

Sauk Valley Community College District #506

Dixon, Illinois

Annual Financial Report
Year Ended June 30, 2021



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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 discretely presented component unit of Sauk Valley Community College District 506 (the "College") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Sauk Valley 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the College adopted new accounting guidance GASB Statement No. 84, Fiduciary Activities, which established standards for reporting fiduciary funds. Our opinions are not modified with respect to this matter.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Sauk Valley Community College District 506, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, Schedule of Share of Net Pension Liability, Schedule of Pension Contributions, Schedule of Share of Net OPEB Liability, and Schedule of OPEB Contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The special reports section, 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 listed in the special reports section 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. In our opinion, the supplemental financial information listed under the special reports section of the table of contents are fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplemental financial information listed in the special reports section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
January 13, 2022

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Introduction

This section of Sauk Valley Community College District 506's (the College) Annual Financial Report presents management's discussion and analysis (the MD&A) of the College's financial position as of June 30, 2021 and the results of the current year's operations. This MD&A should be read in conjunction with the College's basic financial statements noted in the table of contents. Responsibility for the completeness and accuracy of this information rests with the College.

Using This Annual Report

The College presents its financial statements in a "business-type activity" format, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. The financial statements focus on the College as a whole and are prepared on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred in accordance with generally accepted accounting principles. The financial statements consist of four primary parts: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, (3) Statement of Cash Flows, and (4) Notes to the Financial Statements. Separate columns are presented for the College (which is considered the primary government) and the Sauk Valley College Foundation (the College's discretely presented component unit). Unless otherwise specified, the amounts presented in this MD&A are for the College.

The **Statement of Net Position** is the College's balance sheet. It reflects assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the College as of June 30, 2021. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities, are classified as noncurrent. Investment assets are carried at fair value. Capital assets, which include the College's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

- Net investment in capital assets
- Restricted – Nonexpendable
- Restricted – Expendable
- Unrestricted

Deferred outflows of resources are similar to assets and will be recognized as expenses in future periods. Deferred inflows are similar to liabilities and will be recognized as revenue (or reductions of expense) in future periods.

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

The **Statement of Revenues, Expenses, and Changes in Net Position** is the College's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2021. Tuition revenue is shown net of scholarship allowances, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss).

It should be noted that the required subtotal for net operating income (loss) generally will reflect a "loss" for colleges and universities with a substantial amount of state support. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all College expenses, except for interest on long-term debt and certain investment management expenses. Operating revenues, however, exclude certain significant revenue streams that the College and other public institutions have traditionally relied upon to fund current operations, including State of Illinois (State) grants and on-behalf payments for employer pension and other postemployment benefits contributions, and non-operating federal grants, such as Pell grants to students.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2021. It breaks out the sources and uses of College cash into the following categories:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities

Cash flows associated with the College's expendable net position appear in the operating and noncapital financing categories. Capital and related financing activities include payments for capital assets, proceeds from long-term debt and debt repayments. Purchases and sales of investments are reflected as investing activities.

The **Notes to the Financial Statements**, which follow the financial statements, provide additional details on the numbers in the financial statements. Behind the notes to the financial statements is a section that provided required supplementary information related to pension and other postemployment benefits.

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Financial Highlights and Key Trends

Statement of Net Position

Summary of Net Position (in thousands) June 30,

	2021	2020*	Increase (Decrease)	Percent Change
Current assets	\$27,893	\$22,775	\$5,044	22.1%
Noncurrent assets:				
Capital assets, net	31,701	29,524	2,177	7.4%
Other	1,940	1,940	0	0.0%
Total assets	61,534	54,313	7,221	13.3%
Deferred outflow of resources	510	513	(3)	(0.6%)
Total assets and deferred outflows	62,044	54,826	7,218	13.2%
Current liabilities	4,715	3,412	1,303	38.2%
Noncurrent liabilities	14,405	11,698	2,707	23.1%
Total liabilities	19,120	15,110	4,010	26.5%
Deferred inflows of resources	6,298	5,656	642	11.4%
Total liabilities and deferred inflows	25,418	20,766	4,652	22.4%
Net position:				
Net investment in capital assets	27,053	24,349	2,704	11.1%
Restricted	4,358	5,382	(1,024)	(19.0%)
Unrestricted	5,215	4,329	886	20.5%
Total net position	\$36,626	\$34,060	\$2,566	7.5%

*Fiscal year 2020 was restated due to the implementation of GASB 84 related to fiduciary activities.

The College's total net position as of June 30, 2021 increased approximately \$2,566,000 (7.5%).

During fiscal year 2021, the College's total assets increased by approximately \$7,221,000 (13.3%), and deferred outflows of resources decreased approximately \$3,000. Major components of the net change in total assets included the following:

- Net capital assets increased approximately \$2,177,000 (7.4%), primarily related to capital projects for the College's 2nd Floor West English and Humanities area, solar field, electrical switchgear, air handler in the gymnasium, and parking, lighting, and offset by current year depreciation expense. Approximately \$370,000 was expended on academic, office, or service equipment.
- Current assets increased approximately \$5,044,000 (22.1%) due to the overall surplus of unrestricted revenues over expenses realized during fiscal year 2021 and the issuance of the College's Series 2021 Obligation Debt Certificates, which the proceeds of were used to fund various capital projects that began during fiscal year 2021.

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

During fiscal year 2021, the College's total liabilities increased approximately \$4,010,000 (26.5%) and deferred inflows of resources increased approximately \$642,000 (11.4%). Major components of the net change in total liabilities and deferred inflows of resources included the following:

- Current liabilities increased approximately \$1,303,000 (38.2%) due to an increase in accounts payable at year end related to several capital projects and an increase in accrued compensated absences at year end related to pandemic disruption of employee vacation use.
- Noncurrent liabilities increased approximately \$2,707,000 (23.1%) due to the issuance of the Series 2021 General Obligation Debt Certificates offset by reduction in outstanding long-term bonds payable.
- Deferred inflows of resources increased approximately \$642,000 (11.4%) largely due to actuarial changes for the College's proportionate share of the CCHISF OPEB expenses and deferred property tax revenues.

During fiscal year 2021, the College's net investment in capital assets increased approximately \$2,704,000 (11.1%) due to an increase in net capital assets and reductions in capital related debt. Restricted net position decreased approximately \$1,024,000 (19.0%) as restricted debt proceeds were spent on capital projects. Unrestricted net position increased approximately \$886,000 (20.5%) due to a surplus of revenues over expenses in the College's operating funds and other funds with unrestricted revenues.

Sauk Valley Community College District 506
Management's Discussion and Analysis
For the Year Ended June 30, 2021

Statement of Revenues, Expenses, and Changes in Net Position

Summary of Revenues, Expenses, and Changes in Net Position (in thousands)
For the Year Ended June 30

	2021	2020*	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	\$2,426	\$3,037	(\$611)	(20.1%)
Auxiliary	140	175	(35)	(20.0%)
State sources	9,518	8,634	884	10.2%
Federal sources	6,249	5,275	974	18.5%
Property taxes	8,499	7,953	546	6.9%
Personal property replacement tax	694	498	196	39.4%
Interest income	77	293	(216)	(73.7%)
Other	202	214	(12)	(5.6%)
Total revenues	27,805	26,079	1,726	6.6%
Expenses:				
Instruction	8,017	7,900	117	1.5%
Academic support	1,457	1,522	(65)	(4.3%)
Student services	3,367	2,950	417	14.1%
Public services	981	1,089	(108)	(9.9%)
Organized research	676	0	676	N/A
Auxiliary services	560	622	(62)	(10.0%)
Operations and maintenance	2,048	2,313	(265)	(11.1%)
Institutional support	5,144	3,991	1,153	28.9%
Scholarships, grants and waivers	1,890	3,149	(1,259)	(40.0%)
Depreciation	957	963	(6)	(0.6%)
Interest	142	136	6	4.4%
Total expenses	25,239	24,635	604	2.5%
Change in net position	\$2,566	\$1,444	\$1,122	77.7%

*Net position for fiscal year 2020 was restated due to the implementation of GASB 84 related to fiduciary activities.

The College's change in net position increased approximately \$1,122,000 from \$1,444,000 in fiscal year 2020 to \$2,566,000 for fiscal year 2021.

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Total revenues increased approximately \$1,726,000 (6.6%) from fiscal year 2020 to 2021. The decrease in tuition and fee revenue was due to a decrease in enrollment, largely attributed to the COVID-19 pandemic, which was slightly offset by an increase in the College's tuition rate. The increase in federal sourced revenue corresponds to continued and additional grant funding and expanded financial assistance through the federal pandemic response stimulus programs. Property taxes revenue increased in fiscal year 2021, which is largely due to increases in property values and new construction within the District's boundaries. The State sources increase is largely attributable to new grants awarded through the Illinois State Board of Education (ISBE) for the CTE Pathways program for which the College is partnering with the Regional Office of Education #47 to administer. Additional State sources increases are attributed to on-behalf revenue recognized for the College's share of pension and other postemployment benefit (OPEB) contributions made by the State. State of Illinois on-behalf revenue is recognized by the College in accordance with generally accepted accounting principles for the State's share of pension and OPEB expenses and does not have an impact on the College's fiscal operations.

Total expenses increased approximately \$604,000 (2.5%) from fiscal year 2020 to 2021. Compensation and benefits continue to represent a large portion of the College's operating expenses and continue to rise steadily in-line with market conditions. Student services expenses increased from fiscal year 2020 to 2021 as the College's Title III Strengthening Institutions Program became fully staffed in fiscal year 2021 and the College's share for the program expenses increase each year of the 5-year grant program. Auxiliary service expenses were less in 2021 than 2020 due to pandemic disruption to athletic programs. Scholarships, grants, waivers expense decreased from fiscal year 2020 to 2021 due to pandemic related enrollment disruption and the related federal financial assistance and a change in classification of federal Direct Loan revenues and expenses.

Capital Assets

The College had numerous ongoing capital projects during fiscal year 2021. Capital additions accumulated through construction in-process totaled approximately \$2,764,000 during fiscal year 2021. See Note 3 for details of capital assets.

Capital projects completed during fiscal year 2021 totaled approximately \$978,000 and included the following: (1) Air Handler Replacements, (2) Electrical and Security Improvements and various other small renovation and remodeling projects. Projects that were still in the development or active construction phases as of June 30, 2021 include the following: (1) Window Improvements, (2) Solar Project, (3) Information Center Upgrades, (4) Electrical Improvements, (5) Exterior Lighting Improvements, (6) Route 2 Sign, (7) Writing Center Upgrades, (8) the College's 2nd Floor West English and Humanities area, (9) Dillon Mall Renovation, (10) Toilet Room Renovations, (11) Printshop Renovation, and (12) Generator Replacement. Construction in-progress included approximately \$2,318,000 as of June 30, 2021.

The College incurred approximately \$370,000 for capital equipment during fiscal year 2021. A fully depreciated lawnmower was disposed of during fiscal year 2021.

Capital expenditures were largely funded from local sources during fiscal year 2021. The College is receiving State assistance from the State of Illinois Capital Development Board in conjunction with the Generator Replacement project for which \$22,161 of State participation was recognized during fiscal year 2021

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Capital Assets (continued)

Depreciation expense for fiscal year 2021 was approximately \$957,000, a decrease of approximately \$6,000 (0.6%) from fiscal year 2020.

Long-Term Debt Activity

The College had \$3,520,000 of Series 2018C General Obligation bonds outstanding as of June 30, 2021. Of that amount, \$1,725,000 will be due during fiscal year 2022. In March 2021, the College issued General Obligation Debt Certificates, Series 2021 in the amount of \$4,625,000 to renovate, repair, and equip campus facilities and functions and complete site improvements. In July 2021 (subsequent to fiscal year 2021), the College issued General Obligation Bonds, Series 2021A to pay the College's outstanding General Obligation Debt Certificates, Series 2021, related issuance costs, and capitalized interest on the General Obligation Bonds, Series 2021A through February 1, 2023. The College's General Obligation Bonds, Series 2021A, will be repaid through the College's annual bond and interest levy, tax years 2022 through 2025.

Interest expense for fiscal year 2021 was approximately \$142,000, which was \$6,000 (4.4%) more than during fiscal year 2020.

The College's most recent Standard & Poor's bond rating (2021) was "AA-". State statute limits the amount of debt a school district may have outstanding. The College's outstanding balance as of June 30, 2021 is approximately \$48,635,000 under the statutory limit.

Economic Factors that will Affect the Future

The College's Board of Trustees approved a \$16 Million operating budget for fiscal year 2022 that included a substantial investment to the College's Impact Program endowment totaling approximately \$1.9 Million. The College's Impact Program is an earned-tuition program that will provide eligible students, who graduate high school within the College's District, the opportunity to earn tuition and fees for up to three years at the College, or until they earn their certificate or degree. College administration estimates the Impact Program could result in a 20% enrollment increase pertaining to traditional students when the first cohort is eligible to enroll in the fall of 2026.

The COVID-19 challenge is unprecedented and the College realized its lowest overall enrollment levels of the past decade during fiscal year 2021. The College utilized its available resources to ensure students were made available the necessary technology and assistance to transition to a virtual or hybrid learning environment. Further, the College made investments in its remote learning capabilities, IT infrastructure, and safety protocols to make a safe return to campus a reality for students, faculty, and staff for the fall 2021 semester. Early enrollment reporting for the fall 2021 and spring 2022 academic terms indicate the decline in enrollment during fiscal year 2021 is leveling-off into fiscal year 2022. Long-term impacts on enrollment will depend on the pace of economic recovery out of the pandemic, and more specifically, the recovery of the local economy.

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2021

Economic Factors that will Affect the Future (continued)

The College does not anticipate a substantial change in property tax revenues during fiscal year 2022 for operational purposes. The College District is largely supported from a stable agricultural and rural commercial property value base, and College administration does not anticipate significant fluctuations up-or-down over the next fiscal year. College administration monitors residential and commercial property values and economic activity to forecast future funding impacts on the College. The College's equalized assessed value (EAV) property tax base has realized modest growth over the past several years.

Federal funding through the Higher Education Emergency Relief Fund (HEERF) and the Governor's Emergency Relief Fund (GEERF) will continue to be available through fiscal year 2022. These funds will be used to provide direct emergency relief to students, but also to pay for further enhancements related to remote or hybrid course delivery, IT infrastructure, and COVID-19 safety and testing initiatives on campus. HEERF funds are also being used to mitigate certain lost revenue caused by the pandemic.

Requests for Information

This Annual Financial Report is designed to provide a general overview of the 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:

Sauk Valley Community College District 506
Attn: Vice President of Business Services
173 Illinois Route 2
Dixon, IL 61021
Phone number (815) 835-6253

BASIC FINANCIAL STATEMENTS

Sauk Valley Community College District 506

Statement of Net Position/Net Assets

June 30, 2021

	Primary Institution Business-Type Activities	Component Unit Foundation
ASSETS		
Current assets:		
Cash and cash equivalents	\$8,979,154	\$978,298
Deposits	2,750,000	695,534
Investments	6,715,534	7,115,126
Property taxes receivable	6,078,214	0
Other receivables	3,366,271	782,442
Inventory	1,325	0
Prepaid expenses	2,751	0
Total current assets	27,893,249	9,571,400
Noncurrent assets:		
Assets held by College Foundation	1,940,057	0
Capital assets	51,170,438	0
Less accumulated depreciation	(19,469,234)	0
Total noncurrent assets	33,641,261	0
Total assets	61,534,510	9,571,400
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	410,105	0
Related to pension	100,174	0
Total deferred outflows of resources	510,279	0
Total assets and deferred outflows of resources	62,044,789	9,571,400
LIABILITIES		
Current liabilities:		
Accounts payable	1,859,542	0
Accrued liabilities	556,700	0
Unearned tuition and fees	202,867	0
Accrued compensated absences	332,679	0
Bonds payable	1,763,711	0
Total current liabilities	4,715,499	0
Noncurrent liabilities:		
Accrued compensated absences	166,340	0
Assets held for College	0	1,940,057
Assets held for other	0	73,577
Net OPEB liability	7,804,644	0
Bonds payable	1,809,470	0
Debt certificate payable	4,625,000	0
Total noncurrent liabilities	14,405,454	2,013,634
Total liabilities	19,120,953	2,013,634
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	4,337,510	0
Related to OPEB	1,811,204	0
Deferred grant revenues	149,063	0
Total deferred inflows of resources	6,297,777	0
Total liabilities and deferred inflows of resources	25,418,730	0
NET POSITION / NET ASSETS		
Net investment in capital assets	27,053,238	0
Restricted:		
Nonexpendable, scholarships	0	6,389,547
Expendable:		
Capital projects	1,024,398	0
Debt service	948,843	0
Working cash	2,371,716	0
Audit	13,330	0
Unrestricted	5,214,534	1,168,219
Total net position / net assets	\$36,626,059	\$7,557,766

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Revenues, Expenses, and Changes in Net Position/Net Assets

For the year ended June 30, 2021

	Primary Institution Business-Type Activities	Component Unit Foundation
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,166,988	\$2,426,375	\$0
Auxiliary enterprises revenue	139,759	0
Contributions	0	1,714,506
Other	0	15,966
Total operating revenue	2,566,134	1,730,472
Operating expenses:		
Instruction	8,017,233	0
Academic support	1,456,648	0
Student services	3,366,856	0
Public services	981,030	0
Organized research	676,473	0
Auxiliary services	559,435	0
Operation and maintenance	2,048,050	0
Institutional support	5,143,584	479,358
Scholarships, student grants, and waivers	1,889,784	421,287
Depreciation expense	956,894	0
Total operating expenses	25,095,987	900,645
Operating income (loss)	(22,529,853)	829,827
Nonoperating revenues (expenses):		
State grants	3,027,371	0
State of Illinois on-behalf payments	6,490,259	0
Federal grants	6,249,090	0
Property taxes	8,498,953	0
Personal property replacement tax	693,527	0
Investment income	77,014	1,359,348
Other nonoperating revenues	202,190	0
Interest expense	(142,467)	0
Net nonoperating revenues (expenses)	25,095,937	1,359,348
Change in net position / net assets	2,566,084	2,189,175
Net position / net assets:		
Beginning of year, as restated	34,059,975	5,368,591
End of year	\$36,626,059	\$7,557,766

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows

For the year ended June 30, 2021

	<u>Primary Institution</u> <u>Business-Type</u> <u>Activities</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	\$4,711,531
Payments to suppliers	(4,651,567)
Payments to employees	(9,579,018)
Payments to students for scholarships and student grants	(4,056,772)
Auxiliary enterprise charges	139,759
Net cash flows from operating activities	(13,436,067)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	8,581,784
Proceeds from grants	7,480,753
Net cash flows from noncapital financing activities	16,062,537
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(3,134,087)
Proceeds on debt certificates payable	4,625,000
Principal paid on bonds payable	(1,655,000)
Interest paid on bonds payable	(204,451)
Net cash flows from capital and related financing activities	(368,538)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received (paid)	1,041,780
Proceeds from maturities of investment securities	3,853,365
Purchases of investment securities	(5,654,173)
Net cash flows from investing activities	(759,028)
Net increase (decrease) in cash and cash equivalents	1,498,904
CASH AND CASH EQUIVALENTS:	
Beginning of year	7,480,250
End of year	\$8,979,154

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows (Continued)

For the year ended June 30, 2021

	<u>Primary Institution Business-Type Activities</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	(\$22,529,853)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	956,894
State on-behalf payments for fringe benefits	6,490,259
Changes in assets and liabilities:	
Inventory	248
Prepaid expenses	15,909
Receivables	91,542
Deferred outflows of resources	2,228
Accounts payable	1,165,169
Accrued liabilities	50,141
Accrued compensated absences	134,541
OPEB liability	(199,329)
Deferred inflows of resources	359,558
Unearned tuition and fees	26,626
Net cash used in operating activities	(\$13,436,067)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:	
Increase (decrease) in fair value of investments and amortization/accretion	\$95,684
Acquisition of capital assets using accounts payable	\$992,442
STATE ON-BEHALF PAYMENTS	\$6,490,259

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 the Public Community College Act (110 ILCS 805/). The Board of Trustees (the Board) has the governing responsibilities over all activities related to public post and secondary school education within the College's District. 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 overall decision-making authority, the power to designate management authority 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 reporting 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 with accounting guidance prescribed by the Financial Accounting Standard Board (FASB). 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 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.

New Accounting Pronouncement

Management adopted new accounting guidance GASB Statement No. 84, Fiduciary Activities. GASB No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. See Note 13 for the restatement of beginning net position.

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 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

Investment securities are stated at fair value based on quoted market prices. Income is recognized on the accrual basis of accounting. The types of investments allowed are regulated by Illinois State laws and include municipal bonds, fixed income mutual funds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

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 and federal funding agencies. The College has a reserve of \$158,222 for uncollectible student tuition and fees. The College wrote off approximately \$54,635 of tuition and fees during the year ended June 30, 2021.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Property taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board's resolution, property tax levies are allocated 50 percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50 percent of property taxes extended for the 2020 tax year and collected in 2021 are recorded as revenue in fiscal year 2021. The remaining 50 percent of revenues related to tax year 2019 has been deferred and will be recorded as revenue in fiscal year 2022. The 50 percent allocation is an approximation based on tax collections in prior years.

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, immediately following 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 their acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend 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/Net Assets 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 prior to the end of the fiscal year that are related to the subsequent fiscal year.

Long-term debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position/net assets. 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 (OPEB) Obligations

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

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

Deferred inflows and outflows of resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a reduction of net position that applies to a future period(s) and will be recognized as an outflow of resources (expense) at that time.

A deferred charge on bond refunding results when the carrying value of the refunded debt is less than the reacquisition price (loss on refunding); the loss from the refunding is deferred and amortized over the shorter of the life of the refunded bonds or the new bonds issued. The deferred contributions to SURS represent the federal, trust, or grant contributions made by the College to SURS subsequent to the pension liability measurement date. The contributions will be recognized as an expense in the next fiscal year.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Deferred inflows and outflows of resources (continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. Deferred revenue, which is derived from property taxes, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Other postemployment benefits (OPEB) expense, as well as deferred outflows of resources and deferred inflows of resources related to OPEB, should be recognized for the employers' (and non-employer contributing entity's) proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense beginning in the current period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive), determined as of the beginning of the measurement period.

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 are 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 and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement.

On-behalf payments for fringe benefits and salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2021 and 2020, the state made contributions of \$6,490,259 and \$6,161,594, respectively.

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 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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

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 net position during the reporting period. Material estimates that are particularly susceptible to significant change in the near term relate to depreciation on capital assets, allowance for doubtful accounts, and the fair value of investments. Actual results could differ from those estimates.

Note 2 Cash and Investments

The College's cash 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 statement of net position according to liquidity and intended use.

Cash and deposits as of June 30, 2021 consist of the following:

	Carrying Amount
Cash on hand	\$900
Deposits with financial institutions	9,862,040
Total	\$9,862,940

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 limits investment maturities to remain sufficiently liquid to meet all operating requirements as a means of managing its exposure to fair value losses arising from increasing interest rates.

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)

As of June 30, 2021, 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 mutual funds	\$542,701	\$542,701	\$0	\$0	\$0
Local government investment pool	1,323,513	1,323,513	0	0	0
Certificate of deposit	2,630,328	2,630,328	0	0	0
Fixed income mutual funds	4,085,206	4,085,206	0	0	0
Total	\$8,581,748	\$8,581,748	\$0	\$0	\$0

As of June 30, 2021, 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 mutual funds	\$542,701	\$542,701	\$0	\$0	\$0
Local government investment pool	1,323,513	1,323,513	0	0	0
Certificate of deposit	2,630,328	0	0	0	2,630,328
Fixed income mutual funds	4,085,206	0	0	0	4,085,206
Total	\$8,581,748	\$1,866,214	\$0	\$0	\$6,715,534

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, 2021, the bank balances of the College's deposits were \$10,323,871. The College had pledged securities of \$8,510,393 and FDIC coverage of \$1,813,478.

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 an approved written agreement. At June 30, 2021, 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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 2 Cash and Investments (continued)

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 in active markets for identical assets or liabilities.

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; or inputs other than quoted prices that are observable for the asset or liability.

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 College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2021:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificates of deposit	\$2,630,328	\$0	\$2,630,328	\$0
Fixed income mutual funds	4,085,206	4,085,206	0	0
Total investments	\$6,715,534	\$4,085,206	\$2,630,328	\$0

Sauk Valley Community College District 506

Notes to Financial Statements

Note 3 Capital Assets

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

	Balance June 30, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Nondepreciable assets:					
Land	\$162,651	\$0	\$0	\$0	\$162,651
Construction in progress	545,805	2,751,967	0	(979,586)	2,318,186
Equipment in progress	0	12,500	0	0	12,500
	708,456	2,764,467	0	(979,586)	2,493,337
Depreciable assets:					
Land improvements	3,099,501	0	0	504,778	3,604,279
Buildings	36,111,988	0	0	474,808	36,586,796
Equipment	8,128,686	369,620	(12,280)	0	8,486,026
	47,340,175	369,620	(12,280)	979,586	48,677,101
Less accumulated depreciation:					
Land improvements	1,202,004	66,205	0	0	1,268,209
Buildings	9,872,624	674,316	0	0	10,546,940
Equipment	7,449,992	216,373	(12,280)	0	7,654,085
	18,524,620	956,894	(12,280)	0	19,469,234
Depreciable assets, net	28,815,555	(587,274)	0	979,586	29,207,867
Capital assets, net	\$29,524,011	\$2,177,193	\$0	\$0	\$31,701,204

Note 4 Long-Term Debt

The following is a summary of the long-term debt activity for the year ended June 30, 2021:

	Balance June 30, 2020	Additions	Payments	Balance June 30, 2021	Due Within One Year
Long-term debt:					
General obligation bonds	\$5,175,000	\$0	\$1,655,000	\$3,520,000	\$1,725,000
General obligation debt certificate	0	4,625,000	0	4,625,000	635,000
Bond premiums (discounts)	115,165	0	61,984	53,181	38,711
Compensated absences	364,478	411,707	277,166	499,019	332,679
Totals	\$5,654,643	\$5,036,707	\$1,994,150	\$8,697,200	\$2,731,390

Sauk Valley Community College District 506

Notes to Financial Statements

Note 4 Long-Term Debt (continued)

Details on the debt as of June 30, 2021 are as follows:

1. The College issued General Obligation Community College Bonds Series 2018C dated October 17, 2018 in the amount of \$5,175,000 to refund the Series 2018A and Series 2018B General Obligation Debt Certificates. The Series 2018C issue provided for serial retirement of principal on February 1 of each year starting in 2021 through 2023 with interest due February 1 and August 1, with an interest rate of 4.0%. 100% of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

Series 2018C General Obligation Refunding Bond Fiscal year ending June 30,	Principal	Interest	Total
2022	\$1,725,000	\$140,800	\$1,865,800
2023	1,795,000	71,800	1,866,800
Total debt maturities	\$3,520,000	\$212,600	\$3,732,600

2. The College issued General Obligation Debt Certificates (Limited Tax) Series 2021 dated March 22, 2021 in the amount of \$4,625,000 to renovate, repair, and equip campus facilities and functions and complete site improvements. The Series 2021 issue provided for serial retirement of principal on December 1 of each year starting in 2021 through 2027 with interest due June 1 and December 1, with an interest rate of 1.7%. 100% of the debt certificate proceeds were used for the purchase of capital assets. On July 6, 2021, the College refinanced the Series 2021 General Obligation Debt Certificates with the Series 2021A General Obligation Bonds. Due to the refinancing, the entire \$4,625,000 principal balance was classified as non-current. See Note 12 for more information on the refinancing. The annual debt service requirements on these debt certificates are due as follows:

Series 2021 General Obligation Debt Certificates Fiscal year ending June 30,	Principal	Interest	Total
2022	\$635,000	\$63,596	\$698,596
2023	635,000	62,433	697,433
2024	650,000	51,510	701,510
2025	660,000	40,375	700,375
2026	670,000	29,070	699,070
2027	680,000	17,595	697,595
2028	695,000	5,907	700,907
Total debt maturities	\$4,625,000	\$270,486	\$4,895,486

Sauk Valley Community College District 506

Notes to Financial Statements

Note 4 Long-Term Debt (continued)

The annual requirements to amortize all debt outstanding as of June 30, 2021, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	General Obligation Debt Certificate	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2022	\$1,725,000	\$635,000	\$332,679	\$2,692,679	\$204,396	2,897,075
2023	1,795,000	635,000	166,340	2,596,340	134,233	2,730,573
2024	0	650,000	0	650,000	51,510	701,510
2025	0	660,000	0	660,000	40,375	700,375
2026	0	670,000	0	670,000	29,070	699,070
2027	0	680,000	0	680,000	17,595	697,595
2028	0	695,000	0	695,000	5,907	700,907
Total	\$3,520,000	\$4,625,000	\$499,019	\$8,644,019	\$483,086	\$9,824,175

The following is a schedule of the legal debt margin of the College as of June 30, 2021:

Assessed valuation – 2020 levy	\$1,974,947,270
Debt limit – 2.875% of assessed valuation	56,779,734
Less indebtedness	(8,145,000)
Legal debt margin, June 30, 2021	\$48,634,734

Sauk Valley Community College District 506

Notes to Financial Statements

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

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, 2020 can be found in the State Universities Retirement 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 2020 and 2021 respectively, was 13.02% and 12.70% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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

Net Pension Liability.

The net pension liability (NPL) was measured as of June 30, 2020. At June 30, 2020, SURS reported a net pension liability (NPL) of \$30,619,504,321.

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 \$57,804,565 or 0.1888%. The College's proportionate share changed by 0.0005% from 0.1883% since the last measurement date on June 30, 2019. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2020 was determined based on the June 30, 2019 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2020.

Pension Expense.

At June 30, 2020, SURS reported a collective net pension expense of \$3,364,411,021.

Employer Proportionate Share of Pension Expense.

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2020. As a result, the College recognized on-behalf revenue and pension expense of \$6,351,452 for the fiscal year ended June 30, 2021.

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

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$170,987,483	\$0
Changes in assumption	473,019,629	0
Net difference between projected and actual earnings on pension plan investments	474,659,178	0
Total	\$1,118,666,290	\$0

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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

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

Year Ending June 30	Net Deferred Outflows of Resources
2021	\$435,271,667
2022	346,428,171
2023	183,483,935
2024	153,482,517
Total	\$1,118,666,920

Employer Deferral of Fiscal Year 2021 Contributions

The College paid \$100,174 in federal, trust or grant contributions for the fiscal year ended June 30, 2021. These contributions were made subsequent to the pension liability date of June 30, 2020 and are recognized as Deferred Outflows of Resources as of June 30, 2021.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period June 30, 2014 – 2017. The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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, 2020, these best estimates are summarized in the following table:

Defined Benefit Plan	Strategic Policy Allocation	Weighted Average Long- Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	44%	6.67%
Stabilized Growth		
Credit Fixed Income	14%	2.39%
Core Real Assets	5%	4.14%
Options Strategies	6%	4.44%
Non-Traditional Growth		
Private Equity	8%	9.66%
Non-Core Real Assets	3%	8.70%
Inflation Sensitive		
U.S. TIPS	6%	0.13%
Principal Protection		
Core Fixed Income	8%	(0.45%)
Crisis Risk Offset		
Systematic Trend Following	2.1%	2.16%
Alternative Risk Premia	1.8%	1.60%
Long Duration	2.1%	0.86%
Total	100%	4.84%
Inflation		2.25%
Expected arithmetic return		7.09%

Discount Rate. A single discount rate of 6.49% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.75% and a municipal bond rate of 2.45% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.49%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 5.49%	Current Single Discount Rate Assumption 6.49%	1% Increase 7.49%
\$36,893,469,884	\$30,619,504,321	\$25,441,837,592

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 Other Post-Employment Benefits

Plan Administration. The Community College Health Insurance Security Fund (CCHISF) (also known as The College Insurance Program, ("CIP") is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. The CIP was established under the State Employees Group Insurance Act of 1971, as amended, 5 ILCS 375/6.9 (f), which became effective July 1, 1999. The purpose of the CCHISF is to receive and record all revenues from the administration of health benefit programs under Article 15 of the Illinois Pension Code. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan with a special funding situation that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts.

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

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (continued)

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

Contributions. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.5% of the salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.5% of the salary paid to its full-time employees who participate in the plan. The State Pension Funds Continuing Appropriate Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1071 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

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

Net OPEB Liability. The net OPEB liability was measured as of June 30, 2020. CIP reported a net OPEB liability at June 30, 2020 of \$1,822,763,538.

Employer Proportionate Share of Net OPEB Liability. The amount of the proportionate share of the net OPEB liability to be recognized for the College is \$7,804,644 or 0.4282%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0044%. The proportionate share of the State's net OPEB liability associated with the College is \$7,804,628. The total proportionate share of the net OPEB liability associated with the College is \$15,609,272. The net OPEB liability and total OPEB liability as of June 30, 2020 was determined based on the June 30, 2019 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2020.

OPEB Expense. At June 30, 2020, CIP reported a collective net OPEB expense of \$38,455,955.

Employer Proportionate Share of OPEB Expense. The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2020. As a result, the College recognized on-behalf revenue of \$138,807 for the fiscal year ended June 30, 2021. Additionally, the College recognized OPEB expense of \$202,144 for the fiscal year ended June 30, 2021.

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (continued)

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$70,899	\$436,810
Changes in assumption	0	1,247,677
Net difference between projected and actual earnings on OPEB plan investments	0	331
Changes in proportion and differences between employer contributions and share of contributions	295,219	126,386
Total deferred amounts to be recognized in pension expense in future periods	366,118	1,811,204
OPEB contributions made subsequent to the measurement date	43,987	0
Total	\$410,105	\$1,811,204

The College reported \$43,987 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2021. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<u>Year ended June 30:</u>	<u>Net Deferred Inflows of Resources</u>
2021	(\$240,848)
2022	(240,848)
2023	(240,848)
2024	(240,848)
2025	(240,848)
2026	(240,846)
Total	(\$1,445,086)

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (continued)

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

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2019, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on service and ranges from 12.25% at less than 1 year of service to 3.25% at 34 or more years of service. Salary increase includes a 3.25% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	Actual trend used for fiscal year 2020 based on premium increases. For fiscal years on and after 2021, trend starts at 8.25% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%. There is no additional trend rate due to the repeal of the Excise Tax.
Asset Valuation Method	Market value

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period June 30, 2014 to June 30, 2018.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (continued)

Assumptions and Other Inputs (continued)

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 2.45% as of June 30, 2020, and 3.13% as of June 30, 2019.

The decrease in the single discount rate from 3.13% to 2.45% caused the total OPEB liability to increase by approximately \$152.7 million from 2019 to 2020.

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

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

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 2.45%, as well as what the plan's total OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (3.45%) or lower (1.45%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2020 to the Single Discount Rate Assumption			
	1% Decrease (1.45%)	Current Single Discount Rate Assumption (2.45%)	1% Increase (3.45%)
Net OPEB liability	\$8,892,815	\$7,804,644	\$6,866,267

Sauk Valley Community College District 506

Notes to Financial Statements

Note 6 Other Post-Employment Benefits (continued)

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

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower, than the current healthcare cost trend rates. The key trend rates are 8.25% in 2021 decreasing to an ultimate trend rate of 4.25% in 2037.

Sensitivity of Net OPEB Liability as of June 30, 2019 to the Healthcare Cost Trend Rate Assumption			
	Healthcare Cost Trend		
	1% Decrease (a)	Rates Assumption	1% Increase (b)
Net OPEB liability	\$6,466,929	\$7,804,644	\$9,579,060

- (a) One percentage point decrease in healthcare trend rates are 7.25 % in 2021 decreasing to an ultimate trend rate of 3.25% in 2037.
- (b) One percentage point increase in healthcare trend rates are 9.25% in 2021 decreasing to an ultimate trend rate of 5.25% in 2037.

Note 7 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 2021, the College paid approximately \$125,363 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.

Note 8 Impact of Pending Accounting Pronouncements

GASB Statement No. 87, Leases, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College has not determined the effect of this Statement.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 8 Impact of Pending Accounting Pronouncements (continued)

GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period, enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The College has not determined the effect of this Statement.

GASB Statement No. 91, Conduit Debt Obligations provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 92, Omnibus 2020, improves the consistency of several practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The College has not determined the effect of this Statement.

GASB Statement No. 93, Replacement of Interbank Offered Rates, amends certain hedge accounting from GASB Statement No. 53 and variable lease payments in accordance with GASB Statement No. 87. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020. The College has not determined the effect of this Statement.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, provides more guidance for accounting and financial reporting for availability payments arrangements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), defines a SBITA, establishes a right-to-use subscription asset and liability, provides the capitalization criteria for outlays other than subscription payments, and requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The College has not determined the effect of this Statement.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, provides more guidance for determining whether a primary government is financially accountable for a potential component unit, when the financial burden criterion in paragraph 7 of Statement No. 84 applies, and this statement clarifies that Statement 84 should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Earlier application is encouraged if Statement 84 has been implemented. The College has not determined the effect of this Statement.

Sauk Valley Community College District 506

Notes to 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.

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.

Net Assets

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

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

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

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.

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, 2021, promises to give were \$775,736.

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 filed, 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.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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

Functional Allocation of Expenses

Included on the statement of revenues, expenses, and changes in net assets. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

Cash and Cash Equivalents

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

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposits. As of June 30, 2021, the bank balances of the Foundation’s deposits were \$1,698,534, and the entire balance was secured by FDIC coverage and collateralized securities in the Foundation’s name.

Certificates of Deposit

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

Investments and Investment Earnings

Investments consist primarily of assets invested in alternative investments and marketable equity securities. Investments in equity securities with readily determinable fair values are measured at the fair value in the statement of net assets. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of net assets. Investment income or loss is included in the statement of revenues, expenses, and changes in net assets. as an increase or decrease in net assets without donor restrictions unless the income or loss is restricted by donor or law.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

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.

Assets Held for College

As a service to the Sauk Valley Community College, the Foundation permits the College to deposit its own funds with the Foundation for investment. The College established the fund for its own benefit and is classified by the Foundation as a liability. The Foundation maintains variance power and legal ownership of the funds based on the agency and intermediary agreements and as such continues to report the funds as assets of the Foundation.

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 29, 2021 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2021 have been incorporated herein.

Change in Accounting Policy

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework*. The objective of these disclosure requirements is to provide financial statement users with information about assets and liabilities measured at fair value in the statement of financial position or disclosed in the notes to the financial statements regarding (1) the valuation techniques and inputs used to develop fair value measurements, including the related judgments and assumptions made, (2) the uncertainty in the fair value measurements as of the reporting date, and (3) how changes in the measurements impact the performance and cash flows of the entity. Organizations should consider the level of detail, the amount of emphasis, the degree of aggregation or disaggregation, and whether other information may be required for financial statement users to evaluate the quantitative information disclosed in complying with the disclosure requirements. There was no change in opening balances of net assets and no prior period results were restated.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Pending Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02: Leases. When this standard is adopted, the primary accounting change will require lessees to recognize right of use assets and lease obligations for most operating leases as well as finance leases. This standard is effective for financial statement issued for annual periods beginning after December 15, 2020. Management is evaluating what impact this new standard will have on its financial statements.

In September 2020, the FASB issued ASU 2020-07: Not-for-Profit Entities (Topic 958): Presentation and Disclosure b Not-for-Profit Entities for Contributed Nonfinancial Assets. When this standard is adopted, Not-for-Profit entities will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. It also requires additional disclosures regarding contributed nonfinancial assets. This standard is effective for financial statement issued for annual periods beginning after June 15, 2021. Management is evaluating what impact this new standard will have on its financial statements.

Liquidity and Availability of Financial Assets:

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2021, reduced by amounts not available for general expenditures:

Total financial assets	\$9,565,900
Less those unavailable for general expenditure within one year due to:	
Funds held for others	2,013,634
Purpose restrictions	2,461,596
Perpetual endowments	3,927,951
<hr/>	
Financial assts available to meet cash needs for general expenditures within one year	<u>\$1,162,719</u>

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 through an investment pool called Commonfund which carries funds at fair value. The investments at June 30, 2021 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Multi-Strategy Equity Funds	\$4,688,384	\$2,699,263	\$1,989,121
Multi-Strategy Bond Funds	2,426,741	2,212,070	214,671
<hr/>			
	\$7,115,125	\$4,911,333	\$2,203,792

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Investments (continued)

The following schedule summarizes the investment return and its classification in the statement of revenues, expenses, and changes in net assets for the year ended June 30, 2021:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$6,977	\$1,650	\$8,627
Unrealized gains (losses)	456,319	791,980	1,248,299
Realized gains (losses)	50,118	75,927	126,045
Investment fees	(8,934)	(14,760)	(23,694)
Total	\$504,480	\$854,797	\$1,359,277

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

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Endowment Funds (continued)

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, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds	\$0	\$5,513,555	\$5,513,555

Changes in endowment net assets as of June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Endowment net assets, beg of year	\$0	\$3,752,668	\$3,752,668
Investment return:			
Interest income	0	(13,110)	(13,110)
Net appreciation (realized and unrealized) on investments	0	867,978	867,978
Total investment return	0	854,868	854,868
Contributions	0	1,073,826	1,073,826
Reclassification per donor agreement	0	(4,608)	(4,608)
Appropriation of endowment assets for expenditure	0	(163,199)	(163,199)
Endowment net assets, end of year	\$0	\$5,513,555	\$5,513,555

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, 2021.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Endowment Funds (continued)

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.

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.

Net Assets with Donor Restrictions:

Net assets with donor restrictions consist of the following as of June 30, 2021

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	\$2,461,596
Endowment subject to spending policy and appropriation	3,927,951
	<hr/>
Net assets with donor restrictions	\$6,389,547

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

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2021 for scholarships, awards and College support totaled \$456,529.

The Foundation also reclassified \$24,336 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Pledges Receivable:

Unconditional promises are included in the financial statements as other receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2021 is as follows:

Total Pledges Receivable	\$932,939
Less discounts to net present value	(157,203)
<hr/>	
Pledges Receivable	\$775,736
<hr/>	
Amounts due in:	
Less than one year	\$110,064
Due in more than one year	665,672
<hr/>	
Pledges Receivable	\$775,736
<hr/>	

Assets Held for Others:

The Foundation is holding assets for others as a fiduciary agent. According to GAAP, since the Foundation is acting as a fiduciary agent, no revenues or expenses are recorded for receipts and payments of pass-through monies. Assets held for others at year end are recorded as a payable to organization that controls the assets.

Transactions in funds held for others are summarized as follows:

	Sauk Valley Community College	WACC CEO Program
Balance, beginning of year	\$1,940,057	\$0
Add (deduct):		
Contributions	0	110,354
Net realized gains (losses)	7,997	0
Net unrealized gains (losses)	498,439	0
Program expenses	0	(36,777)
Distributions to Foundation	(506,436)	0
<hr/>		
Change in funds held for others	0	73,577
<hr/>		
Balance, end of year	\$1,940,057	\$73,577
<hr/>		

Fair Value of Financial Instruments:

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 Foundation has the ability to access.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Fair Value of Financial Instruments (continued):

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 fair value of investments in investment companies have a value of their capital account or net asset value calculated in accordance with, or in a manner consistent with U.S. generally accepted accounting principles (referred to as NAV). As a practical expedient, the Foundation is permitted under U.S. GAAP to estimate the fair value of an investment at the measurement date using the reported NAV without further adjustment unless the entity expects to sell the investment at a value other than NAV or if the NAV is not calculated in accordance with U.S. GAAP. The Foundation's investments in Commonfund's multi-strategy equity fund and multi-strategy bond fund in the alternative investment portfolio are generally valued based on the most current NAV received, adjusted for cash flows when the reported NAV is not at the measurement date. The Foundation adopted FASB Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, and therefore is not required to assign a level in the hierarchy to investments measured using NAV.

Equity Investments

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

Alternative Investments

The alternative investment portfolio is made up of investments of shares of funds in Commonfund's multi-strategy equity fund and multi-strategy bond fund. The fund managers invest in a variety of securities based on the strategy of the fund. Some of the shares in those multi-strategy funds are traded in an active market. All alternative investments are valued at NAV and are categorized as Level 3.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Fair Value of Financial Instruments (continued)

At June 30, 2021, the Foundation's investments valued at net asset value were as follows:

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multi-strategy equity fund	\$4,688,384	Monthly	5 days
Multi-strategy bond fund	2,426,741	Monthly	5 days
Total	\$7,115,125		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2021.

The table below sets forth a summary of changes in the value of the Foundation's investments measured using NAV:

	Multi-Strategy Equity Fund	Multi-Strategy Bond Fund	Total
Fair Value as of June 30, 2020	\$3,359,303	\$2,407,545	\$5,766,848
Purchases	74,205	49,470	123,675
Sales	(22,314)	(103,802)	(126,116)
Fees	(16,345)	(7,351)	(23,696)
Distributions to College	0	0	0
Unrealized gains	1,293,535	80,879	1,374,414
Fair Value as of June 30, 2021	\$4,688,384	\$2,426,741	\$7,115,125

Related Parties:

The Foundation is a component unit of Sauk Valley 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 \$297,586 for the year ended June 30, 2021 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$421,287 for scholarships and awards during the year ended June 30, 2021.

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 pursuant to an agreement dated November 25, 2014. 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, 2021, the Foundation has assets held for the College in the amount of \$1,940,057.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 9 Component Unit (continued)

Subsequent Event:

Sauk Valley Community College District 506 (College) assigned and formally relinquished ownership, possession, and control over the \$1,940,057 of the designated Challenge Grant Funds, currently in the Foundation's possession effective July 1, 2021. The Foundation agrees that the funds shall be managed and invested solely for educational purposes in support of the College. The Foundation agrees to designate these funds as "restricted" and to refrain from any action to pledge, mortgage, hypothecate, or otherwise transfer the funds, other than as necessary to effectuate the purpose of the Impact program.

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.

Note 11 Related Party Transactions (Assets Held at College Foundation)

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 pursuant to an agreement dated 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, 2021, the College has assets held by the Foundation in the amount of \$1,940,057, which is included as a noncurrent asset on the College's statement of net position.

Note 12 Subsequent Event

Sauk Valley Community College District 506 (College) assigned and formally relinquished ownership, possession, and control over the \$1,940,057 of the designated Challenge Grant Funds, currently in the Sauk Valley Foundation's (Foundation) possession effective July 1, 2021. The Foundation agrees that the funds shall be managed and invested solely for educational purposes in support of the College. The Foundation agrees to designate these funds as "restricted" and to refrain from any action to pledge, mortgage, hypothecate, or otherwise transfer the funds, other than as necessary to effectuate the purpose of the Impact program.

Sauk Valley Community College District 506

Notes to Financial Statements

Note 12 Subsequent Event (continued)

The College issued General Obligation Bonds, Series 2021A dated July 27, 2021 in the amount of \$4,395,000 to pay the College's outstanding General Obligation Debt Certificates (Limited Tax), Series 2021, dated April 12, 2021, pay capitalized interest on the Bonds through February 1, 2023, and pay costs associated with the issuance of the Bonds. The Series 2021A issue provided for serial retirement of principal on February 1 of each year starting in 2024 through 2027 with interest due February 1 and August 1, with an interest rate of 4.0%.

Note 13 Current Year Restatement

As a result of the implementation of GASB Statement No. 84 for student club balances net position at July 1, 2020 was restated. Fiscal year 2020 balances were not restated as the information was not practical for restatement purposes. Current year restatements are as follows:

	<u>Education Fund</u>
Balance at July 1, 2020	\$9,482,627
add: Prior year club balances	73,716
	<hr/>
Balance at July 1, 2020, as restated	\$9,556,343
	<hr/> <hr/>
	<u>Net Position</u>
Balance at July 1, 2020	\$33,986,259
add: Prior year club balances	73,716
	<hr/>
Balance at July 1, 2020, as restated	\$34,059,975
	<hr/> <hr/>

Required Supplementary Information

Sauk Valley Community College District 506

Schedule of Share of Net Pension Liability

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%			
Proportion amount of the collective net pension liability	\$0	\$0	\$0	\$0	\$0	\$0	\$0			
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$57,804,565	\$54,079,894	\$50,507,501	\$48,210,253	\$48,793,621	\$46,145,300	\$42,099,735			
College defined benefit covered payroll	\$7,021,309	\$6,828,994	\$6,589,334	\$6,703,520	\$6,808,441	\$7,131,343	\$7,069,741			
Proportion of collective net pension liability associated with the College as a percentage of defined benefit covered payroll	823.27%	791.92%	766.50%	719.18%	716.66%	647.08%	595.49%			
SURS plan net position as a percentage of total pension liability	39.05%	40.71%	41.27%	42.04%	39.57%	42.37%	44.39%			

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

Sauk Valley Community College District 506

Schedule of Pension Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Federal, trust, grant and other contribution	\$100,174	\$60,487	\$45,900	\$48,230	\$33,963	\$30,773	\$26,915	\$26,184		
Contribution in relation to required contribution	100,174	60,487	45,900	48,230	33,963	30,773	26,915	26,184		
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
College covered payroll	\$7,711,562	\$7,021,309	\$6,828,994	\$6,589,334	\$6,703,520	\$6,808,441	\$7,131,343	\$7,069,741		
Contribution as a percentage of covered - employee payroll	1.30%	0.86%	0.67%	0.73%	0.51%	0.45%	0.38%	0.37%		

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

Sauk Valley Community College District 506

Schedule of Share of Net OPEB Liability

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2016)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion percentage of the collective net OPEB liability	0.43%	0.42%	0.42%	0.43%	0.40%					
Proportion amount of the collective net OPEB liability	\$7,804,644	\$8,003,973	\$7,956,259	\$7,902,056	\$7,311,338					
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$7,804,628	\$8,003,973	\$7,956,259	\$7,797,981	\$7,617,792					
Total collective net OPEB liability associated with the College	\$15,609,272	\$16,007,946	\$15,912,518	\$15,700,037	\$14,929,130					
College covered payroll	\$7,021,309	\$6,828,994	\$6,589,334	\$6,703,520	\$6,808,441					
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	222.31%	234.41%	241.49%	234.21%	219.27%					
College insurance plan net position as a percentage of total OPEB liability	-5.07%	-4.13%	-3.54%	-2.87%	-2.15%					

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

Sauk Valley Community College District 506

Schedule of OPEB Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2016)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Statutorily required contribution	\$43,987	\$39,378	\$38,044	\$36,854	\$37,593	\$36,410				
Contribution in relation to the required statutorily	43,987	39,378	38,044	36,854	37,593	36,410				
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0				
College covered payroll	\$7,711,562	\$7,021,309	\$6,828,994	\$6,589,334	\$6,703,520	\$6,808,441				
Contribution as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%				

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

Sauk Valley Community College District 506

Notes to Required Supplementary Information

Note 1 Changes of Benefit Terms:

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2020.

Note 2 Changes of Assumptions:

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

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.25 percent to 12.25 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.75 percent. This reflects maintaining an assumed real rate of return of 4.50 percent and decreasing the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the ERI for crediting the money purchase accounts to 6.75 percent (effective July 2, 2019.)
- Normal retirement rates. A slight increase in the retirement rate at age 50. No change rates for ages 60-61, 67-74 and 80+, but a slight decrease in rates at all other ages. A rate of 50 percent if the member has 40 or more years of service and is younger than age 80.
- Early retirement rates. Decrease in the rates for all Tier 1 early retirement eligibility ages (55-59).
- Turnover rates. Change rates to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service.
- Mortality rates. Maintain the RP-2014 mortality tables with projected generational mortality improvement. Update the projection scale from the MP2014 to the MP-2017 scale.
- Disability rates. Decrease current rates to reflect that certain members who receive disability benefits do not receive the benefits on a long-term basis.

Note 3 Changes of OPEB Benefit Terms:

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2020.

Note 4 Changes of OPEB Assumptions:

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2014 to June 30, 2017, resulting in the adoption of new assumptions as of June 30, 2019. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2018:

Sauk Valley Community College District 506

Notes to Required Supplementary Information

Note 4 Changes of OPEB Assumptions (continued):

- The price inflation was decreased from 2.75 percent to 2.25 percent.
- The salary scale assumption was decreased.
- The rates of retirement were decreased.
- The rates of termination were decreased.
- The rates of disability were decreased.
- The mortality table was updated to reflect recent experience and mortality improvement scales.
- The discount rate was changed from 3.13 percent at June 30, 2019, to 2.45 percent at June 30, 2019.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2019, projected plan cost for plan year end June 30, 2020, premium changes through plan year end 2020, and expectation of future trend increases after June 30, 2020;
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed;
- Per capita claim costs for plan year end June 30, 2020, were updated based on projected claims and enrollment experience through June 30, 2020, and updated premium rates through plan year end 2021; and
- Healthcare plan participation rates by plan were updated based on observed experience.

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.

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Capital Assets and Long-Term 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, 2021

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit) at July 1, 2020	\$9,556,343	\$638	\$2,137,279	\$906,746
Revenue:				
Local taxes	5,607,176	649,664	898,653	1,873,097
All other local government	0	0	0	0
ICCB grants	1,515,986	171,531	0	0
All other state revenue	0	0	0	0
Federal revenue	1,176,303	140,165	0	0
Student tuition and fees	3,882,808	408,572	0	0
On-Behalf CIP	0	0	0	0
On-Behalf SURS	0	0	0	0
All other revenue	210,924	20,393	39,721	7,951
Total revenue	12,393,197	1,390,325	938,374	1,881,048
Expenditures:				
Instruction	4,678,229	0	43,686	0
Academic support	961,062	0	0	0
Student services	1,364,146	0	0	0
Public service	305,856	0	0	0
Organized research	22	0	0	0
Auxiliary services	15,920	0	0	0
Operation and maintenance	63	1,332,299	0	0
Institutional support	2,704,913	379	388	750
Scholarships, student grants, and waivers	701,456	0	0	0
Principal retirement	0	0	0	1,655,000
Interest	0	0	0	183,201
Debt issuance costs	0	0	21,250	0
Building construction, building improvements, and equipment	27,615	0	3,060,716	0
Total expenditures	10,759,282	1,332,678	3,126,040	1,838,951
Other financing sources (uses):				
Transfers in	18,473	87,357	125,000	0
Transfers out	(231,821)	0	(125,000)	0
Issuance of long-term debt	0	0	4,625,000	0
	(213,348)	87,357	4,625,000	0
Fund balance (deficit) at June 30, 2021	\$10,976,910	\$145,642	\$4,574,613	\$948,843

Sauk Valley Community College District 506

Uniform Financial Statement #1

All Funds Summary

(Continued)

For the year ended June 30, 2021

	Auxiliary Enterprise Fund	Restricted Purpose Fund	Working Cash Fund
Fund balance (deficit) at July 1, 2020	\$237,979	(\$82,483)	\$2,333,879
Revenue:			
Local taxes	0	0	0
All other local government	0	0	0
ICCB grants	0	866,403	0
All other state revenue	0	473,451	0
Federal revenue	108,527	4,818,550	0
Student tuition and fees	300,133	0	0
On-Behalf CIP	0	138,807	0
On-Behalf SURS	0	6,351,452	0
All other revenue	2,476,829	83,300	9,664
Total revenue	2,885,489	12,731,963	9,664
Expenditures:			
Instruction	0	3,222,309	0
Academic support	0	480,476	0
Student services	0	1,925,873	0
Public service	0	665,548	0
Organized research	0	676,407	0
Auxiliary services	2,839,476	130,292	0
Operation and maintenance	0	496,351	0
Institutional support	0	1,605,994	0
Scholarships, student grants, and waivers	0	3,355,316	0
Principal retirement	0	0	0
Interest	0	0	0
Debt issuance costs	0	0	0
Building construction, building improvements, and equipment	0	45,756	0
Total expenditures	2,839,476	12,604,322	0
Other financing sources (uses):			
Transfers in	17,383	237,459	28,173
Transfers out	0	(157,024)	0
Issuance of long-term debt	0	0	0
	17,383	80,435	28,173
Fund balance (deficit) at June 30, 2021	\$301,375	\$125,593	\$2,371,716

Sauk Valley Community College District 506

Uniform Financial Statement #1

All Funds Summary

(Continued)

For the year ended June 30, 2021

	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance (deficit) at July 1, 2020	\$3,524	\$3,527,640	\$18,621,545
Revenue:			
Local taxes	53,971	109,919	9,192,480
All other local government	0	0	0
ICCB grants	0	0	2,553,920
All other state revenue	0	0	473,451
Federal revenue	0	5,545	6,249,090
Student tuition and fees	0	0	4,591,513
On-Behalf CIP	0	0	138,807
On-Behalf SURS	0	0	6,351,452
All other revenue	69	12,174	2,861,025
Total revenue	54,040	127,638	32,411,738
Expenditures:			
Instruction	0	0	7,944,224
Academic support	0	0	1,441,538
Student services	0	0	3,290,019
Public service	0	0	971,404
Organized research	0	0	676,429
Auxiliary services	0	11,697	2,997,385
Operation and maintenance	0	210,631	2,039,344
Institutional support	44,234	711,739	5,068,397
Scholarships, student grants, and waivers	0	0	4,056,772
Principal retirement	0	0	1,655,000
Interest	0	0	183,201
Debt issuance costs	0	0	21,250
Building construction, building improvements, and equipment	0	0	3,134,087
Total expenditures	44,234	934,067	33,479,050
Other financing sources (uses):			
Transfers in	0	0	513,845
Transfers out	0	0	(513,845)
Proceeds from long-term debt	0	0	4,625,000
	0	0	4,625,000
Fund balance (deficit) at June 30, 2021	\$13,330	\$2,721,211	\$22,179,233

Sauk Valley Community College District 506

Uniform Financial Statement #2

Summary of Capital Assets and Long-Term Debt *

For the year ended June 30, 2021

	Balance July 1, 2020	Additions	Deletions	Reclassification	Balance June 30, 2021
Capital assets:					
Sites and improvements	\$3,262,152	\$0	\$0	\$504,778	\$3,766,930
Buildings, additions and improvements	36,111,988	0	0	474,808	36,586,796
Equipment	8,128,686	369,620	12,280	0	8,486,026
Construction in process	545,805	2,751,967	0	(979,586)	2,318,186
Equipment in process	0	12,500	0	0	12,500
Total capital assets	48,048,631	3,134,087	12,280	0	51,170,438
Accumulated depreciation	18,524,620	956,894	12,280	0	19,469,234
Net capital assets	\$29,524,011	\$2,177,193	\$0	\$0	\$31,701,204
Long-Term Debt:					
Bonds payable	\$5,175,000	\$0	\$1,655,000	\$0	\$3,520,000
Bond premium	115,165	0	61,984	0	53,181
Debt certificate	0	4,625,000	0	0	4,625,000
OPEB liability	8,003,973	0	199,329	0	7,804,644
Other fixed liabilities	364,478	411,707	277,166	0	499,019
Total Long-Term Debt	\$13,658,616	\$5,036,707	\$2,193,479	\$0	\$16,501,844

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2021.

Sauk Valley Community College District 506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2021

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$4,989,937	\$573,376	\$5,563,313
Corporate personal property replacement tax	617,239	76,288	693,527
Total local government	5,607,176	649,664	6,256,840
State government:			
ICCB base operating grant	1,123,936	138,914	1,262,850
ICCB equalization grant	210,879	31,277	242,156
ICCB career and technical education	138,073	0	138,073
Other state sources	43,098	1,340	44,438
Total state government	1,515,986	171,531	1,687,517
Federal government:			
Department of Education	1,176,303	140,165	1,316,468
Total federal government	1,176,303	140,165	1,316,468
Student tuition and fees:			
Tuition	3,578,572	408,572	3,987,144
Fees	304,236	0	304,236
Total tuition and fees	3,882,808	408,572	4,291,380
Other sources:			
Sales and service fees	128,447	0	128,447
Facilities revenue	0	10,475	10,475
Interest	27,763	1,294	29,057
Other	54,714	8,624	63,338
Total other sources	210,924	20,393	231,317
Total revenue	12,393,197	1,390,325	13,783,522
Less nonoperating items *			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$12,393,197	\$1,390,325	\$13,783,522

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

Sauk Valley Community College District 506
Uniform Financial Statement #3
Operating Funds Revenues and Expenditures (Continued)
For the year ended June 30, 2021

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$4,705,844	\$0	\$4,705,844
Academic support	961,062	0	961,062
Student services	1,364,146	0	1,364,146
Public services	305,856	0	305,856
Organized research	22	0	22
Auxiliary services	15,920	0	15,920
Operation and maintenance of plant	63	1,332,299	1,332,362
Institutional support	2,704,913	379	2,705,292
Scholarships, student grants, and waivers	701,456	0	701,456
Total expenditures	10,759,282	1,332,678	12,091,960
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$10,759,282	\$1,332,678	\$12,091,960
By object:			
Salaries	\$7,343,780	\$601,163	\$7,944,943
Employee benefits	1,612,003	222,830	1,834,833
Contractual services	463,127	127,291	590,418
General materials and supplies	540,477	45,046	585,523
Conference and meeting expense	58,001	0	58,001
Fixed charges	0	0	0
Utilities	150	336,348	336,498
Capital outlay	27,613	0	27,613
Other	714,131	0	714,131
Total expenditures	10,759,282	1,332,678	12,091,960
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$10,759,282	\$1,332,678	\$12,091,960

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

Sauk Valley Community College District 506
Uniform Financial Statement #4
Restricted Purposes Fund Revenues and Expenditures
For the year ended June 30, 2021

Revenue by source:

State government:

ICCB:

State Adult Education Restricted Funds	\$192,020
Other	\$67,693
SURS on behalf contributions	6,351,452
CIP on behalf contributions	138,807
Illinois Veterans' Grant	76,093
ISAC - Monetary Award Grants	288,440
CARES - GEERF	48,630
Other	666,978

Total state government	7,830,113
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Federal government:

Department of Veteran Affairs:

Post 9/11 Veteran's Educational Assistance	41,175
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Department of Education:

College Work Study Grants	182,290
Pell Grants	2,028,472
Supplemental Educational Opportunity Grant	57,874
Direct Loans	0
Federal Adult Basic	88,803
Trio - Student Support Services	76,007
Trio Grant Cycle	190,378
Perkins Postsecondary	179,408
Higher Education Institutional Aid	482,707
COVID-19 - Education Stabilization Fund - Student	597,996
COVID-19 - Education Stabilization Fund - Institutional	559,433
CARES - Title III	22,433
CTE Leadership	39,591

Corporation for National and Community Service:

AmeriCorps	165,314
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Small Business Administration

Small Business Development Centers	84,108
Small Business Development Centers - CARES	22,561

Total federal government	4,818,550
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Revenue by source (continued):

Other sources	83,300
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Total restricted purposes fund revenues	\$12,731,963
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Sauk Valley Community College District 506
Uniform Financial Statement #4
Restricted Purposes Fund Revenues and Expenditures (Continued)
For the year ended June 30, 2021

Expenditures by program:	
Instruction	\$3,222,309
Academic support	480,476
Student services	1,971,629
Public services	665,548
Organized research	676,407
Auxiliary services	130,292
Operations and maintenance	496,351
Institutional support	1,605,994
Scholarships, student grants, and waivers	3,355,316

Total restricted purposes fund expenditures by program	\$12,604,322
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Expenditures by object:	
Salaries	\$1,230,312
Employee benefits (including on-behalf)	6,689,242
Contractual services	606,464
General materials and supplies	648,679
Travel, conference and meeting expense	28,079
Fixed charges	127
Utilities	590
Capital outlay	45,756
Other	3,355,073

Total restricted purposes fund expenditures by object	\$12,604,322
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Sauk Valley Community College District 506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2021

Instruction:	
Instructional programs	\$5,031,081
Other	2,897,072
Total instructional	7,928,153
Academic support:	
Library center	205,072
Instructional materials center	3,233
Academic computing support	160,675
Academic administration and planning	490,917
Other academic support	581,641
Total academic support	1,441,538
Student services:	
Admissions and records	357,305
Counseling and career guidance	1,294,992
Financial aid administration	239,934
Other student services	1,443,544
Total student services	3,335,775
Public service/continuing education:	
Community education	302,021
Customized training	0
Community services	162,307
Other public service	507,076
Total public service/continuing education	971,404
Organized research	676,429
Auxiliary services	2,997,385
Operations and maintenance of plant:	
Maintenance	278,019
Custodial	392,023
Grounds	178,996
Campus Security	249,495
Plant utilities	336,348
Administration	129,850
Other operations and maintenance	474,613
Total operations and maintenance of plant	2,039,344

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

Sauk Valley Community College District 506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2021

Institutional support:	
Executive management	297,086
Fiscal operations	435,996
Community relations	513,145
Administrative support services	267,787
Board of trustees	24,051
General institution	1,237,781
Institutional research	65,102
Administrative data processing	908,413
Other institutional support	1,317,898
<hr/> Total institutional support	<hr/> 5,067,259
Scholarships, student grants, and waivers	4,056,772
<hr/> Total current funds expenditures	<hr/> \$28,514,059

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

Sauk Valley Community College District 506

Certification of Chargeback Reimbursement


For Fiscal Year 2021

All fiscal year 2021 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$10,731,667	
2	Operations and Maintenance Fund	1,332,678	
3	Public Building Commission Operation and Maintenance Fund	0	
4	Bond and Interest Fund	0	
5	Public Building Commission Rental Fund	0	
6	Restricted Purposes Fund	12,558,566	
7	Audit Fund	44,234	
8	Liability, Protection, and Settlement Fund	934,067	
9	Auxiliary Enterprises Fund (subsidy only)	<u>0</u>	
10	Total noncapital expenditures (sum of lines 1-6)		<u><u>\$25,601,212</u></u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$864,454</u>	
12	Total costs included (line 10 plus line 11)		<u><u>\$26,465,666</u></u>
13	Total certified semester credit hours for FY 2021	<u>28,173</u>	
14	Per capita cost (line 12 divided by line 13)		939.3982182
15	All FY 2021 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$8,957,476</u>	
16	FY 2021 state and federal grants per semester credit hour (line 15 divided by line 13)		317.95
17	District's average ICCB grant rate (excluding equalization grants) for FY 2022		39.68
18	District's student tuition and fee rate per semester credit hour for FY 2022		<u>155.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u><u>\$426.77</u></u>

Approved: 
Vice President of Business Services

January 13, 2022
Date


President

January 13, 2022
Date

Other Supplemental Financial Information

Sauk Valley Community College District 506

Balance Sheet - All Fund Types

June 30, 2021

ASSETS	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Cash and cash equivalents	\$1,248,856	\$239,669	\$1,550,394	\$634,874
Deposits	2,750,000	0	0	0
Investments	6,466,193	0	0	0
Receivables:				
Property taxes	3,607,798	415,055	639,929	1,318,362
Government claims and grants	143,909	22,465	0	0
Other	147,274	0	0	0
Advances to other funds	0	0	4,300,000	0
Inventory	0	0	0	0
Prepaid items	0	0	0	0
Assets held by College Foundation	1,940,057	0	0	0
Property and equipment, net	0	0	0	0
Total assets	16,304,087	677,189	6,490,323	1,953,236
Deferred outflows of resources:				
Deferred OPEB	0	0	0	0
Deferred pension	0	0	0	0
Total deferred outflows	0	0	0	0
Total assets and deferred outflows	\$16,304,087	\$677,189	\$6,490,323	\$1,953,236
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$89,527	\$89,492	\$1,460,008	\$0
Accrued liabilities	866,808	51,242	0	62,422
Advances from other funds	1,500,000	63,261	0	0
Unearned tuition and fees	296,565	31,310	0	0
Accrued compensated absences	0	0	0	0
OPEB liability	0	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0	0
Debt certificate payable	0	0	0	0
Total liabilities	2,752,900	235,305	1,460,008	62,422
Deferred inflows of resources:				
Deferred property taxes	2,574,277	296,242	455,702	941,971
Deferred grant revenue	0	0	0	0
Deferred OPEB	0	0	0	0
Total deferred inflows	2,574,277	296,242	455,702	941,971
Fund balance/net position (deficit):				
Net investment in capital assets	0	0	0	0
Restricted	0	0	4,574,613	948,843
Unrestricted	10,976,910	145,642	0	0
Total fund balance/net position (deficit)	10,976,910	145,642	4,574,613	948,843
Total liabilities, deferred inflows of resources, and fund balances/net position	\$16,304,087	\$677,189	\$6,490,323	\$1,953,236

Sauk Valley Community College District 506

Balance Sheet - All Fund Types (Continued)

June 30, 2021

ASSETS	Auxiliary Enterprises Fund	Restricted Purpose	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Cash and cash equivalents	\$376,742	\$116,039	\$2,308,455	\$3,449	\$2,500,676
Deposits	0	0	0	0	0
Investments	0	0	0	0	249,341
Receivables:					
Property taxes	0	0	0	34,579	62,491
Government claims and grants	4,244	3,048,379	0	0	0
Other	0	0	0	0	0
Advances to other funds	0	0	63,261	0	0
Inventory	1,325	0	0	0	0
Prepaid items	0	0	0	0	2,751
Assets held by College Foundation	0	0	0	0	0
Property and equipment, net	0	0	0	0	0
Total assets	382,311	3,164,418	2,371,716	38,028	2,815,259
Deferred outflows of resources:					
Deferred OPEB	0	0	0	0	0
Deferred pension	0	100,174	0	0	0
Total deferred outflows	0	100,174	0	0	0
Total assets and deferred outflows	\$382,311	\$3,264,592	\$2,371,716	\$38,028	\$2,815,259
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$45,743	\$171,288	\$0	\$0	\$3,484
Accrued liabilities	10,655	18,648	0	0	45,944
Advances from other funds	0	2,800,000	0	0	0
Unearned tuition and fees	24,538	0	0	0	0
Accrued compensated absences	0	0	0	0	0
OPEB liability	0	0	0	0	0
Bonds payable, net of unamortized premiums (discounts)	0	0	0	0	0
Debt certificate payable	0	0	0	0	0
Total liabilities	80,936	2,989,936	0	0	49,428
Deferred inflows of resources:					
Deferred property taxes	0	0	0	24,698	44,620
Deferred grant revenue	0	149,063	0	0	0
Deferred OPEB	0	0	0	0	0
Total deferred inflows	0	149,063	0	24,698	44,620
Fund balance/net position (deficit):					
Net investment in capital assets	0	0	0	0	0
Restricted	0	0	2,371,716	13,330	0
Unrestricted	301,375	125,593	0	0	2,721,211
Total fund balance/net position (deficit)	301,375	125,593	2,371,716	13,330	2,721,211
Total liabilities, deferred inflows of resources, and fund balances/net position	\$382,311	\$3,264,592	\$2,371,716	\$38,028	\$2,815,259

Sauk Valley Community College District 506

Balance Sheet - All Fund Types (Continued)

June 30, 2021

	Fund Totals	GASB			Adjusted Totals
		General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
ASSETS					
Cash and cash equivalents	\$8,979,154	\$0	\$0	\$0	\$8,979,154
Deposits	2,750,000	0	0	0	2,750,000
Investments	6,715,534	0	0	0	6,715,534
Receivables:					
Property taxes	6,078,214	0	0	0	6,078,214
Government claims and grants	3,218,997	0	0	0	3,218,997
Other	147,274	0	0	0	147,274
Advances to other funds	4,363,261	0	0	(4,363,261)	0
Inventory	1,325	0	0	0	1,325
Prepaid items	2,751	0	0	0	2,751
Assets held by College Foundation	1,940,057	0	0	0	1,940,057
Property and equipment, net	0	31,701,204	0	0	31,701,204
Total assets	34,196,567	31,701,204	0	(4,363,261)	61,534,510
Deferred outflows of resources:					
Deferred OPEB	0	0	410,105	0	410,105
Deferred pension	100,174	0	0	0	100,174
Total assets	100,174	0	410,105	0	510,279
Total assets and deferred outflows	\$34,296,741	\$31,701,204	\$410,105	(\$4,363,261)	\$62,044,789
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	\$1,859,542	\$0	\$0	\$0	\$1,859,542
Accrued liabilities	1,055,719	0	0	(499,019)	556,700
Advances from other funds	4,363,261	0	0	(4,363,261)	0
Unearned tuition and fees	352,413	0	0	(149,546)	202,867
Accrued compensated absences	0	0	0	499,019	499,019
OPEB liability	0	0	7,804,644	0	7,804,644
Bonds payable, net of unamortized premiums (discounts)	0	0	3,573,181	0	3,573,181
Debt certificate payable	0	0	4,625,000	0	4,625,000
Total liabilities	7,630,935	0	16,002,825	(4,512,807)	19,120,953
Deferred inflows of resources:					
Deferred property taxes	4,337,510	0	0	0	4,337,510
Deferred grant revenue	149,063	0	0	0	149,063
Deferred OPEB	0	0	1,811,204	0	1,811,204
Total deferred inflows	4,486,573	0	1,811,204	0	6,297,777
Fund balance/net position (deficit):					
Net investment in capital assets	0	31,701,204	(4,647,966)	0	27,053,238
Restricted	7,908,502	0	(3,550,215)	0	4,358,287
Unrestricted	14,270,731	0	(9,205,743)	149,546	5,214,534
Total fund balance/net position (deficit)	22,179,233	31,701,204	(17,403,924)	149,546	36,626,059
Total liabilities, deferred inflows of resources, and fund balances/net position	\$34,296,741	\$31,701,204	\$410,105	(\$4,363,261)	\$62,044,789

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types
For the year ended June 30, 2021

	Education	Operations and Maintenance	Operations and Maintenance Restricted
Revenues:			
Local government	\$5,607,176	\$649,664	\$898,653
State government	1,515,986	171,531	0
State of Illinois on-behalf payments	0	0	0
Federal government	1,176,303	140,165	0
Student tuition and fees	3,882,808	408,572	0
Sales and service fees	128,447	0	0
Interest	27,763	1,294	17,560
Net increase (decrease) in fair value of investments	0	0	0
Other	54,714	19,099	22,161
Total revenues	12,393,197	1,390,325	938,374
Expenditures/expenses:			
Current:			
Instruction	4,705,844	0	52,336
Academic support	961,062	0	0
Student services	1,364,146	0	0
Public services	305,856	0	0
Organized research	22	0	0
Auxiliary services	15,920	0	0
Operation and maintenance of plant	63	1,332,299	1,202,386
Institutional support	2,704,913	379	1,850,068
Scholarships, student grants	701,456	0	0
Depreciation expense	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest	0	0	0
Debt issuance costs	0	0	21,250
Total expenditures/expenses	10,759,282	1,332,678	3,126,040
Excess (deficiency) of revenues over expenditures/expenses	1,633,915	57,647	(2,187,666)
Other financing sources (uses):			
Transfers in	18,473	87,357	125,000
Transfers out	(231,821)	0	(125,000)
Issuance of long-term debt	0	0	4,625,000
Total other financing sources (uses)	(213,348)	87,357	4,625,000
Net change in fund balance / net position	1,420,567	145,004	2,437,334
Fund balance/net position at beginning of year (deficit), as restated	9,556,343	638	2,137,279
Fund balance/net position at end of year (deficit)	\$10,976,910	\$145,642	\$4,574,613

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2021

	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
Revenues:			
Local government	\$1,873,097	\$0	\$0
State government	0	0	1,339,854
State of Illinois on-behalf payments	0	0	6,490,259
Federal government	0	108,527	4,818,550
Student tuition and fees	0	300,133	0
Sales and service fees	0	11,312	0
Interest	7,951	539	0
Net increase (decrease) in fair value of investments	0	0	0
Other	0	2,464,978	83,300
Total revenues	1,881,048	2,885,489	12,731,963
Expenditures/expenses:			
Current:			
Instruction	0	0	3,222,309
Academic support	0	0	480,476
Student services	0	0	1,971,629
Public services	0	0	665,548
Organized research	0	0	676,407
Auxiliary services	0	2,839,476	130,292
Operation and maintenance of plant	0	0	496,351
Institutional support	750	0	1,605,994
Scholarships, student grants	0	0	3,355,316
Depreciation expense	0	0	0
Debt service:			
Principal retirement	1,655,000	0	0
Interest	183,201	0	0
Debt issuance costs	0	0	0
Total expenditures/expenses	1,838,951	2,839,476	12,604,322
Excess (deficiency) of revenues over expenditures/expenses	42,097	46,013	127,641
Other financing sources (uses):			
Transfers in	0	17,383	237,459
Transfers out	0	0	(157,024)
Issuance of long-term debt	0	0	0
Total other financing sources (uses)	0	17,383	80,435
Net change in fund balance / net position	42,097	63,396	208,076
Fund balance/net position at beginning of of year (deficit), as restated	906,746	237,979	(82,483)
Fund balance/net position at end of year (deficit)	\$948,843	\$301,375	\$125,593

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2021

	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Revenues:			
Local government	\$0	\$53,971	\$109,919
State government	0	0	0
State of Illinois on-behalf payments	0	0	0
Federal government	0	0	\$5,545
Student tuition and fees	0	0	0
Sales and service fees	0	0	0
Interest	9,664	69	22,712
Net increase (decrease) in fair value of investments	0	0	(10,538)
Other	0	0	0
Total revenues	9,664	54,040	127,638
Expenditures/expenses:			
Current:			
Instruction	0	0	0
Academic support	0	0	0
Student services	0	0	0
Public services	0	0	0
Organized research	0	0	0
Auxiliary services	0	0	11,697
Operation and maintenance of plant	0	0	210,631
Institutional support	0	44,234	711,739
Scholarships, student grants	0	0	0
Depreciation expense	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest	0	0	0
Debt issuance costs	0	0	0
Total expenditures/expenses	0	44,234	934,067
Excess (deficiency) of revenues over expenditures/expenses	9,664	9,806	(806,429)
Other financing sources (uses):			
Transfers in	28,173	0	0
Transfers out	0	0	0
Issuance of long-term debt	0	0	0
Total other financing sources (uses)	28,173	0	0
Net change in fund balance / net position	37,837	9,806	(806,429)
Fund balance/net position at beginning of of year (deficit), as restated	2,333,879	3,524	3,527,640
Fund balance/net position at end of year (deficit)	\$2,371,716	\$13,330	\$2,721,211

Sauk Valley Community College District 506
Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance/Net Position (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2021

	Fund Totals	GASB			Adjusted Totals
		General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	
Revenues:					
Local government	\$9,192,480	\$0	\$0	\$0	\$9,192,480
State government	3,027,371	0	0	0	3,027,371
State of Illinois on-behalf payments	6,490,259	0	0	0	6,490,259
Federal government	6,249,090	0	0	0	6,249,090
Student tuition and fees	4,591,513	0	0	(2,165,138)	2,426,375
Sales and service fees	139,759	0	0	0	139,759
Interest	87,552	0	0	0	87,552
Net increase (decrease) in fair value of investments	(10,538)	0	0	0	(10,538)
Other	2,644,252	0	0	(2,442,062)	202,190
Total revenues	32,411,738	0	0	(4,607,200)	27,804,538
Expenditures/expenses:					
Current:					
Instruction	7,980,489	(54,475)	91,219	0	8,017,233
Academic support	1,441,538	0	15,110	0	1,456,648
Student services	3,335,775	0	31,081	0	3,366,856
Public services	971,404	0	9,626	0	981,030
Organized research	676,429	0	44	0	676,473
Auxiliary services	2,997,385	0	4,112	(2,442,062)	559,435
Operation and maintenance of plant	3,241,730	(1,209,473)	15,793	0	2,048,050
Institutional support	6,918,077	(1,870,139)	35,159	60,487	5,143,584
Scholarships, student grants	4,056,772	0	0	(2,166,988)	1,889,784
Depreciation expense	0	956,894	0	0	956,894
Debt service:					
Principal retirement	1,655,000	0	(1,655,000)	0	0
Interest	183,201	0	(61,984)	0	121,217
Debt issuance costs	21,250	0	0	0	21,250
Total expenditures/expenses	33,479,050	(2,177,193)	(1,514,840)	(4,548,563)	25,238,454
Excess (deficiency) of revenues over expenditures/expenses	(1,067,312)	2,177,193	1,514,840	(58,637)	2,566,084
Other financing sources (uses):					
Transfers in	513,845	0	0	0	513,845
Transfers out	(513,845)	0	0	0	(513,845)
Issuance of long-term debt	4,625,000	0	(4,625,000)	0	0
Total other financing sources (uses)	4,625,000	0	(4,625,000)	0	0
Net change in fund balance / net position	3,557,688	2,177,193	(3,110,160)	(58,637)	2,566,084
Fund balance/net position at beginning of of year (deficit), as restated	18,621,545	29,524,011	(14,293,764)	208,183	34,059,975
Fund balance/net position at end of year (deficit)	\$22,179,233	\$31,701,204	(\$17,403,924)	\$149,546	\$36,626,059

Sauk Valley Community College District 506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2020, 2019, and 2018

	2020	2019	2018
Assessed Valuations:			
Bureau County	\$149,277,949	\$144,114,028	\$106,349,031
Carroll County	99,102,783	95,081,693	91,491,170
Henry County	4,539,361	4,334,243	4,056,985
Lee County	710,899,691	653,262,715	632,311,551
Ogle County	138,607,227	130,819,284	125,819,935
Whiteside County	872,520,259	832,692,286	812,249,361
Total assessed valuations	\$ 1,974,947,270	\$1,860,304,249	\$1,772,278,033
Tax Rate (per \$100 assessed valuation):			
Bond and Interest Fund	0.0954	0.1007	0.0592
Audit Fund	0.0025	0.0032	0.0030
Liability, Protection, and Settlement	0.0000	0.0000	0.0189
Social Security	0.0045	0.0071	0.0073
Prior Year Adjustment	(0.0002)	0.0002	0.0011
Operations and Maintenance Accounts	0.0300	0.0300	0.0300
Operations and Maintenance Accounts - Restricted	0.0462	0.0479	0.0485
Educational Accounts	0.2450	0.2450	0.2450
Additional Tax	0.0159	0.0155	0.0162
Total tax rate	0.4393	0.4496	0.4292
Tax Extensions:			
Bond and Interest Fund	\$1,883,942	\$1,870,674	\$1,050,649
Audit Fund	49,395	59,445	53,242
Liability, Protection, and Settlement	0	0	335,427
Social Security	89,240	131,895	129,556
Prior Year Adjustment	(4,083)	1,665	8,935
Operations and Maintenance Accounts	592,484	557,301	532,423
Operations and Maintenance Accounts - Restricted	911,405	889,824	860,751
Educational Accounts	4,838,621	4,551,294	4,348,125
State Additional Tax	314,017	287,939	287,509
Total tax extensions	\$8,675,021	\$8,350,037	\$7,606,617
Tax Collections to June 30:			
Bond and Interest Fund	\$778,245	\$1,868,095	\$1,047,395
Audit Fund	20,402	59,560	53,237
Liability, Protection, and Settlement	0	0	332,319
Social Security	36,833	131,803	132,170
Operations and Maintenance Accounts	244,291	556,612	535,525
Operations and Maintenance Accounts - Restricted	373,637	889,135	858,185
Educational Accounts	1,995,036	4,545,671	4,331,273
State Additional Tax	129,473	287,584	286,537
Total tax collections	\$3,577,917	\$8,338,460	\$7,576,641
Percent of extensions collected	41.24%	99.86%	99.61%

State Grant Activity

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

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 Grants of Sauk Valley Community College District 506 (the "College") as of and for the year ended June 30, 2021, which comprise of the balance sheet as of June 30, 2021, and the related statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the ICCB grant program financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of the Sauk Valley Community College District 506 as of June 30, 2021, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of the Sauk Valley Community College District 506 as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States. Our opinion is not modified with respect to this matter.

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.

Wipfli LLP

Sterling, Illinois
January 13, 2022

Sauk Valley Community College District 506

Balance Sheet

State Adult Education and Family Literacy Funds

June 30, 2021

ASSETS	State Basic	State Performance	Total
Cash	\$13,703	\$4,348	\$18,051
Investments	0	0	0
Receivables	0	0	0
Total assets	\$13,703	\$4,348	\$18,051

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$12,599	\$3,719	\$16,318
Accrued liabilities	1,104	629	1,733
Advances from other funds	0	0	0
Total liabilities	13,703	4,348	18,051
Fund balance	0	0	0
Total liabilities, deferred inflows of resources, and fund balances	\$13,703	\$4,348	\$18,051

See Notes to ICCB Grant Programs Financial Statements.

Sauk Valley Community College District 506
Statement of Revenues, Expenditures and Changes in Fund Balance
State Adult Education and Family Literacy Funds
For the year ended June 30, 2021

	State Basic	State Performance	Total
Revenues -			
Grant revenue	\$131,579	\$60,441	\$192,020
Expenditures:			
Instruction	63,941	2,131	66,072
Contractual services	4,000	0	4,000
Social work services	0	0	0
Guidance services	37,038	9,762	46,800
Assessment and testing	2,272	0	2,272
Student transportation services	420	0	420
Literacy services	0	0	0
Subtotal instructional and student services	107,671	11,893	119,564
Improvement of instructional services	0	1,355	1,355
General administration	19,472	31,407	50,879
Workforce coordination	1,817	0	1,817
Data and information services	2,619	15,786	18,405
Subtotal program support	23,908	48,548	72,456
Total expenditures	131,579	60,441	192,020
Excess of revenues over expenditures	0	0	0
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$0	\$0	\$0

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 and Family Literacy Funds

For the year ended June 30, 2021

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$63,941	48.60%
General Administration (15% maximum allowed)	\$19,472	14.80%

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 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. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2021. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2021 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB 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

Unrestricted Grants

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

Small College Grants - Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. They are intended to help small colleges pay for some of the "fixed costs" of operating a smaller institution.

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

Statewide Initiatives

Special Incentive Grants - A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a Request for Proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant proportion of the dollars available will focus on improving the availability of qualified information technology employees in the State of Illinois.

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

Restricted 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 instruction, 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.

**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 management of Sauk Valley Community College District 506's (the College) assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Sauk Valley Community College District 506 during the period July 1, 2020 through June 30, 2021. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

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

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

In our opinion, management's assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual* included in the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Sauk Valley Community College District 506 is fairly stated, in all material respects.

Wipfli LLP

Sterling, Illinois
January 13, 2022

Sauk Valley Community College District 506
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the year ended June 30, 2021


<u>Credit Hour Categories</u>	Total Reimbursable Semester Credit Hours by Term							
	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	1,689.0	0.0	8,674.0	0.0	7,859.0	0.0	18,222.0	0.0
Business Occupational	130.0	0.0	782.0	2.0	698.0	2.0	1,610.0	4.0
Technical Occupational	105.0	0.0	1,271.0	0.0	1,302.0	0.0	2,678.0	0.0
Health Occupational	289.5	0.0	2,076.5	0.0	1,739.5	0.0	4,105.5	0.0
Remedial/Developmental	170.0	0.0	635.0	0.0	288.0	0.0	1,093.0	0.0
Adult Education	0.0	59.0	0.0	176.0	0.0	225.5	0.0	460.5
	2,383.5	59.0	13,438.5	178.0	11,886.5	227.5	27,708.5	464.5

	In-District (All terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	26,420.5	455.5	5,130.0	0.0	8.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 376.5

District Equalized Assessed Valuation: \$1,974,947,270

<u>Credit Hour Categories</u>	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0
	0.0	0.0	0.0	0.0

Signature: 
President

Signature: 
Vice President of Business and Facilities

Sauk Valley Community College District 506

Reconciliation of Total Semester Credit Hours

(Continued)

For the year ended June 30, 2021

Total Reimbursable Semester Credit Hours

<u>Credit Hour Categories</u>	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
Baccalaureate	18,222.0	18,222.0	0.0	0.0	0.0	0.0
Business Occupational	1,610.0	1,610.0	0.0	4.0	4.0	0.0
Technical Occupational	2,678.0	2,678.0	0.0	0.0	0.0	0.0
Health Occupational	4,105.5	4,105.5	0.0	0.0	0.0	0.0
Remedial/Developmental	1,093.0	1,093.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	460.5	460.5	0.0
Total	27,708.5	27,708.5	0.0	464.5	464.5	0.0

	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
In-District Credit Hours:	26,420.5	26,420.5	0.0	455.5	455.5	0.0
Dual Credit Hours:	5,130.0	5,130.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	8.0	8.0	0.0	0.0	0.0	0.0

Total Correctional Semester Credit Hours

<u>Credit Hour Categories</u>	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
Baccalaureate	0.0	0.0	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Technical Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Health Occupational	0.0	0.0	0.0	0.0	0.0	0.0
Remedial/Developmental	0.0	0.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	0.0	0.0	0.0
Total	0.0	0.0	0.0	0.0	0.0	0.0

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.

**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 and discretely presented component unit of Sauk Valley Community College District 506 (the College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 13, 2022. The financial statements of Sauk Valley 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness the College's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 13, 2022