

SAUK VALLEY COMMUNITY COLLEGE DISTRICT 506

DIXON, ILLINOIS

ANNUAL FINANCIAL REPORT

For the fiscal year ended June 30, 2015

TABLE OF CONTENTS

**Page
Number**

FINANCIAL SECTION

INDEPENDENT AUDITOR’S REPORT	1 - 3
Management’s Discussion and Analysis	4 - 9
<u>Basic Financial Statements</u>	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12 - 13
Notes to Financial Statements	14 - 34
<u>Required Supplementary Information</u>	
Covered payroll	35
Notes to Required Supplementary Information	36

SPECIAL REPORTS SECTION

<u>Supplemental Financial Information</u>	
Supplemental Financial Information Section	37
Uniform Financial Statements	38 - 46
Certification of Chargeback Reimbursement	47
<u>Other Supplemental Financial Information</u>	
Balance Sheet – All Fund Types	48 - 50
Combining Statement of Revenues, Expenditures/Expenses, and Changes in Fund Balance (Deficit) - All Fund Types	51 - 53
Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections	54
<u>State Grant Activity and Schedule of Enrollment Data</u>	
INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS AND CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT GRANT	55 - 56
State Adult Education Family Literacy Grants:	
Balance Sheet	57
Statement of Revenues, Expenditures, and Changes in Fund Balance	58
ICCB Compliance Statement for the Adult Education and Family Literacy Grant – Expenditure Amounts and Percentages for ICCB Grant Funds Only	59

**SPECIAL REPORTS SECTION
(Continued)**

State Grant Activity and Schedule of Enrollment Data (continued)

Career and Technical Education Program Improvements Grants:	
Balance Sheet	60
Statement of Revenues, Expenditures, and Changes in Fund Balance	61
Notes to ICCB Grant Programs Financial Statements	62
Background Information on State Grant Activity	63
INDEPENDENT ACCOUNTANT'S REPORT ON ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED	64
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	65 - 66
Note to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	67

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	68 - 69
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133	70 - 72
Schedule of Expenditures of Federal Awards	73
Notes to the Schedule of Expenditures of Federal Awards	74
Schedule of Findings and Questioned Costs	75 - 76
Summary Schedule of Prior Audit Findings	77 - 78

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Sauk Valley Community College District 506
Dixon, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Sauk Valley Community College District 506 (the "College") as of and for the year ended June 30, 2015, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Sauk Valley Community 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 the aggregate discretely presented component unit of Sauk Valley Community College District 506, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter

The College adopted GASB Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". Our opinions are not modified with respect to this matter.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the SURS Pension Information, 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental financial information is the responsibility of management and was 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 of America. In our opinion, the supplemental financial information listed under the special reports section of the table of contents is fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplemental financial information on pages 48 through 54 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2015, 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 describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
October 13, 2015

Sauk Valley Community College District 506

Management Discussion and Analysis

Using This Annual Report

As the management of Sauk Valley Community College District 506 (the “College”), we offer the readers of the College’s financial statements this narrative overview and analysis of the financial activities of the College for the year ended June 30, 2015.

The MD&A provides an overview of the College’s financial position at June 30, 2015 and the results of operations for the year. This summary should not be taken as a replacement for the audit report, which consists of the financial statements, notes to the financial statements, required, supplemental and other supplemental financial information.

The financial statements, as presented under the reporting model established by GASB Statement No. 35, focus on the College as a whole. The basic financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The Statement of Net Position focuses on the financial condition of the College. This statement combines and consolidates current financial resources (short-term expendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of 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 remainder of the MD&A highlights the structure and contents of the primary government’s financial statements.

Financial Highlights

The College is one of 39 community college districts in the State of Illinois. It is located in the northwest corner of the state. The communities it serves are predominantly rural, with agriculture prominent in the region.

The College district encompasses 1,466 square miles and includes portions of six counties: Bureau, Carroll, Henry, Lee, Ogle and Whiteside. The district has a population of just over 100,000, with the majority of that population concentrated in and near the towns of Dixon, Sterling, and Rock Falls.

Financial highlights for the College included the following for the year ended June 30, 2015:

- The College paid down \$1,410 thousand of long-term debt during the year.
- The College had approximately \$527 thousand of State funding in arrears at June 30, 2015.
- Net position increased during FY 2015 by approximately \$867 thousand.
- During FY2015, the College’s enrollment in credit hours decreased about 4%.

Components of Financial Statements

The annual report consists of a series of financial statements and other information, as follows:

Management’s Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College’s financial activities.

Sauk Valley Community College District 506

Management Discussion and Analysis

Components of Financial Statements (continued)

The basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

Notes to the financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

The College's financial position is summarized as follows for the years ended June 30, 2015 and 2014:

Financial Analysis of the College as a Whole

Net Position				
As of June 30, (in thousands)				
	2015	2014	Increase (Decrease)	Percent Change
Current assets	\$23,689	\$22,021	\$1,668	7.6%
Noncurrent assets:				
Capital assets, net	22,077	21,520	557	2.6%
Other	5,144	3,784	1,360	35.9%
Total assets	50,910	47,325	3,585	7.6%
Deferred outflow of resources	27	0	27	100%
Total assets and deferred outflows	50,937	47,325	3,612	7.6%
Current liabilities	2,768	3,134	(366)	(11.7)%
Noncurrent liabilities	4,156	1,085	3,071	283.0%
Total liabilities	6,924	4,219	2,705	64.1%
Deferred inflows of resources	3,428	3,389	39	1.2%
Total liabilities and deferred inflows	10,353	7,608	2,745	36.1%
Net position:				
Net investment in capital assets	17,009	19,099	(2,090)	(10.9)%
Restricted	6,926	3,706	3,220	86.9%
Unrestricted	16,649	16,912	(263)	(1.6)%
Total net position	\$40,584	\$39,717	\$867	2.2%

The College's total net position at June 30, 2015 increased \$867 thousand, an increase of approximately 2.2%.

In fiscal year 2015, the College's total assets and deferred outflows increased by \$3,612 thousand. Current assets increased \$1,668 thousand. This increase is due primarily to property tax receivable decreasing by \$259 thousand, government receivables increasing by \$1,775 thousand, prepaid decreasing by \$195 thousand and cash/investments increasing by \$283 thousand. Noncurrent assets increased \$1,917 thousand primarily due to capital assets increasing by \$557 thousand and restricted investments decreasing by \$1,360 thousand. Deferred outflows increased \$27 thousand due to the deferred pension contribution related to SURS.

Sauk Valley Community College District 506

Management Discussion and Analysis

Financial Analysis of the College as a Whole (continued)

Total liabilities and deferred inflows increased \$2,745 thousand. Current liabilities decreased \$366 thousand due to deferred revenue decreasing by \$68 thousand, accrued expenses increasing by \$128 thousand and current maturities decreasing by \$426 thousand. Noncurrent liabilities increased \$3,071 thousand due to bond payable increasing by \$3,073 thousand and compensated absence accrual decreasing by \$2 thousand. Deferred inflows increased \$39 thousand due to economic gain on refunding of \$50 thousand.

In fiscal year 2015, the College's total net position increased \$867 thousand. Restricted net position increased \$3,220 thousand primarily due to proceeds received from issuance of debt certificates in 2015. Net investment in capital assets decreased by \$2,090 thousand due to capital assets increasing by \$597 thousand and debt services payable decreasing by \$2,647 thousand.

Revenues and expenses for the years ended June 30, 2015 and 2014 are as follows:

Operating Results for the Year Ended June 30, (in thousands)				
	2015	2014	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	\$2,620	\$3,031	\$(411)	(13.6)%
Auxiliary	199	161	38	23.6%
State sources	2,732	3,491	(759)	(21.7)%
Federal sources	5,156	5,578	(422)	(7.6)%
Property taxes	6,724	6,845	(121)	(1.8)%
Personal property replacement tax	497	462	35	7.6%
Interest income	196	117	79	67.5%
Other	3,519	3,123	396	12.7%
Total revenues	21,643	22,808	(1,165)	(5.1)%
Expenses:				
Instruction	5,004	5,096	(92)	(1.8)%
Academic support	1,346	1,299	47	3.6%
Student services	1,549	1,838	(289)	(15.7)%
Public services	520	507	13	2.6%
Independent operations	460	237	223	94.1%
Operations and maintenance	1,815	1,973	(158)	(8.0)%
Institutional support	5,819	5,417	402	7.4%
Scholarships, grants and waivers	3,289	3,872	(583)	(15.1)%
Depreciation	762	781	(19)	(2.4)%
Interest	212	70	142	202.9%
Total expenses	20,776	21,090	(314)	(1.5)%
Change in net position	867	1,718	(851)	(49.5)%
Net position, beginning of year	39,717	37,999	1,718	4.5%
Net position, end of year	\$40,584	\$39,717	\$867	2.2%

Sauk Valley Community College District 506

Management Discussion and Analysis

Financial Analysis of the College as a Whole (continued)

At June 30, 2015, net position increased \$867 thousand. Compared to fiscal year 2014, revenues decreased \$1,165 thousand and expenses decreased \$314 thousand.

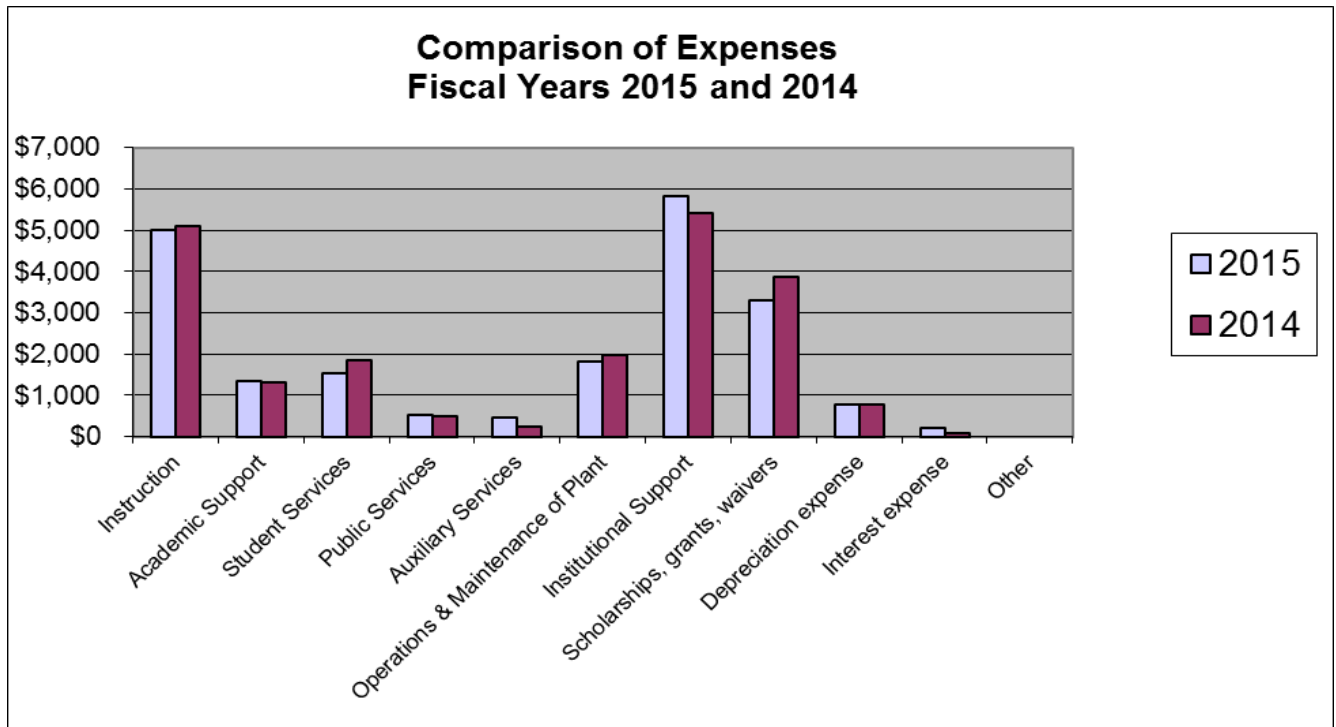
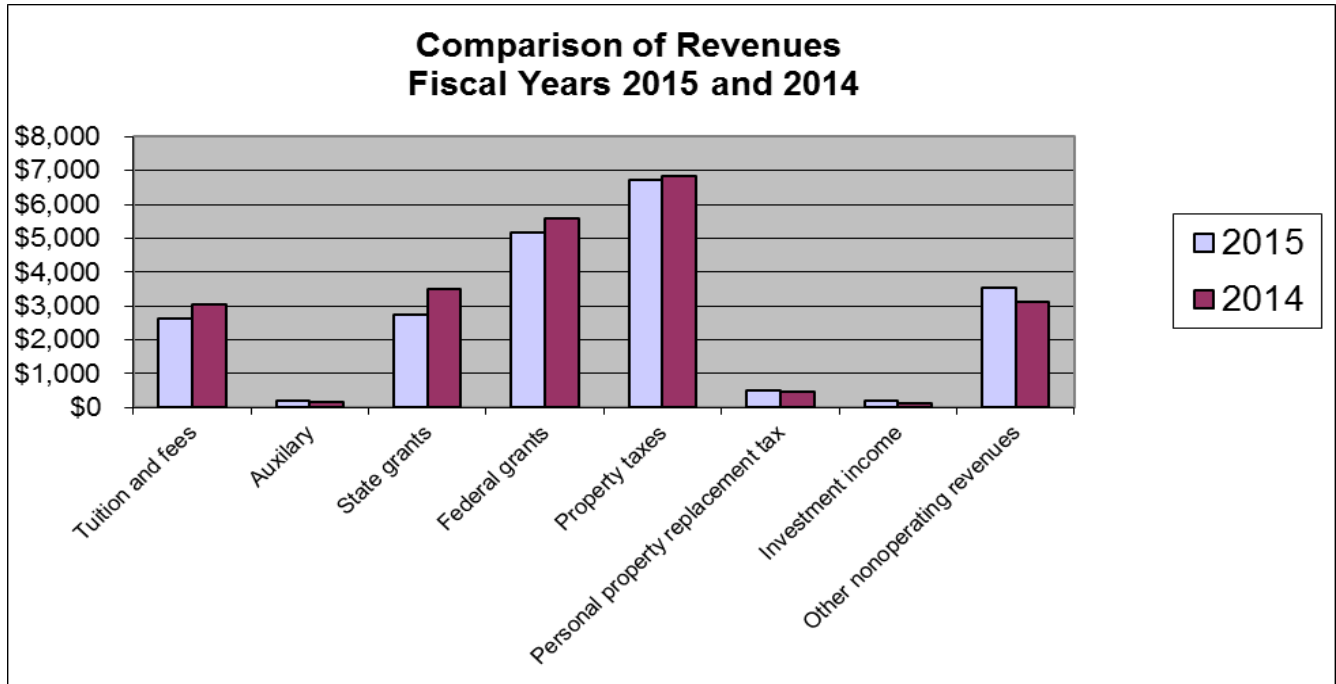
Operating revenue decreased by \$373 thousand from fiscal year 2014 due to scholarship allowance increasing by \$284 thousand and overall college enrollment being down 2.3% to create a decrease in tuition of \$411 thousand and auxiliary revenue increasing by \$38 thousand. Non-operating state revenue decreased by \$759 thousand due Credit Hour Grant decreasing by \$103 thousand, Equalization grant decreasing by \$257 thousand, Career and Tech Ed Grant decreasing by \$2 thousand, no issuance of capital renewal funds of \$392 thousand that were received in 2014, Adult Ed increasing by \$21 thousand, ISAC decreasing by \$43 thousand, Illinois Vets Grant decreasing by \$20 thousand and other state grants decreasing by \$37 thousand. Non-operating federal revenue decreased over fiscal 2014 by \$422 thousand. This decrease is due to Pell Grants being down \$142 thousand, Perkins Grant being down \$32 thousand, Direct Student Loan being down \$181 thousand and AmeriCorps Grant being down \$67 thousand. Local property tax decreased due to an overall decrease in the counties EAV in 2013 of 1% and a slight increase in 2014. Other income increased due to an increase in the states SURS on behalf payment.

Expenses decreased \$314 thousand. This was due to reorganizations of some departments within the college that brought salary and benefits expense down by \$262 thousand and an increase in interest expense due to the issuance of \$4,000 thousand in Funding Bonds in FY2015.

Sauk Valley Community College District 506

Management Discussion and Analysis

The following graphs depict revenues and expense for the years ended June 30, 2015 and 2014:



Sauk Valley Community College District 506

Management Discussion and Analysis

Capital Assets

At June 30, 2015, the College had approximately \$35,739 thousand invested in land, buildings, land improvements, and equipment. In addition, approximately \$13,662 thousand in depreciation has accumulated over the years, with approximately \$762 thousand being incurred in the current year. The College's net book value of capital assets at June 30, 2015 is approximately \$22,077 thousand.

Total additions for the year were approximately \$1,321 thousand. Most of the additions during the year were financed through either funding bonds or grants.

See Note 3 to the financial statements for additional information regarding capital assets.

Long-Term Debt Activity

At June 30, 2015, the College had approximately \$992 thousand in general long-term debt for Series 2010 bonds. In December 2014 the college issued an additional \$3,885 thousand in general long-term debt for Series 2014 bonds. Repayments of this debt, including interest, will be approximately \$1,111 thousand for fiscal year 2016.

The College's most recent Standard & Poor's bond rating (2014) was "AA-". State statutes limit the amount of debt that a school district may issue. The current debt limit for the College is approximately \$41 million under that statutory limit.

See Note 4 to the financial statements for additional information relating to the College's long-term debt activity.

Factors Impacting the College's Future

For fiscal year 2016, the College is expecting a decrease in enrollment as the economy strengthens and the area population shrinks. Property tax revenue will increase approximately 1% due to the strong agriculture industry in the College district. The College is planning on the State of Illinois funding will be reduced approximately 14% from the previous year. This is only an estimate due to the State not passing their budget for FY16 as of June 30, 2015. The State continues to be slow in paying and the College is anticipating a \$500 thousand deferment in state payments at the end of FY2016.

In fiscal year 2016, the College's master plan calls for renovation of the remaining science labs and certain community services areas over the next five years. Expected costs are approximately \$9,000,000 and financing for these projects is from funding bonds, Protection, Health and Safety tax levies, prior fund surpluses and state capital project funds.

Requests for Information

This financial report is designed to provide a general overview of Sauk Valley Community College's finances for all those with interest in the topic. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to:

Director of Business Services
Sauk Valley Community College District 506
173 Illinois Rte. 2
Dixon, IL 61021
Phone number (815) 288-5511

BASIC FINANCIAL STATEMENTS

Sauk Valley Community College District 506

Statement of Net Position

June 30, 2015

	Primary Institution Business-Type Activities	Component Unit Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$2,071,583	\$198,577
Deposits	2,500,000	597,599
Short-term investments	11,501,507	4,237,949
Property taxes receivable	4,699,661	0
Other receivables	2,692,707	2,053
Prepaid expenses	219,303	0
Inventories	3,684	0
Total current assets	23,688,445	5,036,178
Noncurrent assets:		
Long-term investments	5,144,231	0
Capital assets	35,738,900	0
Less accumulated depreciation	(13,661,855)	0
Total noncurrent assets	27,221,276	0
Total assets	50,909,721	5,036,178
DEFERRED OUTFLOW OF RESOURCES		
Deferred pension	26,915	0
Total assets and deferred outflows of resources	50,936,636	5,036,178
LIABILITIES		
Current liabilities:		
Accounts payable	832,722	5,752
Accrued liabilities	299,921	0
Unearned tuition and fees	398,950	0
Accrued compensated absences	216,238	0
College payable - gifts held for investment	0	1,940,057
Bonds payable, net of unamortized premiums (discounts)	1,020,180	0
Total current liabilities	2,768,011	1,945,809
Noncurrent liabilities:		
Accrued compensated absences	108,119	0
Bonds payable, net of unamortized premiums (discounts)	4,048,100	0
Total noncurrent liabilities	4,156,219	0
Total liabilities	6,924,230	1,945,809
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	3,373,727	0
Deferred grant revenue	9,962	0
Unamortized gain on refunding	44,684	0
Total deferred inflows of resources	3,428,373	0
Total liabilities and deferred inflows of resources	10,352,603	0
NET POSITION / NET ASSETS		
Net investment in capital assets	17,008,765	0
Restricted for:		
Nonexpendable, scholarships	0	2,010,275
Expendable:		
Scholarships and grants	27,422	1,016,732
Capital projects	6,050,816	0
Debt service	776,435	0
Unrestricted	16,720,595	63,362
Total net position / net assets	\$40,584,033	\$3,090,369

See Notes to Financial Statements.

Sauk Valley Community College District 506
Statement of Revenues, Expenses, and Changes in Net Position
For the year ended June 30, 2015

	Primary Institution Business-Type Activities	Component Unit Foundation
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,652,044	\$2,620,266	\$0
Auxiliary enterprises revenue	198,736	0
Contributions	0	369,105
Other	0	132,884
Total operating revenue	2,819,002	501,989
Operating expenses:		
Instruction	5,004,426	0
Academic support	1,345,811	0
Student services	1,548,868	0
Public services	520,234	0
Auxiliary services	460,064	0
Operation and maintenance of plant	1,814,606	0
Institutional support	5,819,512	133,293
Scholarships, student grants, and waivers	3,288,692	303,563
Depreciation expense	761,702	0
Total operating expenses	20,563,915	436,856
Operating income (loss)	(17,744,913)	65,133
Nonoperating revenues (expenses):		
State grants	2,732,445	0
Federal grants	5,155,633	0
Property taxes	6,724,153	0
Personal property replacement tax	496,994	0
Investment income	195,637	0
Other nonoperating revenues	3,518,864	0
Interest expense	(212,218)	0
Net nonoperating revenues (expenses)	18,611,508	0
Change in net position / net assets	866,595	65,133
Net position / net assets:		
Beginning of year	\$39,717,438	\$3,025,236
End of year	\$40,584,033	\$3,090,369

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows

For the year ended June 30, 2015

	<u>Primary Institution</u> <u>Business-Type</u> <u>Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$5,210,566
Payments to suppliers	(1,744,883)
Payments to employees	(8,599,084)
Payments to students for scholarships	(8,592,780)
Auxiliary enterprise charges	198,736
Net cash used in operating activities	(13,527,445)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	7,000,180
Proceeds from grants	6,869,867
Net cash provided by noncapital financing activities	13,870,047
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(1,321,411)
Loss on disposal of capital assets	2,235
Principal paid on bonds payable	(1,410,000)
Proceeds from bonds sold	7,895,000
Principal deposit in escrow	(4,006,459)
Interest from escrow	(24,739)
Premium (discount) on bonds sold	230,870
Bond issuance costs	(91,931)
Interest paid on bonds payable and other long-term obligations	(270,551)
Net cash provided by (used in) capital and related financing activities	1,003,014
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received	300,201
Proceeds from maturities of investment securities	6,125,161
Purchases of investment securities	(7,487,533)
Net cash provided by (used in) investing activities	(1,062,171)
Net increase (decrease) in cash and cash equivalents	283,445
CASH AND CASH EQUIVALENTS:	
Beginning of year	1,788,138
End of year	\$2,071,583

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows (Continued)

For the year ended June 30, 2015

	<u>Primary Institution</u> <u>Business-Type</u> <u>Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED	
IN OPERATING ACTIVITIES:	
Operating loss	(\$17,744,913)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	761,702
State on-behalf payments for fringe benefits	3,224,466
Changes in assets and liabilities:	
Inventory	(799)
Prepaid expenses	194,783
Receivables	6,688
Deferred outflows of resources	(26,915)
Accounts payable	89,921
Accrued liabilities	43,078
Accrued compensated absences	(7,024)
Unearned tuition and fees	(68,432)
Net cash used in operating activities	(\$13,527,445)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:	
Increase (decrease) in fair value of investments and amortization/accretion	(\$58,103)
Purchase of equipment under capital leases	\$0
STATE ON-BEHALF PAYMENTS	\$3,224,466

See Notes to Financial Statements.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of entity

Sauk Valley Community College District 506 (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.

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.

Financial report entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations of which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Sauk Valley College Foundation (the Foundation) has a significant relationship with the College and is therefore included as a discretely presented component unit of the College. The Foundation is reported in a separate column in the basic financial statements to emphasize it is legally separate from the College.

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 Board of the Foundation is self-perpetuating. 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 accounting policies to the Foundation's operations and reporting model are described by FASB's issued guidance. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's 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.

Financial statements for the Foundation can be obtained at 173 Illinois Route 2, Dixon, Illinois 61021.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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-fund transactions have been eliminated. Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes, state appropriations and federal, state and local grants. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grant 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 or the fiscal period when the uses are first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

The following is a summary of the more significant policies:

Cash and cash equivalents

Cash includes deposits held at banks plus small amounts maintained for a change fund. Cash equivalents are defined as short-term highly liquid investments readily converted to cash with original maturities of three months or less. The College has deposits with financial institutions, which at times exceed the federally insured limits. Management does not believe this represents any significant risk to the College.

Investments

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair value is based on quoted market prices for the same or similar investments.

Receivables

All property tax, student tuition and governmental claims and grant receivables are expected to be received within one year. Governmental claims and grants are from state funding agencies. The College has a reserve of \$79,000 for uncollectible student tuition and fees. The College wrote off approximately \$17,000 of tuition and fees during the year ended June 30, 2015.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Property taxes

The College's property tax is levied each year on all taxable real property located in the College district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board's resolution, the property tax levy passed in November 2013 and 2014 were allocated fifty percent for each of the two years after the levy year.

Property taxes are collected by the County Collector and are submitted to the County Treasurer, who remits to the taxing bodies their respective share of collections. Taxes levied in one year become due and payable in two installments during the following year, generally on June 1st and September 1st. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1 of the levy year.

Inventories

Inventories consist of supplies held in the storeroom for internal use. 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 land, land improvements, buildings and equipment. The College defines capital assets as assets with an initial individual cost of more than \$2,500, and a useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Gains and losses realized upon retirement or disposition of capital assets are recognized in Statement of Revenues, Expenses, and Changes in Net Position as incurred. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

Land improvements	50 years
Buildings	50 years
Equipment	3-7 years

Unearned tuition and fee revenue

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

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 recorded in other assets or liabilities.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Compensated absences

Compensated absences are those absences for which employees will be paid, such as vacation leave. Liabilities for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the College and its employees, are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the College and its employees are accounted for in the period in which such services are rendered or in which such events take place. Support staff, professional staff, and administrators earn from 1 to 2 days of vacation per month of employment. All vacation earned must be taken within 18 months of the close of the fiscal year during which the vacation time has been earned. Sick leave accrues at the rate of .92 days per month. An employee will not be paid for unused sick leave when termination or resignation from the College occurs.

Other post-employment and related benefits

The College does not provide post-employment health care benefits (OPEB) for retired employees.

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.

Classification of revenues and expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and service fees. Revenue from exchange transactions is recognized when earned. Student tuition and fees are recorded on the statement of revenues, expenses, and changes in net position, net of scholarship allowance and student aid. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as local property taxes, state appropriations, most federal, state and local grants and interest. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition reported as nonoperating expenses.

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 Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the 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 2015 and 2014, the state made contributions of \$3,224,466 and \$2,867,632, respectively (Note 5).

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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”) 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.

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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 2 Cash and Investments

The College's cash and deposits throughout the year and at year-end consisted of demand deposit accounts and certificates of deposit. The College classifies these accounts between cash and deposits on the combined balance sheet according to liquidity and intended use.

Cash and deposits as of June 30, 2015 consist of the following:

	Carrying Amount
Cash on hand	\$1,350
Deposits with financial institutions	4,570,233
Total	\$4,571,583

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.

Interest rate risk – investments – Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The College's investment policy does not limit the maturities of investments as a means of managing exposure to fair value losses arising from increasing interest rates.

As of June 30, 2015, the College had the following investments with stated maturities at fair value:

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market	\$8,053,946	\$8,053,946	\$0	\$0	\$0
Certificate of deposit	6,696,825	3,199,421	3,597,404	0	0
U.S. Government agency securities	1,894,967	0	0	0	1,894,967
Total	\$16,645,738	\$11,253,367	\$3,497,404	\$0	\$1,894,967

As of June 30, 2015, the College had the following investments with stated ratings at fair value:

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$8,053,946	\$0	\$0	\$0	\$8,053,946
Certificate of deposit	6,696,825	0	0	0	6,696,825
U.S. Government agency securities	1,894,967	0	1,894,967	0	0
Total	\$16,645,738	\$0	\$1,894,967	\$0	\$14,750,771

Credit risk – investments – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College's investment policy minimizes credit risk by limiting investments to those which are rated with the 3 highest classifications established by Moody's or Standard and Poor's.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 2 Cash and Investments (continued)

Custodial credit risk – deposits – Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, the College's deposits may not be returned to it. The College's policies require deposits in excess of the federally insured amounts be collateralized at the rate of 110% of such deposits. As of June 30, 2015, the bank balances of the College's deposits were \$4,701,227. The College's deposits at Sterling Federal Bank were not properly collateralized as of June 30, 2015. The College only had securities of \$1,750,896 to cover the bank balance of \$2,201,227. As a result \$450,331 was uncollateralized as of June 30, 2015.

Custodial credit risk – investments – Custodial credit risk for investments is the risk that, in the event of a financial institution failure, the College will not be able to recover the value of its investments that are in the possession of an outside party. The College's investment policy requires that all securities be held in appropriate third party safekeeping. Safekeeping is to be documented by and approved written agreement. At June 30, 2015, none of the College's investment securities are subject to custodial credit risk.

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 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 does not have a foreign currency risk policy. The College does not have any investments with foreign currency risk exposure.

Note 3 Capital Assets

A summary of the changes in capital assets for the College for the year ended June 30, 2015, is as follows:

	Balance June 30, 2014	Additions	Deletions	Transfers	Balance June 30, 2015
Nondepreciable assets:					
Land	\$162,651	\$0	\$0	\$0	\$162,651
Construction in progress	422,530	648,182	0	(422,530)	648,182
Equipment in progress	0	53,683	0	0	53,683
	585,181	701,865	0	(422,530)	864,516
Depreciable assets:					
Land improvements	2,092,268	16,789	0	0	2,109,057
Buildings	25,335,319	494,467	0	422,530	26,252,316
Equipment	6,480,570	108,290	(75,849)	0	6,513,011
	33,908,157	619,546	(75,849)	422,530	34,874,384
Less accumulated depreciation:					
Land improvements	898,764	42,109	0	0	940,873
Buildings	6,442,349	508,235	0	0	6,950,584
Equipment	5,632,654	211,358	(73,614)	0	5,770,398
	12,973,767	761,702	(73,614)	0	13,661,855
Depreciable assets, net	20,934,390	(142,156)	(2,235)	422,530	21,212,529
Capital assets, net	\$21,519,571	\$559,709	(\$2,235)	\$0	\$22,077,045

Sauk Valley Community College District 506

Notes to Financial Statements

Note 4 Long-Term Debt

The College issued general obligation bonds dated September 21, 2010 in the amount of \$6,805,000. The issue provides for serial retirement of principal on February 1 of each year through 2016 with interest due February 1 and August 1, at a range of rates from 1% to 3%.

The College also issued general obligation bonds dated December 23, 2014 in the amount of \$3,885,000. The issue provides for serial retirement of principal on February 1 of each year starting in 2017 through 2020 with interest due February 1 and August 1, with an interest rate of 3%. The College fully defeased the 2014 Debt Certificates by paying the refunding bondholders from the proceeds of the Series 2014 general obligation bonds issue. As of June 30, 2015, the College has \$4,010,000 of the General Obligation Bonds which are considered defeased. The decrease in cash flow requirements as a result of the economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid. The College had an economic gain on the refunding of \$49,649.

The following is a summary of the long-term debt activity for the year ended June 30, 2015:

	Balance June 30, 2014	Additions	Payments	Balance June 30, 2015	Due Within One Year
Long-term debt:					
General obligation bonds and certificates	\$2,385,000	\$7,895,000	\$5,420,000	\$4,860,000	\$975,000
Bond premiums (discounts)	35,744	230,870	58,334	208,280	45,180
Compensated absences	331,381	176,774	183,798	324,357	216,238
Totals	\$2,752,125	\$8,302,664	\$5,662,132	\$5,392,637	\$1,236,418

The annual cash flow requirements of principal and interest are as follows:

Series 2010 General Obligation Bond Fiscal year ending June 30,	Principal	Interest	Total
2016	\$975,000	\$29,250	\$1,004,250
Total debt maturities	\$975,000	\$29,250	\$1,004,250

Series 2014 General Obligation Bond Fiscal year ending June 30,	Principal	Interest	Total
2016	\$0	\$128,853	\$128,853
2017	930,000	116,550	1,046,550
2018	955,000	88,650	1,043,650
2019	985,000	60,000	1,045,000
2020	1,015,000	30,450	1,045,450
Total debt maturities	\$3,885,000	\$424,503	\$4,309,503

Sauk Valley Community College District 506

Notes to Financial Statements

Note 4 Long-Term Debt (continued)

The following is a schedule of the legal debt margin of the College as of June 30, 2015:

Assessed valuation – 2014 levy	\$1,578,970,968
Debt limit – 2.875% of assessed valuation	45,395,415
Less indebtedness	(4,860,000)
Legal debt margin, June 30, 2015	\$40,535,415

Note 5 Defined Benefit Pension Plans

General Information about the Pension Plan

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

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 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 2014 and 2015 respectively, was 11.91% and 11.71% 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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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).

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

Net Pension Liability. At June 30, 2014, SURS reported a net pension liability (NPL) of \$21,790,983,139. The net pension liability was measured as of June 30, 2013.

Employer Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State’s net pension liability associated with the College is \$42,099,735 or 0.1932%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

Pension Expense. At June 30, 2014 SURS reported a collective net pension expense of \$1,650,338,263.

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 earnings made to SURS during fiscal year 2014. As a result, the College recognized on-behalf revenue and pension expense of \$3,188,420 for the fiscal year ended June 30, 2015.

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$0
Changes in assumption	88,940,815	0
Net difference between projected and actual earnings on pension plan investments	0	1,271,105,952
Total	\$88,940,815	\$1,271,105,952

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Employer Deferral of Fiscal Year 2015 Pension Expense

Employer paid \$26,915 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period June 30, 2006 – 2010 and an economic study completed June 2014. The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.75 to 12.00 percent, including inflation
Investment rate of return	7.25 percent beginning with the actuarial valuation as of June 30, 2014

Mortality rates were based on the RP2000 Combined Mortality Table, projected with Scale AA to 2017, sex-distinct, with rates multiplied by 0.80 for males and 0.85 for females.

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, 2014, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. Equity	31%	7.65%
Private Equity	6%	8.65%
Non-U.S. Equity	21%	7.85%
Global	8%	7.90%
Fixed Income	19%	2.50%
Treasury-Inflation Protected Securities	4%	2.30%
Real Estate	6%	6.20%
REITS	4%	6.20%
Opportunity Fund	1%	2.50%
Total	100%	5.00%
Inflation		<u>2.75%</u>
Expected Geometrical Normal Return		7.75%

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Discount Rate. A single discount rate of 7.090% 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 7.250% and a municipal bond rate of 4.290% (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 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, 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 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage point lower or 1-percentage-point higher:

1% Decrease 6.09%	Current Single Discount Rate Assumption 7.09%	1% Increase 8.09%
\$26,583,701,134	\$21,790,983,139	\$17,796,570,836

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.

Note 6 Risk Management

The College is exposed to various risks of loss related to torts, property damage and general business risks. To cover such risks, the College participates in the Illinois Community College Risk Management Consortium (Consortium), which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. No settlement has exceeded coverage since establishment of the Consortium. In 1992, the Consortium added statutory worker's compensation coverage. In fiscal year 2015, the College paid approximately \$129,000 to the Consortium for property, liability and worker's compensation protection. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no further liabilities for incurred losses.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Risk Management (continued)

During the year ended June 30, 1993, the College adopted a partial self-insurance plan which is accounted for in the Auxiliary Fund. The College is responsible for the first \$65,000 of covered medical expenses for each insured employee and covered family member. Any claims exceeding \$65,000 up to \$1,935,000 per individual are covered by a stop-loss policy purchased from the plan administrator. Claims exceeding \$1,935,000 are covered by an aggregate stop-loss policy. The College has accrued a liability of \$115,453, \$165,000, and \$77,214 as of June 30, 2015, 2014, and 2013, respectively, for claims incurred and reported as well as an estimate of claims incurred but not reported.

	2015	2014	2013
Balance, July 1	\$165,000	\$77,214	\$47,244
Claims incurred	1,758,089	1,468,808	1,539,228
Claims paid	(1,807,636)	(1,381,022)	(1,509,258)
Balance, June 30	\$115,453	\$165,000	\$77,214

Note 7 Accounting Changes

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" The College adopted this guidance for the year ended June 30, 2015.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68" The College adopted this guidance for the year ended June 30, 2015.

Note 8 New Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" The College is required to implement this standard for the fiscal year ending June 30, 2016.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" The College is required to implement this standard for the fiscal year ending June 30, 2018.

The College has not yet determined the full impact that adoption of these GASB Statements will have on the financial statements.

Note 9 Component Unit

The following are the significant accounting policies and footnotes related to the component unit which do not conflict with the College.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Summary of Significant Accounting Policies

Nature of Business

Sauk Valley College Foundation (the Foundation) was formed under the General Not For Profit Foundation Act of the State of Illinois on November 4, 1965. 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 Sauk Valley Community College. The Foundation provides funds by campaign or by other means for scholarships and fellowships for students, and endowments for the College for items having educational, artistic, historical, literary, or other cultural value.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Financial Statement Presentation

The financial statements separately identify the net assets of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Unrestricted Net Assets – Includes net assets that are not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily Restricted Net Assets – Includes net assets that are temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Includes net assets that are permanently restricted by the donors and cannot be expended.

Contributions and Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

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. As of June 30, 2015, there were no promises to give.

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, 2012.

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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

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 located in Dixon, Illinois. 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.

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.

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 supporting services.

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 October 13, 2015 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2015 have been incorporated herein. There are no other subsequent events that require disclosure.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Investments

Interest, dividends, realized and unrealized gains and losses attributable to investments have been distributed based on each fund's percentage holdings of that investment. All investments are carried by the Foundation at fair market value. The investments at June 30, 2015 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Mutual Funds - equity	\$2,642,550	\$2,373,494	\$269,056
Mutual Funds - bonds	1,595,399	1,603,418	(8,019)
	<u>\$4,237,949</u>	<u>\$3,976,912</u>	<u>\$261,037</u>

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, 2015:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Mutual Funds - equity	\$2,642,550	\$0	\$2,642,550	\$0
Mutual Funds - bonds	1,595,399	0	1,595,399	0
	<u>\$4,237,949</u>	<u>\$0</u>	<u>\$4,237,949</u>	<u>\$0</u>

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Endowment Funds

The Foundation's endowment consists of approximately 50 donor-restricted 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 as permanently restricted net assets (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 permanently restricted net assets is classified as temporarily restricted net assets 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 and accordingly, investment losses are recognized in the Foundation's unrestricted net assets.

The endowment net asset composition by type of fund as of June 30, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$587,553	\$2,010,275	\$2,597,828

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Endowment Funds (continued)

Changes in endowment net assets as of June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets	\$0	\$617,049	\$1,980,365	\$2,597,414
Investment return:				
Interest income	0	40,140	0	40,140
Net appreciation (realized and unrealized) on investments	0	46,502	0	46,502
Total investment return	0	86,642	0	86,642
Contributions	0	1,566	29,910	31,476
Appropriation of endowment assets for expenditure	0	(117,704)	0	(117,704)
Endowment net assets, end of year	\$0	\$587,553	\$2,010,275	\$2,597,828

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, 2015.

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.

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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Endowment Funds (continued)

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.

Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes

<u>Student scholarships, awards and College support</u>	<u>\$1,016,732</u>
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Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to be held as investments, with a portion of earnings to be added to permanently restricted net assets and a portion of earnings to be used for scholarships and awards to students as well as College support. Earnings which are used for scholarships to students are temporarily restricted until such earnings are used for scholarships to students as specified by the donor, at which time they are reclassified as unrestricted. As of June 30, 2015 permanently restricted net assets totaled \$2,010,275.

Net Assets Released:

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, temporarily and permanently restricted net assets are reclassified to unrestricted 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, 2015 for scholarships, awards and College support totaled \$318,107.

Related Parties:

The Foundation is a component unit of Sauk Valley College Community College District 506 (College) for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College provides office space and support services for the Foundation. The estimated fair value of such in-kind benefits to the Foundation was \$62,221 for the year ended June 30, 2015 and is recognized as both a revenue and expense in the statement of activities.

On April 30, 2010 and 2013, the US Department of Education released the fund restrictions related to the Sauk Valley Community College's Endowment Challenge Grant. On August 31, 2014 the College transferred approximately \$1.9 million to the Foundation to manage on behalf of the College agreed on November 25, 2014.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Related Parties (continued):

The Foundation has entered into a "Gift Transfer and Management Agreement" with the College to manage, invest, and otherwise hold all gifts for the benefit of the College. The corpus of the gifts shall be invested and held in a manner so that the corpus of the gifts are identifiable and distinguishable from the Foundation's other holdings. The Foundation may use the investment income generated from the gifts for any purpose consistent with the Foundation articles of incorporation and by-laws. As of June 30, 2015, the Foundation has a payable balance due to the College in the amount of \$1,940,057.

Note 10 Contingencies and Commitments

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.

On May 29, 2015, the College entered into a contract with Stenstrom General Contractor for \$1,312,000 for the One Stop Project. As of June 30, 2015, the College had incurred \$273,801 of expenses related to this project. The remaining cost as of June 30, 2015, is \$1,038,199 with an estimated completion date of August 2015.

Note 11 Related Party Transactions

The College bills the Sauk Valley College Foundation (the "Foundation") for scholarships on a monthly basis. The value of the scholarships received from the Foundation was approximately \$293,000 for the year ended June 30, 2015.

On April 30, 2010 and 2013, the US Department of Education released the fund restrictions related to the College's Endowment Challenge Grant. On August 31, 2014, the College transferred approximately \$1.9 million to the Foundation to manage on behalf of the College agreed on November 25, 2014.

The College has entered into a "Gift Transfer and Management Agreement" with the Foundation to manage, invest, and otherwise hold all gifts for the benefit of the College. The corpus of the gifts shall be invested and held in a manner so that the corpus of the gifts are identifiable and distinguishable from the Foundation's other holdings. The Foundation may use the investment income generated from the gifts for any purpose consistent with the Foundation articles of incorporation and by-laws. As of June 30, 2015, the College has a receivable balance due from the Foundation in the amount of \$1,940,057, which is included in the other receivables balance on the College statement of position.

Required Supplemental Information

Sauk Valley Community College District 506

Covered Payroll

The definition of covered payroll in GASB Statement Number 25, Financial Reporting for Defined Benefit Pension Plans was changed in GASB Statement Number 67, Financial Reporting for Pensions. Below are the definitions from the glossaries of both statements.

GASB 25 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

GASB 67 Covered Employee Payroll. The payroll of employees that are provided with pensions through the pension plan.

The change in definition refers to gross payroll rather than pensionable payroll. SURS employers do not report the gross payroll directly to SURS. Therefore, you must fill in your gross payroll amount for Fiscal Year 2014 in the following Required Supplementary Information for your covered-employee payroll and calculate the employer's proportion of collective net pension liability as a percentage of covered-employee payroll.

(a) Proportion Percentage of the Collective Net Pension Liability	0%
(b) Proportion Amount of the Collective Net Pension Liability	\$0
(c) Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability associated with Employer	\$42,099,735

<u>Total (b) + (c)</u>	<u>\$42,099,735</u>
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Employer Covered-employee payroll	\$8,513,290
Proportion of Collective Net Pension Liability associated with the Employer as a percentage of covered-employee payroll	494.52%
SURS Plan Net Position as a Percentage of Total Pension Liability	44.39%
Federal, Trust, Grant and Other contribution	\$26,915
Contribution in relation to required contribution	\$26,915
Contribution deficiency (excess)	\$0
Employer Covered-employee payroll	\$8,513,290
Contributions as a percentage of covered-employee payroll	0.32%

Additional Information

	<u>FY 2014</u>	<u>FY 2015</u>
On-Behalf Payments for Community College Health Insurance Program	\$35,273	\$36,046

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

Sauk Valley Community College District 506

Notes to Required Supplemental Information

Changes of benefit terms. There were no benefit changes recognized in the Total Pension Liability as of June 30, 2014.

Changes of assumptions. In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five 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, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

Supplemental Financial Information

Sauk Valley Community College District 506

Supplemental Financial Information Section

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 prescribed by the NCGA Statement No. 1 and related interpretations.

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

Sauk Valley Community College District 506

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2015

	Education Fund **	Operations and Maintenance Fund **	Operations and Maintenance Fund (Restricted)
Fund balance (deficit) at July 1, 2014	\$8,209,650	\$4,539	\$2,678,829
Revenue:			
Local taxes	4,283,904	525,205	784,204
All other local government	0	0	0
ICCB grants	1,870,443	216,675	0
All other state revenue	0	0	0
Federal revenue	5,484	0	0
Student tuition and fees	4,476,285	488,570	0
All other revenue	201,396	37,283	73,067
Total revenue	10,837,512	1,267,733	857,271
Expenditures:			
Instruction	4,697,426	0	37,303
Academic support	1,275,436	0	59,592
Student services	1,216,588	0	0
Public service	216,250	0	0
Auxiliary services**	0	0	0
Operation and maintenance**	0	1,368,002	6,003
Institutional support**	2,397,589	0	122,836
Scholarships, student grants, and waivers	1,011,260	0	0
Principal retirement	0	0	0
Interest and issuance costs	0	0	10,000
Building construction, building improvements, and equipment	0	0	1,263,091
Total expenditures	10,814,549	1,368,002	1,498,825
Other financing sources (uses):			
Issuance of refunding bonds and serial bonds	0	0	4,010,000
Net premium (discount) on bonds sold	0	0	0
Payment to refunded bondholders	0	0	0
Transfers in	52,000	125,500	0
Transfers out	0	0	3,541
	52,000	125,500	4,013,541
Fund balance (deficit) at June 30, 2015	\$8,284,613	\$29,770	\$6,050,816

** Excludes State of Illinois SURS on-behalf payments.

Bond and Interest Fund	Auxiliary Enterprise Fund **	Restricted Purpose Fund	Working Cash Fund	Audit Fund	Liability, Protection, and Settlement Fund **	Total
\$1,003,412	\$1,716,760	\$24,159	\$2,498,496	(\$27,525)	\$4,521,655	\$20,629,975
1,325,138	0	0	0	66,232	236,464	7,221,147
0	0	0	0	0	0	0
0	0	645,327	0	0	0	2,732,445
0	0	0	0	0	0	0
0	0	5,150,149	0	0	0	5,155,633
0	222,070	0	0	0	0	5,186,925
1,239	1,931,280	100,340	8,635	18	138,791	2,492,049
1,326,377	2,153,350	5,895,816	8,635	66,250	375,255	22,788,199
0	0	259,210	0	0	0	4,993,939
0	0	10,783	0	0	0	1,345,811
0	0	332,280	0	0	0	1,548,868
0	0	303,984	0	0	0	520,234
0	2,210,855	0	0	0	2,544	2,213,399
0	0	0	0	0	220,860	1,594,865
3	0	0	0	54,992	317,726	2,893,146
0	0	4,929,476	0	0	0	5,940,736
1,410,000	0	0	0	0	0	1,410,000
224,483	0	0	0	0	0	234,483
0	0	56,820	0	0	0	1,319,911
1,634,486	2,210,855	5,892,553	0	54,992	541,130	24,015,392
3,885,000	0	0	0	0	0	0
230,871	0	0	0	0	0	0
(4,031,198)	0	0	0	0	0	0
0	0	17,314	0	0	0	194,814
(3,541)	0	(17,314)	(177,500)	0	0	(194,814)
81,132	0	0	(177,500)	0	0	0
\$776,435	\$1,659,255	\$27,422	\$2,329,631	(\$16,267)	\$4,355,780	\$23,497,455

Sauk Valley Community College District 506

Uniform Financial Statement #2

Summary of Fixed Assets and Debt *

For the year ended June 30, 2015

	Fixed Assets/ Debt Account Groups July 1, 2014	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2015
Fixed assets:					
Sites and improvements	\$2,254,919	\$16,789	\$0	\$0	\$2,271,708
Buildings, additions and improvements	25,335,319	494,467	0	422,530	26,252,316
Equipment	6,480,570	108,290	75,849	0	6,513,011
Construction in process	422,530	701,865	0	(422,530)	701,865
Total fixed assets	34,493,338	1,321,411	75,849	0	35,738,900
Accumulated depreciation	12,973,767	761,702	73,614	0	13,661,855
Total net fixed assets	\$21,519,571	\$559,709	\$2,235	\$0	\$22,077,045
Fixed debts:					
Bonds payable	\$2,385,000	\$7,895,000	\$5,420,000	\$0	\$4,860,000
Bond premium	35,744	230,870	58,334	0	208,280
Other fixed liabilities	331,381	176,774	183,798	0	324,357
Total fixed debts	\$2,752,125	\$8,302,644	\$5,662,132	\$0	\$5,392,637

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2015.

Sauk Valley Community College District 506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2015

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$3,841,579	\$470,536	\$4,312,115
Corporate personal property replacement tax	442,325	54,669	496,994
Total local government	4,283,904	525,205	4,809,109
State government:			
ICCB base operating grant	1,123,829	138,902	1,262,731
ICCB equalization grant	585,753	72,396	658,149
ICCB career and technical education	117,354	0	117,354
Other state sources **	43,507	5,377	48,884
Total state government	1,870,443	216,675	2,087,118
Federal government:			
Department of Education	4,530	0	4,530
Other federal sources	954	0	954
Total federal government	5,484	0	5,484
Student tuition and fees:			
Tuition	3,975,890	488,570	4,464,460
Fees	500,395	0	500,395
Total tuition and fees	4,476,285	488,570	4,964,855
Other sources:			
Sales and service fees	154,844	0	154,844
Facilities revenue	0	15,825	15,825
Interest	3,125	61	3,186
Other	43,427	21,397	64,824
Total other sources	201,396	37,283	238,679
Total revenue	10,837,512	1,267,733	12,105,245
Less nonoperating items *			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$10,837,512	\$1,267,733	\$12,105,245

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

** Excludes State of Illinois SURS on-behalf payments.

Sauk Valley Community College District 506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

For the year ended June 30, 2015

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$4,697,426	\$0	\$4,697,426
Academic support	1,275,436	0	1,275,436
Student services	1,216,588	0	1,216,588
Public services	216,250	0	216,250
Operation and maintenance of plant**	0	1,368,002	1,368,002
Institutional support **	2,397,589	0	2,397,589
Scholarships, student grants, and waivers	1,011,260	0	1,011,260
Total expenditures	10,814,549	1,368,002	12,182,551
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$10,814,549	\$1,368,002	\$12,182,551
By object:			
Salaries	\$7,102,370	\$548,234	\$7,650,604
Employee benefits **	1,279,589	154,927	1,434,516
Contractual services	721,149	69,704	790,853
General materials and supplies	566,134	95,596	661,730
Conference and meeting expense	166,979	293	167,272
Fixed charges	1,002	40,104	41,106
Utilities	0	459,144	459,144
Capital outlay	0	0	0
Other	977,326	0	977,326
Total expenditures	10,814,549	1,368,002	12,182,551
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$10,814,549	\$1,368,002	\$12,182,551

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

** Excludes State of Illinois SURS on-behalf payments.

Sauk Valley Community College District 506

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures

For the year ended June 30, 2015

Revenue by source:

State government:	
ICCB:	
State Adult Education Restricted Funds Grants	\$149,965
CTE Program Improvement	26,422
Illinois Veterans' Grant	78,014
ISAC - Monetary Award Grants	321,567
Other	69,359
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Total state government	645,327
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Federal government:	
Department of Veteran Affairs:	
Post 9/11 Veteran's Educational Assistance	65,669
Department of Education:	
College Work Study Grants	179,040
Pell Grants	3,163,898
Supplemental Educational Opportunity Grant	86,167
Direct Loans	1,014,020
Federal Adult Basic	73,216
Trio - Student Support Services	253,038
Perkins Postsecondary	113,792
CTE Programs of Study	5,000
CTE Dual Credit Enhancement	4,550
Improving Teacher Quality State Grants	9,657
Corporation for National and Community Service:	
AmeriCorps	181,168
Institute of Museum and Library Services:	
Grants to States - Library Services and Technology Grant	934
<hr/>	
Total federal government	5,150,149
<hr/>	

Sauk Valley Community College District 506
Uniform Financial Statement #4
Restricted Purposes Fund Revenues and Expenditures (Continued)
For the year ended June 30, 2015

Revenue by source (continued):

Other sources	100,340
<hr/>	
Total restricted purposes fund revenues	\$5,895,816

Expenditures by program:

Instruction	\$285,632
Academic support	10,783
Student services	353,828
Public services	303,984
Operations and maintenance	0
Institutional support	8,850
Scholarships, student grants, and waivers	4,929,476
<hr/>	
Total restricted purposes fund expenditures by program	\$5,892,553

Expenditures by object:

Salaries	\$796,624
Employee benefits	89,892
Contractual services	45,362
General materials and supplies	90,025
Travel, conference and meeting expense	40,808
Fixed charges	0
Utilities	0
Capital outlay	56,820
Other	4,773,022
<hr/>	
Total restricted purposes fund expenditures by object	\$5,892,553

Sauk Valley Community College District 506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2015

Instruction:	
Instructional programs	\$4,921,858
Other	61,200
Total instructional	4,983,058
Academic support:	
Library	244,057
Instructional materials center	12
Academic computing support	375,000
Academic administration and planning	540,087
Other academic support	127,063
Total academic support	1,286,219
Student services:	
Admissions and records	209,445
Counseling and career guidance	647,419
Financial aid administration	222,131
Other student services	491,421
Total student services	1,570,416
Public service/continuing education:	
Community education	216,250
Community services	241,279
Other public service	62,705
Total public service/continuing education	520,234
Auxiliary services **	2,213,399
Operations and maintenance of plant:	
Maintenance	239,261
Custodial	408,148
Grounds	110,436
Campus Security	220,860
Plant utilities	459,144
Administration	148,668
Other operations and maintenance **	2,345
Total operations and maintenance of plant	1,588,862

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

** Excludes State of Illinois SURS on-behalf payments.

Sauk Valley Community College District 506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2015

Institutional support:	
Executive management	443,371
Fiscal operations **	465,678
Community relations	320,059
Administrative support services	231,788
Board of trustees	97,499
General institution **	430,527
Institutional research	126,364
Administrative data processing	662,844
Other institutional support	1,027
<hr/> Total institutional support	<hr/> 2,779,157
Scholarships, student grants, and waivers	5,940,736
<hr/>	<hr/>
Total current funds expenditures	\$20,882,081

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

** Excludes State of Illinois SURS on-behalf payments.

Sauk Valley Community College District 506

Certification of Chargeback Reimbursement *

For Fiscal Year 2016

All fiscal year 2015 noncapital audited operating expenditures from the following funds:

1	Education Fund		
2	Operations and Maintenance Fund		
3	Bond and Interest Fund		
4	Restricted Purposes Fund		
5	Audit Fund		
6	Liability, Protection, and Settlement Fund	_____	
7	Total noncapital expenditures (sum of lines 1-6)		=====
8	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	=====	
9	Total costs included (line 7 plus line 8)		=====
10	Total certified semester credit hours for FY 2015	=====	
11	Per capita cost (line 9 divided by line 10)		
12	All FY 2015 state and federal operating grants for noncapital expenditures, except ICCB grants	=====	
13	FY 2015 state and federal grants per semester credit hour (line 12 divided by line 10)		
14	District's average ICCB grant rate (excluding equalization grants) for FY 2016		
15	District's student tuition and fee rate per semester credit hour for FY 2016		_____
16	Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)		=====

Approved: _____
Chief Financial Officer

_____ Date

President

_____ Date

* All data needed to complete the form was not available before the audit was published; Therefore, an addendum page will be distributed when the form is available.

Other Supplemental Financial Information

Sauk Valley Community College District 506

Balance Sheet - All Fund Types

June 30, 2015

ASSETS	Education	Operations and Maintenance	Operations and Maintenance Restricted
Cash and cash equivalents	\$1,593	\$1,869	\$580,991
Deposits	0	0	172,440
Investments	6,795,332	174,308	5,265,301
Receivables:			
Property taxes	2,694,411	329,978	549,965
Government claims and grants	328,813	40,640	0
Other	2,096,434	0	7,329
Advances to other funds	0	0	388,850
Prepaid items	104,596	34	0
Inventories	0	0	0
Property and equipment, net	0	0	0
Total assets	12,021,179	546,829	6,964,876
Deferred outflows of resources:			
Deferred pension	0	0	0
Total assets and deferred outflows	\$12,021,179	\$546,829	\$6,964,876
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable	\$45,587	\$35,880	\$513,047
Accrued liabilities	499,740	26,922	6,270
Advances from other funds	1,005,000	0	0
Unearned tuition and fees	252,000	217,411	0
Accrued compensated absences	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0
Total liabilities	1,802,327	280,213	519,317
Deferred inflows of resources:			
Deferred property taxes	1,934,239	236,846	394,743
Deferred grant revenue	0	0	0
Unamortized gain on refunding	0	0	0
Total deferred inflows	1,934,239	236,846	394,743
Fund balance / Net position (deficit):			
Net investment in capital assets	0	0	0
Restricted	0	0	6,050,816
Unrestricted	8,284,613	29,770	0
Total fund balance / net position (deficit)	8,284,613	29,770	6,050,816
Total liabilities, deferred inflows of resources, and fund balances / net position	\$12,021,179	\$546,829	\$6,964,876

Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose	Working Cash Fund	Trust and Agency Fund	Audit	Liability, Protection, and Settlement Fund
\$623,527	\$783,537	\$31,180	\$0	\$48,214	\$605	\$67
0	0	0	2,327,560	0	0	0
0	0	0	0	0	0	4,410,797
793,548	0	0	0	0	42,970	288,789
0	0	157,395	0	0	0	0
0	39,210	0	2,071	0	0	20,815
0	1,017,625	0	0	0	0	0
0	33,213	157,033	0	0	0	1,722
0	3,684	0	0	0	0	0
0	0	0	0	0	0	0
1,417,075	1,877,269	345,608	2,329,631	48,214	43,575	4,722,190
0	0	0	0	0	0	0
\$1,417,075	\$1,877,269	\$345,608	\$2,329,631	\$48,214	\$43,575	\$4,722,190
\$0	\$122,086	\$58,992	\$0	\$48,214	\$0	\$8,916
71,002	2,131	13,138	0	0	0	5,075
0	0	227,475	0	0	29,000	145,000
0	93,797	8,619	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
71,002	218,014	308,224	0	48,214	29,000	158,991
569,638	0	0	0	0	30,842	207,419
0	0	9,962	0	0	0	0
0	0	0	0	0	0	0
569,638	0	9,962	0	0	30,842	207,419
0	0	0	0	0	0	0
776,435	0	27,422	0	0	0	0
0	1,659,255	0	2,329,631	0	(16,267)	4,355,780
776,435	1,659,255	27,422	2,329,631	0	(16,267)	4,355,780
\$1,417,075	\$1,877,269	\$345,608	\$2,329,631	\$48,214	\$43,575	\$4,722,190

Sauk Valley Community College District 506

Balance Sheet - All Fund Types - (Continued)

June 30, 2015

	Fund Totals	GASB			Adjusted Totals
		General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
ASSETS AND DEFERRED OUTFLOWS					
Cash and cash equivalents	\$2,071,583	\$0	\$0	\$0	\$2,071,583
Deposits	2,500,000	0	0	0	2,500,000
Investments	16,645,738	0	0	0	16,645,738
Receivables:					
Property taxes	4,699,661	0	0	0	4,699,661
Government claims and grants	526,848	0	0	0	526,848
Other	2,165,859	0	0	0	2,165,859
Advances to other funds	1,406,475	0	0	(1,406,475)	0
Prepaid items	296,598	0	0	(77,295)	219,303
Inventories	3,684	0	0	0	3,684
Property and equipment, net	0	22,077,045	0	0	22,077,045
Total assets	30,316,446	22,077,045	0	(1,483,770)	50,909,721
Deferred outflows of resources:					
Deferred pension	0	0	0	26,915	26,915
Total assets and deferred outflows	\$30,316,446	\$22,077,045	\$0	(\$1,456,855)	\$50,936,636
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$832,722	\$0	\$0	\$0	\$832,722
Accrued liabilities	624,278	0	0	(324,357)	299,921
Advances from other funds	1,406,475	0	0	(1,406,475)	0
Unearned tuition and fees	571,827	0	0	(172,877)	398,950
Accrued compensated absences	0	0	0	324,357	324,357
Bonds payable, net of unamortized premiums (discounts)	0	0	5,068,280	0	5,068,280
Total liabilities	3,435,302	0	5,068,280	(1,579,352)	6,924,230
Deferred inflows of resources:					
Deferred property taxes	3,373,727	0	0	0	3,373,727
Deferred grant revenue	9,962	0	0	0	9,962
Unamortized gain on refunding	0	0	44,684	0	44,684
Total deferred inflows	3,383,689	0	44,684	0	3,428,373
Fund balance / Net position (deficit):					
Net investment in capital assets	0	22,077,045	(5,068,280)	0	17,008,765
Restricted	6,854,673	0	0	0	6,854,673
Unrestricted	16,642,782	0	(44,684)	122,497	16,720,595
Total fund balance / net position (deficit)	23,497,455	22,077,045	(5,112,964)	122,497	40,584,033
Total liabilities, deferred inflows of resources, and fund balances / net position	\$30,316,446	\$22,077,045	\$0	(\$1,456,855)	\$50,936,636

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance (Deficit) - All Fund Types
For the year ended June 30, 2015

	Education	Operations and Maintenance	Operations and Maintenance Restricted
Revenues:			
Local government	\$4,283,904	\$525,205	\$784,204
State government	1,870,443	216,675	0
State of Illinois SURS on-behalf payments	2,870,711	221,591	0
Federal government	5,484	0	0
Student tuition and fees	4,476,285	488,570	0
Sales and service fees	154,844	0	0
Interest	3,125	61	31,711
Net increase (decrease) in fair value of investments	0	0	10,861
Other	43,427	37,222	30,495
Total revenues	13,708,223	1,489,324	857,271
Expenditures/expenses:			
Current:			
Instruction	4,697,426	0	53,620
Academic support	1,275,436	0	59,592
Student services	1,216,588	0	0
Public services	216,250	0	0
Auxiliary services	0	0	0
Operation and maintenance of plant	0	1,589,593	61,902
Institutional support	5,268,300	0	1,313,711
Scholarships, student grants, and waivers	1,011,260	0	0
Depreciation expense	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest	0	0	0
Bond issuance costs	0	0	10,000
Total expenditures/expenses	13,685,260	1,589,593	1,498,825
Excess (deficiency) of revenues over expenditures/expenses	22,963	(100,269)	(641,554)
Other financing sources (uses):			
Issuance of refunding bonds and serial bonds	0	0	4,010,000
Net premium (discount) on bonds sold	0	0	0
Payment to refunded bondholders	0	0	0
Transfers in	52,000	125,500	0
Transfers out	0	0	3,541
Total other financing sources (uses)	52,000	125,500	4,013,541
Net change in fund balance / net position	74,963	25,231	3,371,987
Fund balance / net position at beginning of year (deficit)	8,209,650	4,539	2,678,829
Fund balance / net position at end of year (deficit)	\$8,284,613	\$29,770	\$6,050,816

Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose	Working Cash Fund	Trust and Agency Fund	Audit	Liability, Protection, and Settlement Fund
\$1,325,138	\$0	\$0	\$0	\$0	\$66,232	\$236,464
0	0	645,327	0	0	0	0
0	51,876	0	0	0	0	80,288
0	0	5,150,149	0	0	0	0
0	222,070	0	0	0	0	0
0	43,892	0	0	0	0	0
1,239	1,196	0	8,635	0	18	91,549
0	0	0	0	0	0	47,242
0	1,886,192	100,340	0	0	0	0
1,326,377	2,205,226	5,895,816	8,635	0	66,250	455,543
0	0	285,632	0	0	0	0
0	0	10,783	0	0	0	0
0	0	353,828	0	0	0	0
0	0	303,984	0	0	0	0
0	2,262,731	0	0	0	0	2,544
0	0	0	0	0	0	220,860
3	0	8,850	0	0	54,992	398,014
0	0	4,929,476	0	0	0	0
0	0	0	0	0	0	0
1,410,000	0	0	0	0	0	0
142,552	0	0	0	0	0	0
81,931	0	0	0	0	0	0
1,634,486	2,262,731	5,892,553	0	0	54,992	621,418
(308,109)	(57,505)	3,263	8,635	0	11,258	(165,875)
3,885,000	0	0	0	0	0	0
230,871	0	0	0	0	0	0
(4,031,198)	0	0	0	0	0	0
0	0	17,314	0	0	0	0
(3,541)	0	(17,314)	(177,500)	0	0	0
81,132	0	0	(177,500)	0	0	0
(226,977)	(57,505)	3,263	(168,865)	0	11,258	(165,875)
1,003,412	1,716,760	24,159	2,498,496	0	(27,525)	4,521,655
\$776,435	\$1,659,255	\$27,422	\$2,329,631	\$0	(\$16,267)	\$4,355,780

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2015

	Fund Totals	GASB			Adjusted Totals
		General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	
Revenues:					
Local government	\$7,221,147	\$0	\$0	\$0	\$7,221,147
State government	2,732,445	0	0	0	2,732,445
State of Illinois SURS on-behalf payments	3,224,466	0	0	(3,224,466)	0
Federal government	5,155,633	0	0	0	5,155,633
Student tuition and fees	5,186,925	0	0	(2,566,659)	2,620,266
Sales and service fees	198,736	0	0	0	198,736
Interest	137,534	0	0	0	137,534
Net increase (decrease) in fair value of investments	58,103	0	0	0	58,103
Other	2,097,676	0	0	1,421,188	3,518,864
Total revenues	26,012,665	0	0	(4,369,937)	21,642,728
Expenditures/expenses:					
Current:					
Instruction	5,036,678	(40,503)	0	8,251	5,004,426
Academic support	1,345,811	0	0	0	1,345,811
Student services	1,570,416	(21,548)	0	0	1,548,868
Public services	520,234	0	0	0	520,234
Auxiliary services	2,265,275	(1,500)	0	(1,803,711)	460,064
Operation and maintenance of plant	1,872,355	(55,899)	0	(1,850)	1,814,606
Institutional support	7,043,870	(1,199,726)	0	(24,632)	5,819,512
Scholarships, student grants, and waivers	5,940,736	0	0	(2,652,044)	3,288,692
Depreciation expense	0	761,702	0	0	761,702
Debt service:					
Principal retirement	1,410,000	0	(1,410,000)	0	0
Interest	142,552	0	69,666	0	212,218
Bond issuance costs	91,931	0	(91,931)	0	0
Total expenditures/expenses	27,239,858	(557,474)	(1,432,265)	(4,473,986)	20,776,133
Excess (deficiency) of revenues over expenditures/expenses	(1,227,193)	557,474	1,432,265	104,049	866,595
Other financing sources (uses):					
Issuance of refunding bonds and serial bonds	7,895,000	0	(7,895,000)	0	0
Net premium (discount) on bonds sold	230,871	0	(230,871)	0	0
Payment to refunded bondholders	(4,031,198)	0	4,031,198	0	0
Transfers in	194,814	0	0	0	194,814
Transfers out	(194,814)	0	0	0	(194,814)
Total other financing sources (uses)	4,094,673	0	(4,094,673)	0	0
Net change in fund balance / net position	2,867,480	557,474	(2,662,408)	104,049	866,595
Fund balance / net position at beginning of year (deficit)	20,629,975	21,519,571	(2,450,556)	18,448	\$39,717,438
Fund balance / net position at end of year (deficit)	\$23,497,455	\$22,077,045	(\$5,112,964)	\$122,497	\$40,584,033

Sauk Valley Community College District 506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2014, 2013, and 2012

	2014	2013	2012
Assessed Valuations:			
Bureau County	\$89,861,321	\$88,129,868	\$85,146,777
Carroll County	81,621,067	78,479,598	77,181,826
Henry County	3,244,206	3,069,318	2,829,179
Lee County	575,094,137	569,818,821	581,301,001
Ogle County	111,019,679	111,252,856	113,604,031
Whiteside County	718,130,558	714,286,573	723,934,887
Total assessed valuations	\$1,578,970,968	\$1,565,037,034	\$1,583,997,701
Tax Rate (per \$100 assessed valuation):			
Bond and Interest Fund	0.0722	0.0952	0.1149
Audit Fund	0.0039	0.0046	0.0045
Liability, Protection, and Settlement	0.0177	0.0000	0.0000
Social Security	0.0085	0.0042	0.0000
Operations and Maintenance Accounts	0.0300	0.0300	0.0300
Operations and Maintenance Accounts - Restricted	0.0500	0.0500	0.0474
Educational Accounts	0.2450	0.2450	0.2450
Total tax rate	0.4273	0.4290	0.4418
Tax Extensions:			
Bond and Interest Fund	\$1,140,017	\$1,489,915	\$1,820,013
Audit Fund	61,580	71,992	71,280
Liability, Protection, and Settlement	279,478	0	0
Social Security	134,213	65,732	0
Operations and Maintenance Accounts	473,691	469,511	475,199
Operations and Maintenance Accounts - Restricted	789,485	782,519	750,815
Educational Accounts	3,868,479	3,834,340	3,880,795
Total tax extensions	\$6,746,943	\$6,714,009	\$6,998,102
Tax Collections to June 30:			
Bond and Interest Fund	\$345,728	\$1,499,703	\$1,817,202
Audit Fund	18,714	71,386	70,176
Liability, Protection, and Settlement	84,867	14	0
Social Security	41,183	61,896	0
Operations and Maintenance Accounts	143,713	468,446	474,745
Operations and Maintenance Accounts - Restricted	239,521	780,720	752,447
Educational Accounts	1,174,068	3,824,508	3,874,564
Total tax collections	\$2,047,794	\$6,706,673	\$6,989,134
Percent of extensions collected	30.35%	99.89%	99.87%

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 AND CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT GRANT

Board of Trustees
Sauk Valley Community College District 506
Dixon, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education and Family Literacy and Career and Technical Education-Program Improvement Grants of Sauk Valley Community College District 506 (the "College") as of and for the year ended June 30, 2015, 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 of America; 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 of America and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 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 and Career and Technical Education-Program Improvement Grants of the College as of June 30, 2015, and the changes in financial position thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

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 and Career and Technical Education-Program Improvement Grants and do not purport to, and do not present fairly the financial position of the College, 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 of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

Sterling, Illinois
October 13, 2015

Sauk Valley Community College District 506

Balance Sheet

State Adult Education Restricted Funds Grant

June 30, 2015

ASSETS	State Basic	State Public Assistance	State Performance	Total
Cash	\$9	\$701	\$2,183	\$2,893
Receivables	6,860	1,311	4,131	12,302
Total assets	\$6,869	\$2,012	\$6,314	\$15,195

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE

Liabilities:				
Accounts payable	\$541	\$2,012	\$4,557	\$7,110
Accrued liabilities	578	0	1,757	2,335
Advances from other funds	5,750	0	0	5,750
Total liabilities	6,869	2,012	6,314	15,195
Deferred inflows of resources -				
Unavailable grant revenue	0	0	0	0
Fund balance	0	0	0	0
Total liabilities, deferred inflows of resources, and fund balances	\$6,869	\$2,012	\$6,314	\$15,195

Sauk Valley Community College District 506
Statement of Revenues, Expenditures and Changes in Fund Balance
State Adult Education Restricted Funds Grants
For the year ended June 30, 2015

	State Basic	State Public Assistance	State Performance	Total
Revenues -				
Grant revenue	\$82,319	\$17,265	\$50,382	\$149,966
Expenditures:				
Instruction	55,024	14,929	4,218	74,171
Social work services	0	0	299	299
Guidance services	16,021	0	0	16,021
Assessment and testing	779	0	1,921	2,700
Literacy services	57	0	0	57
Subtotal instructional and student services	71,881	14,929	6,438	93,248
Improvement of instructional services	0	0	2,734	2,734
General administration	10,438	2,336	29,744	42,518
Data and information services	0	0	11,041	11,041
Subtotal program support	10,438	2,336	43,519	56,293
Payment of prior year's encumbrances				
Instruction	0	0	425	425
Literacy services	0	0	0	0
Subtotal prior year's encumbrances	0	0	425	425
Total expenditures	82,319	17,265	50,382	149,966
Excess of revenues over expenditures	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$0	\$0	\$0	\$0

Sauk Valley Community College District 506

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 Grants

For the year ended June 30, 2015

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$55,024	66.84%
General Administration (15% maximum allowed)	\$10,438	12.68%
State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$14,929	86.47%
General Administration (15% maximum allowed)	\$2,336	13.53%

Sauk Valley Community College District 506

Balance Sheet

Career and Technical Education Program Improvement Grant

June 30, 2015

ASSETS

Cash	\$0
------	-----

LIABILITIES AND FUND BALANCE

Liabilities	\$0
-------------	-----

Fund balance	0
--------------	---

Total liabilities and fund balance	\$0
------------------------------------	-----

Sauk Valley Community College District 506
Statement of Revenues, Expenditures, and Changes in Fund Balance
Career and Technical Education Program Improvement Grant
For the year ended June 30, 2015

Revenues -	
State sources	\$26,422
<hr/>	
Expenditures -	
General materials and supplies	26,422
<hr/>	
Excess of revenues over expenditures	0
<hr/>	
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<hr/> <hr/>	

Sauk Valley Community College District 506

Notes to ICCB Grant Programs Financial Statements

Note 1 Summary of Significant Accounting Policies

General

The accompanying statements include only those transactions resulting from the State Adult Education & Family Literacy and Career and Technical Education-Program Improvement grant programs. 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, 2015. Funds obligated for goods prior to June 30, for which the goods are received prior to August 31, are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the Illinois Community College Board by October 15.

Fixed Assets

Capital asset purchases are recorded as capital outlay. 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.

Sauk Valley Community College District 506

Background Information on State Grant Activity

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.

Public Assistance: Grant awarded to Adult Education and Family Literacy providers to pay for any fees, books, and materials incurred in the program for students who are identified as recipients of public assistance.

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

Restricted Grants

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



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

Board of Trustees
Sauk Valley Community College District 506
Dixon, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Sauk Valley Community College District 506 (the "College") for the year ended June 30, 2015. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and accordingly, including 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 examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the College's compliance with statutory requirements.

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of the College for the year ended June 30, 2015, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

Wipfli LLP

Sterling, Illinois
October 13, 2015


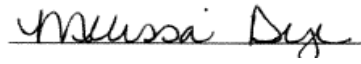
Sauk Valley Community College District 506
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the year ended June 30, 2015

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	2,279.0	0.0	12,689.0	0.0	12,250.0	4.0	27,218.0	4.0
Business Occupational	261.0	0.0	1,357.0	50.5	1,387.5	1.5	3,005.5	52.0
Technical Occupation	253.0	0.0	2,065.0	0.0	1,601.5	0.0	3,919.5	0.0
Health Occupational	442.5	0.0	2,203.0	0.0	2,072.0	19.0	4,717.5	19.0
Remedial Development	423.0	0.0	1,761.0	0.0	1,137.0	0.0	3,321.0	0.0
Adult Basis Education/ Adult Secondary Education	0.0	128.0	0.0	307.0	0.0	334.0	0.0	769.0
Total credit hours certified	3,658.5	128.0	20,075.0	357.5	18,448.0	358.5	42,181.5	844.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	41,716.0	0.0	41,716.0
Reimbursable semester credit hours (all terms)	6,563.0	38.0	
District equalized assessed valuation			\$1,578,970,968

	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
	Categories:			
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
Remedial Development	0.0	0.0	0.0	0.0
Total credit hours certified	0.0	0.0	0.0	0.0

* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding. Total of unrestricted and restricted should equal the SU and SR record totals.

Signatures  
President Dean of Business Services

Sauk Valley Community College District 506

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

(Continued)

For the year ended June 30, 2015

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2015

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	27,218.0	27,218.0	0.0	4.0	4.0	0.0
Business Occupational	3,005.5	3,005.5	0.0	52.0	52.0	0.0
Technical Occupation	3,919.5	3,919.5	0.0	0.0	0.0	0.0
Health Occupational	4,717.5	4,717.5	0.0	19.0	19.0	0.0
Remedial Development	3,321.0	3,321.0	0.0	0.0	0.0	0.0
Adult Basis Education/Adult Secondary Education	0.0	0.0	0.0	769.0	769.0	0.0
Total	42,181.5	42,181.5	0.0	844.0	844.0	0.0

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	41,716.0	41,716.0	0.0
Out-of-districts on chargeback or contractual agreement	0.0	0.0	0.0

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	6,563.0	6,563.0	0.0
Dual enrollment	38.0	38.0	0.0

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2015

	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories:			
Baccalaureate	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0
Technical Occupation	0.0	0.0	0.0
Remedial Development	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.

Sauk Valley Community College District 506

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

Note 1 Residency Verification Process

Procedures for Verifying and Classifying Residency

An in-district student is one whose legal residency is within the boundaries of the Sauk Valley Community College District. New students to the district must reside in the district at least 30 days prior to registration to be eligible for in-district tuition. All students applying for admission to the College are required to certify on the Student Information Form that the address given is correct. They will be subject to dismissal if found inaccurate. Returned mail to the College creates cause to question residency. If an address is questioned, the student will be coded as out-of-district and must display proof of residency in order to regain in-district status. Proof of residency may include a driver's license, voter's registration card, property tax bill, or an apartment lease. For tuition purposes only (not for State funding classification), in-district tuition will be granted to a student who presents either a recent paycheck stub from an in-district employer, a property tax bill for in-district property owned by the student, or an authorized chargeback form. Residents of states other than Illinois will be classified as out-of-state.

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



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

Board of Trustees
Sauk Valley Community College District 506
Dixon, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of Sauk Valley Community College District 506 (the "College"), as of and for the years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 13, 2015. The financial statements of Sauk Valley Community 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. In addition, we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

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
October 13, 2015



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Board of Trustees
Sauk Valley Community College District 506
Dixon, Illinois

Report on Compliance for Each Major Federal Program

We have audited Sauk Valley Community College District 506's (the "College"), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Other Matters

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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

The accompanying schedule of expenditures of federal awards on page 73 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements of Sauk Valley Community College District 506. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Wipfli LLP

Sterling, Illinois
October 13, 2015

Sauk Valley Community College District 506

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Institute of Museum and Library Services:			
Pass-through Illinois State Library:			
Grants to States - Library Services and Technology Grant	45.310	14SL488242	\$934
U.S. Department of Veteran's Affairs			
Direct award:			
Post 9/11 Veteran's Education Assistance	64.028		\$66,623
U.S. Department of Education:			
Pass-through Illinois Community College Board:			
Adult Education:			
Federal Adult Basic	84.002A	50601	\$73,216
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1275	86,167
Federal Work Study Program (m)	84.033	P033AXX1275	179,040
Federal Pell Grant Program (m)	84.063	P063XXXX1379	3,168,428
Federal Direct Loan Program (m)	84.268	P268KXX1379	1,014,020
Total student financial assistance cluster			4,447,655
TRIO - Student Support Services	84.042A	P042A100620-1X	253,038
Passed through Illinois State University:			
Passed through the Illinois Community College Board:			
Perkins Postsecondary Grants	84.048	CTE5061X	113,792
Program of Study	84.048	1XCTEPOSI506	5,000
Dual Credit Enhancement	84.048	15DCE506	4,550
Total CFDA 84.048			123,342
Passed through the Illinois Community College Board:			
Improving Teacher Quality State Grants	84.367A	15BTG506	9,657
Total U.S. Department of Education			\$4,906,908
Corporation for National and Community Service			
Passed through the Illinois Department of Human Services			
AmeriCorps - Formula Program	94.006	573800X6C	\$181,168
Total federal awards expended			\$5,155,633

(m) Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

Sauk Valley Community College District 506

Notes to the Schedule of Expenditures of Federal Awards

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 Sauk Valley Community College District 506 (the "College") for the year ended June 30, 2015, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note 2 Loan Program

The College's participation in the U.S. Department of Education's Student Financial Aid Program includes the Federal Direct Student Loan Program. The College does not make the loan as this is done directly with the students by the lenders. The College includes the value of the loans made during the year as federal awards expended in the Schedule of Expenditures of Federal Awards. The balance of the loans from previous years is not included because the lender accounts for the prior balances.

Note 3 Subrecipient Payments

The College did not provide any federal payments to subrecipients during the year ended June 30, 2015.

Note 4 Non-cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2015.

Note 5 Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2015.

Sauk Valley Community College District 506

Schedule of Findings and Questioned Costs

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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> 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 Section 510(a) of Circular A-133?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
--	------------------------------	--

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>300,000</u>
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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Sauk Valley Community College District 506

Schedule of Findings and Questioned Costs

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

Sauk Valley Community College District

Summary Schedule of Prior Audit Findings

Prior Year Findings:

June 30, 2014

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

- A. Internal Control

- Finding 2014-001**

Condition and Criteria – There is inadequate control over the functions of processing and recording of nonroutine journal entries due to the inadequate segregation of duties. Internal controls should be in place that provide reasonable assurance that not one individual handles a transaction from its inception to its completion.

Cause – All accounting personnel have access to post journal entries without review. There are no procedures in place mitigate unauthorized journal entries.

Effects or Potential Effects – Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

Auditor's Recommendation – Access to post manual journal entries be restricted to authorized personnel or implement a routine review of manual journal entries.

View of responsible officials – The College will limit access to enter manual journal entries to authorized personnel. In addition at the end of each month, the Director of Business Services will review the journal vouchers report and compare it the manual journal vouchers forms to verify that no unauthorized entries were posted.

Anticipated Date of Completion – Completed as of June 30, 2015.

Contact Person – Melissa Dye, Director of Business Services

- B. Compliance Finding

None

- II. Findings and Questioned Costs for Federal Awards

- A. Internal Control

None

- B. Compliance Finding

None

Sauk Valley Community College District

Summary Schedule of Prior Audit Findings

June 30, 2013

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

C. Internal Control

None

D. Compliance Finding

None

IV. Findings and Questioned Costs for Federal Awards

C. Internal Control

None

D. Compliance Finding

None