended June 30, 2019. 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 for Compliance***

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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 Spoon River College District No. 534 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

## 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.

*Wipfli LLP*

Sterling, Illinois  
September 11, 2019

# Spoon River College District No. 534

## Schedule of Expenditures of Federal Awards

For the year ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Education:</b>				
Pass-through Illinois Community College Board:				
Adult Education:				
Federal Adult Basic	84.002	53401	\$72,795	\$0
Direct awards:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1289	69,116	0
Federal Work Study Program (m)	84.033	P033AXX1289	26,871	0
Federal Pell Grant Program (m)	84.063	P063AXX1340	2,713,356	0
Federal Direct Loan Program (m)	84.268	P268KXX1340	1,474,549	0
Total student financial assistance cluster			4,283,892	0
TRIO - Student Support Services	84.042	P042AXX0515	236,278	0
Passed through the Illinois Community College Board:				
Perkins Postsecondary Grants	84.048	CTE53416	89,706	0
<b>Total U.S. Department of Education</b>			<b>\$4,682,671</b>	<b>\$0</b>
<b>Total federal awards expended</b>			<b>\$4,682,671</b>	<b>\$0</b>

(m) Denotes major program

# Spoon River College District No. 534

## Notes to the Schedule of Expenditures of Federal Awards

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### **Note 1**    **Significant Accounting Policy**

Reporting entity and basis of accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spoon River College District No. 534 (the "College") for the year ended June 30, 2019, and is presented on the modified accrual basis of accounting. 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. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2019.

### **Note 2**    **Loan Program**

For the year ended June 30, 2019, the College acted as a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$1,474,549.

### **Note 3**    **Non-cash Assistance**

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2019.

# Spoon River College District No. 534

## Schedule of Findings and Questioned Costs

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### Section I – Summary of Auditor’s Results

#### Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?                    \_\_\_ yes             X  no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)?       \_\_\_ yes             X  none reported

Noncompliance material to financial statements noted?   \_\_\_ yes             X  no

#### Federal Awards

Internal control over major programs:

Material weakness(es) identified?                    \_\_\_ yes             X  no

Significant deficiency(ies) identified that are  
not considered to be material weakness(es)       \_\_\_ yes             X  none reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?   \_\_\_yes             X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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84.007, 84.033, 84.063, 84.268	Student Financial Assistance
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Dollar threshold used to distinguish between type A and type B programs:                    \$  750,000

Auditee qualified as low-risk auditee?                     X  yes            \_\_\_no

# Spoon River College District No. 534

## Schedule of Findings and Questioned Costs

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### **Section II – Financial Statement Findings**

A. Internal Control

None

B. Compliance Finding

None

### **Section III – Federal Award Findings and Questioned Costs**

A. Internal Control

None

B. Compliance Findings

None

# Spoon River College District No. 534

## Summary Schedule of Prior Audit Findings

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### Prior Year Findings:

**June 30, 2018**

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control  
None

B. Compliance Finding  
None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control  
None

B. Compliance Finding  
None



# Spoon River College District No. 534

## Summary Schedule of Prior Audit Findings

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**June 30, 2017**

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control  
None

B. Compliance Finding  
None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control  
None

B. Compliance Finding  
None