Sauk Valley Community College District 506

Dixon, Illinois

Annual Financial Report

Year Ended June 30, 2022

Sauk Valley Community College

WIPFLI

TABLE OF CONTENTS

SPECIAL REPORTS SECTION
(Continued)

ICCB State Grant Financial Compliance Section (continued)

FINANCIAL SECTION

WIPFLI

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Sauk Valley Community College District 506, as of June 30, 2022, 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 of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of Sauk Valley College Foundation were not audited in accordance with Government Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and Government Auditing Standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

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

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planed scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental financial information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information as listed in the table of contents comprises of the other financial information section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 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
December 29, 2022

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, 2022 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, 2022. 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.

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, 2022. 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, 2022. 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.

(Continued)

Financial Highlights and Key Trends

Statement of Net Position

Summary of Net Position (in thousands)
June 30,

	2022	2021	Increase (Decrease)	Percent Change
Current assets	$30,951	$27,893	$3,058	11.0%
Noncurrent assets:				
Capital assets, net	32,587	31,701	886	2.8%
Other	0	1,940	(1,940)	(100.0%)
Total assets	63,538	61,534	2,004	3.3%
Deferred outflow of resources	1,179	510	669	131.2%
Total assets and deferred outflows	64,717	62,044	2,673	4.3%
Current liabilities	4,015	4,715	(700)	(14.8%)
Noncurrent liabilities	17,676	14,405	3,271	22.7%
Total liabilities	21,691	19,120	2,571	13.4%
Deferred inflows of resources	6,960	6,298	662	10.5%
Total liabilities and deferred inflows	28,651	25,418	3,233	12.7%
Net position:				
Net investment in capital assets	28,194	27,053	1,141	4.2%
Restricted	4,598	4,358	240	5.5%
Unrestricted	3,274	5,215	(1,941)	(37.2%)
Total net position	$36,066	$36,626	$(560)	(1.5%)

The College's total net position as of June 30, 2022 decreased approximately $560,000 (1.5%).

During fiscal year 2022, the College's total assets increased by approximately $2,004,000 (3.3%), and deferred outflows of resources increased approximately $669,000 (131.2%). Major components of the net change in total assets included the following:

- Other noncurrent assets decreased by approximately $1,940,000 due to the College transferring Department of Education Challenge Grant unrestricted resources to the Sauk Valley College Foundation for the Sauk Valley Community College Impact Program.
- Net capital assets increased approximately $886,000 (2.8%), primarily related to capital projects for the College's 2nd Floor West English and Humanities area, the new Route 2 sign, and the West Mall restrooms offset by current year depreciation expense. Approximately $554,000 was expended on academic, office, or service equipment.
- Current assets increased approximately $3,058,000 (11.0%) due to the overall surplus of unrestricted revenues over expenses realized during fiscal year 2022 and the issuance of the College's Series 2022 General Obligation Debt Certificates, which the proceeds of were used to fund various capital projects beginning in fiscal year 2023. Increases were offset by spending of restricted capital project funds.
- Deferred outflows of resources increased approximately $669,000 (131.2%) largely due to actuarial changes for the College's proportionate share of the CCHISF OPEB plan.

(Continued)

During fiscal year 2022, the College's total liabilities increased approximately $2,571,000 (13.4%) and deferred inflows of resources increased approximately $662,000 (10.5%). Major components of the net change in total liabilities and deferred inflows of resources included the following:

- Current liabilities decreased approximately $700,000 (14.8%) due to a decrease in accounts payable at year end related to capital projects offset by an increase in other current accrued liabilities including unearned tuition and fees, compensated absences, and the current potion of bonds payable.
- Noncurrent liabilities increased approximately $3,271,000 (22.7%) due to the issuance of the Series 2022 General Obligation Debt Certificates offset by the annual principal installment due other bonds payable.
- Deferred inflows of resources increased approximately $662,000 (10.5%) largely due to actuarial changes for the College's proportionate share of the CCHISF OPEB plan and deferred property tax revenues.

During fiscal year 2022, the College's net investment in capital assets increased approximately $1,141,000 (4.2%) due to an increase in net capital assets and reductions in capital related debt. Restricted net position increased approximately $240,000 (5.5%) as annual debt installments reduced principal offsetting capital project funds and an increase to the bond principal and interest levy. Unrestricted net position decreased approximately $1,941,000 (37.2%) primary due to the College transferring Department of Education Challenge Grant unrestricted resources (totaling $1,940,057) to the Sauk Valley College Foundation for the Sauk Valley Community College Impact Program.

(Continued)

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

	2022	2021	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	$2,190	$2,426	$(236)	(9.7%)
Auxiliary	347	140	207	147.9%
State sources	7,371	9,518	(2,147)	(22.6%)
Federal sources	7,545	6,249	1,296	20.7%
Property taxes	8,830	8,499	331	3.9%
Personal property replacement tax	1,500	694	806	116.1%
Interest income	(470)	77	(547)	(710.4%)
Other	605	202	403	199.5%
Total revenues	27,918	27,805	113	0.4%
Expenses:				
Instruction	7,487	8,017	(530)	(6.6%)
Academic support	1,748	1,457	291	20.0%
Student services	3,395	3,367	28	0.8%
Public services	1,105	981	124	12.6%
Organized research	520	676	(156)	(23.1%)
Auxiliary services	890	560	330	58.9%
Operations and maintenance	2,090	2,048	42	2.1%
Institutional support	7,153	5,144	2,009	39.1%
Scholarships, grants and waivers	2,938	1,890	1,048	55.4%
Depreciation	1,036	957	79	8.3%
Interest	116	142	(26)	(18.3%)
Total expenses	28,478	25,239	3,239	12.8%
Change in net position	$(560)	$2,566	$(3,126)	(121.8%)

The College's change in net position decreased approximately $3,126,000 from $2,566,000 in fiscal year 2021 to ($560,000) for fiscal year 2022.

Total revenues increased approximately $113,000 (0.4%) from fiscal year 2021 to 2022. The decrease in tuition and fee revenue was due to an increase amount estimated as the scholarship allowance for fiscal year 2022, which was due to an increase in student grants awarded through the Department of Education Higher Education Emergency Relief Funds (HEERF) grants. 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 2022, which is largely due to increases in property values and new construction within the College's District boundaries. The State sources decrease is largely attributable to actuarial changes impacting the 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 $3,291,000 (12.8%) from fiscal year 2021 to 2022. 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. Grant funded instructional expenditures decreased during fiscal year 2022 as federal grant resources were shifted from technology related expenditures to student aid to continue to support the College's neediest students through the continued impact of the pandemic. Auxiliary service expenses increased as athletic programs increased participation out of the most restrictive pandemic precautions. Scholarships, grants, waivers expense increased from fiscal year 2021 to 2022 due to expanded use of Department of Education HEERF grants for emergency student aid purposes to support the College's neediest students. Also included in fiscal year 2022 expenses is the one-time transfer of Department of Education Challenge Grant unrestricted resources to the Sauk Valley College Foundation for the Sauk Valley Community College Impact Program, which totaled approximately $1,940,000.

Capital Assets

The College had numerous ongoing capital projects during fiscal year 2022. Capital additions accumulated through construction in-process totaled approximately $1,370,000 during fiscal year 2022. See Note 3 for details of capital assets.

Capital projects completed during fiscal year 2022 totaled approximately $2,990,000 and included the following: (1) Solar Project, (2) Electrical (switchgear) and Lighting Improvements (parking lots), (3) Air Handler Unit #9 in the gymnasium, (4) New Route 2 Sign, (5) The College's 2nd Floor West English and Humanities area, (6) Printshop Renovation; (7) new Baseball Field Fence, (8) Radiology Room Renovation, and (9) the new Video Studio. Projects that were still in the development or active construction phases as of June 30, 2022 include the following: (1) Window Improvements, (2) Dillon Mall Renovation, (3) Toilet Room Renovations, (4) West Mall Plaza, (5) Generator Replacement, and (6) HVAC Upgrades. Construction in-progress included approximately $709, 000 as of June 30, 2022.

The College incurred approximately $554,000 for capital equipment during fiscal year 2022.

Capital expenditures were largely funded from local sources during fiscal year 2022. The College is receiving State assistance from the State of Illinois Capital Development Board in conjunction with the Generator Replacement and HVAC Upgrades projects for which approximately $149,000 of State participation was recognized during fiscal year 2022.

Capital Assets (continued)

Depreciation expense for fiscal year 2022 was approximately $1,036,000, an increase of approximately $79,000 (8.3%) from fiscal year 2021.

Long-Term Debt Activity

The College had $6,190,000 of General Obligation bonds outstanding as of June 30, 2022. Of that amount, $1,795,000 will be due during fiscal year 2023. In July 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. In April 2022, the College issued General Obligation Debt Certificates, Series 2022 in the amount of $4,550,000 to renovate, repair, and equip campus facilities and functions and complete site improvements. In August 2022 (subsequent to fiscal year 2022), the College issued General Obligation Bonds, Series 2022A to pay the College's outstanding General Obligation Debt Certificates, Series 2022 and related issuance costs. The College's General Obligation Bonds, Series 2022A, will be repaid through the College's annual bond and interest levy, tax years 2022 through 2026.

Interest expense for fiscal year 2022 was approximately $116,000, which was $26,000 (18.3%) less than during fiscal year 2021.

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, 2022 of $10,740,000 is approximately $48,268,000 under the statutory limit of $59,007,910, which represents 2.875% of the Equalized Assessed Valuation (EAV) of the College's district.

Economic and Other Significant Financial Factors that will Affect the Future

Sauk Valley Community College District 506 has been affected by the declining enrollments experienced throughout the State of Illinois' community college system. The College experienced further declines to enrollment due to the COVID-19 pandemic. However, the College is well positioned to support Sauk Valley through expanded educational opportunities, lifelong learning, economic development, and public service now and into the future.

The Sauk Valley Community College Impact Program is a cornerstone of the College's new strategic plan that was implemented in 2022. 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. When the Impact Program is fully implemented, more than 4,000 high school students throughout the Sauk Valley will be volunteering more than 100,000 hours of community service annually. More than 750 high school freshmen and sophomore are enrolled in the Impact Program as of September 2022. College administration estimates the Impact Program could result in a 20% enrollment increase in traditional students when the first cohort is eligible to enroll in the fall of 2026.

Economic and Other Significant Financial Factors that will Affect the Future (continued)

Unemployment rates, both locally and nationally, have fluctuated dramatically due to the COVID-19 pandemic. While unemployment exists, hiring and retaining qualified talent continues to be a challenge not only for the College, but for employers throughout the Sauk Valley. Employment market conditions impact opportunities for traditional and non-traditional prospective students throughout the Sauk Valley.

Property tax revenue accounts for approximately 39% of total operating fund revenues and is a direct result of Equalized Assessed Valuations (EAVs). The College's District EAV continues to grow each year as overall property values continue to increase through not only appreciation, but also due to new investment and economic development throughout the Sauk Valley.

The State of Illinois has approved an annual budget. The State political environment has changed since the budget impasse of 2016 and 2017 as the Governor's Office is aligned with State legislators, which allows more measures to move forward, including the support of higher education.

Illinois Personal Property Replacement Taxes (PPRT) have contributed an increased proportion of operating funds revenues in recent years (10.2% for fiscal year 2022). This increase has been a welcome change as the College transitions from reliance on federal stimulus funding, however the College does not expect such high levels of State distributions to continue past calendar year 2023. Less reliance on PPRT is projected for fiscal year 2024 and beyond.

The College's Board of Trustees adopts tuition and fee rates each February with adopted rates becoming effective for the upcoming Fall and subsequent terms. The College's Board of Trustees historically have supported a 'slow and steady' approach to tuition and fee increases, approving a $4 (or approximately 2.5%) increase to universal tuition and fees for the 20-21 and 21-22 academic years. A continued 'slow and steady' approach to future tuition and fee increases is anticipated.

Department of Education HEERF grant funding was largely exhausted during fiscal year 2022. Federal revenue recorded in the College's operating funds was related to lost revenue reimbursements and was a direct result of enrollment declines due to the COVID-19 pandemic. HEERF support was a one-time event and will not be a recurring source of cash inflow beyond fiscal year 2022.

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, 2022

	Primary Institution	Component Unit
ASSETS	**Business-Type Activities**	**Foundation**
Current assets:		
Cash and cash equivalents	$12,725,996	$799,051
Deposits	2,750,000	596,936
Investments	7,390,195	7,215,607
Property taxes receivable	6,203,626	0
Other receivables	1,879,417	194,062
Inventory	1,379	0
Accrued Interest	0	645
Prepaid expenses	0	4,679
Total current assets	30,950,613	8,810,980
Noncurrent assets:		
Assets held by College Foundation	0	0
Capital assets	53,092,366	0
Less accumulated depreciation	(20,505,104)	0
Total noncurrent assets	32,587,262	0
Total assets	63,537,875	8,810,980
DEFERRED OUTFLOWS OF RESOURCES		
Related to OPEB	1,096,679	0
Related to pension	82,854	0
Total deferred outflows of resources	1,179,533	0
Total assets and deferred outflows of resources	64,717,408	8,810,980
LIABILITIES		
Current liabilities:		
Accounts payable	550,595	0
Accrued liabilities	743,867	0
Unearned tuition and fees	350,824	0
Accrued compensated absences	413,467	0
Bonds payable	1,956,566	0
Total current liabilities	4,015,319	0
Noncurrent liabilities:		
Accrued compensated absences	206,733	0
Assets held for others	0	93,220
Net OPEB liability	8,210,540	0
Bonds payable	4,708,730	0
Debt certificate payable	4,550,000	0
Total noncurrent liabilities	17,676,003	93,220
Total liabilities	21,691,322	93,220
DEFERRED INFLOWS OF RESOURCES		
Deferred property tax revenue	4,514,899	0
Related to OPEB	2,259,865	0
Deferred grant revenues	184,875	
Total deferred inflows of resources	6,959,639	0
Total liabilities and deferred inflows of resources	28,650,961	0
NET POSITION / NET ASSETS		
Net investment in capital assets	28,194,553	0
Restricted:		
Nonexpendable, scholarships	0	8,019,893
Expendable:		
Capital projects	1,173,128	0
Debt service	1,072,472	0
Working cash	2,338,545	0
Audit	13,636	0
Unrestricted	3,274,113	697,867
Total net position / net assets	$36,066,447	$8,717,760

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, 2022

	Primary Institution	Component Unit
	Business-Type Activities	Foundation
Operating revenues:		
Student tuition and fees, net of scholarship allowances of $2,520,501	$2,190,333	$0
Auxiliary enterprises revenue	346,738	0
Contributions	0	2,792,569
Other	0	310,824
Total operating revenue	2,537,071	3,103,393
Operating expenses:		
Instruction	7,486,694	0
Academic support	1,747,795	0
Student services	3,394,540	0
Public services	1,104,771	0
Organized research	520,131	0
Auxiliary services	890,303	0
Operation and maintenance	2,090,219	0
Institutional support	7,152,937	462,123
Scholarships, student grants, and waivers	2,937,930	492,716
Depreciation expense	1,035,870	0
Total operating expenses	28,361,190	954,839
Operating income (loss)	(25,824,119)	2,148,554
Nonoperating revenues (expenses):		
State grants	2,904,654	0
State of Illinois on-behalf payments	4,466,229	
Federal grants	7,544,945	0
Property taxes	8,829,802	0
Personal property replacement tax	1,499,531	0
Investment income (loss)	(469,762)	(988,560)
Other nonoperating revenues	605,365	0
Interest expense	(116,257)	0
Net nonoperating revenues (expenses)	25,264,507	(988,560)
Change in net position / net assets	(559,612)	1,159,994
Net position / net assets:		
Beginning of year	36,626,059	7,557,766
End of year	$36,066,447	$8,717,760

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows

For the year ended June 30, 2022

	Primary Institution Business-Type Activities
CASH FLOWS FROM OPERATING ACTIVITIES:	
Tuition and fees	$4,743,391
Payments to suppliers	(10,476,089)
Payments to employees	(10,255,848)
Payments to students for scholarships and student grants	(5,458,431)
Auxiliary enterprise charges	346,738
Net cash flows from operating activities	(21,100,239)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Proceeds from property taxes	8,881,779
Proceeds from grants	16,223,614
Net cash flows from noncapital financing activities	25,105,393
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Purchases of capital assets	(1,923,751)
Proceeds on debt certificates payable	9,542,298
Principal paid on bonds payable	(6,350,000)
Interest paid on bonds payable	(291,440)
Net cash flows from capital and related financing activities	977,107
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest received (paid)	57,905
Proceeds from maturities of investment securities	3,383,381
Purchases of investment securities	(4,676,705)
Net cash flows from investing activities	(1,235,419)
Net increase (decrease) in cash and cash equivalents	3,746,842
CASH AND CASH EQUIVALENTS:	
Beginning of year	8,979,154
End of year	$12,725,996

See Notes to Financial Statements.

Sauk Valley Community College District 506

Statement of Cash Flows (Continued)

For the year ended June 30, 2022

	Primary Institution Business-Type Activities
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	($25,824,119)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	1,035,870
State on-behalf payments for fringe benefits	4,466,229
Changes in assets and liabilities:	
Inventory	(54)
Prepaid expenses	2,751
Receivables	(115,400)
Deferred outflows of resources	(669,254)
Accounts payable	(1,308,947)
Accrued liabilities	188,990
Accrued compensated absences	121,181
OPEB liability	405,896
Deferred inflows of resources	448,661
Unearned tuition and fees	147,957
Net cash used in operating activities	($21,100,239)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:	
Increase (decrease) in fair value of investments and amortization/accretion	$618,663
Acquisition of capital assets using accounts payable	$174,227
STATE ON-BEHALF PAYMENTS	$4,466,229

See 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 10) 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.

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.

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 $183,165 for uncollectible student tuition and fees. The College wrote off approximately $20,987 of tuition and fees during the year ended June 30, 2022.

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 2021 tax year and collected in 2022 are recorded as revenue in fiscal year 2022. The remaining 50 percent of revenues related to tax year 2020 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.

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.

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.

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 year 2022, the state made contributions of $4,466,229.

Note 1 Summary of Significant Accounting Policies (continued)

Pensions

For the purpose 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 financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer entity (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees.

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.

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, Deposits, 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, 2022 consist of the following:

	Carrying Amount
Cash on hand	$1,130
Deposits with financial institutions	7,614,704
Cash equivalents – highly liquid short term investments	7,860,162
Total cash and cash equivalents and deposits	$15,475,996

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.

Note 2 Cash and Investments (continued)

As of June 30, 2022, 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*	$55,495	$55,495	$0	$0	$0
Local government investment pool*	7,804,667	7,804,667	0	0	0
Certificate of deposit (brokered)	588,878	0	588,878	0	0
Fixed income mutual funds	6,006,621	6,006,621	0	0	0
US treasury notes	694,696	696,696	0	0	0
Guaranteed investment contract	100,000	0	0	0	100,000
Total	$15,250,357	$14,561,479	$588,878	$0	$100,000

*cash equivalents on statement of net position

As of June 30, 2022, 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	$55,495	$21,549	$0	$0	$33,946
Local government investment pool	7,804,667	7,804,667	0	0	0
Certificate of deposit (brokered)	588,878	0	0	0	588,878
Fixed income mutual funds	6,006,621	0	0	0	6,006,621
US treasury notes	694,696	0	694,696	0	0
Guaranteed investment contract	100,000	0	0	0	100,000
Total	$15,250,357	$7,826,216	$694,696	$0	$6,729,445

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, 2022, the bank balances of the College's deposits were $8,488,649. The College had pledged securities of $6,651,912 and FDIC coverage of $1,836,737.

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, 2022, none of the College's investment securities are subject to custodial credit risk.

Concentration Risk - Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. The College has no investments that represent 5 percent or more of the total investments.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The College does not have a foreign currency risk policy. The College does not have any investments with foreign currency risk exposure.

Note 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, 2022:

Assets measured at fair value on a recurring basis:	Total	Fair Value Measurements at Reporting Date Using (Level 1)	(Level 2)	(Level 3)
Certificates of deposit (brokered)	$588,878	$0	$588,878	$0
Fixed income mutual funds	6,006,621	6,006,621	0	0
US treasury notes	694,696	0	694,696	0
Guaranteed investment contract	100,000	0	100,000	0
Total investments	$7,390,195	$6,006,621	$1,383,574	$0

Note 3 Capital Assets

A summary of the changes in capital assets for the College for the year ended June 30, 2022, is as follows:

	Balance June 30, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Nondepreciable assets:					
Land	$162,651	$0	$0	$0	$162,651
Construction in progress	2,318,186	477,780	(1,823)	(2,185,501)	608,642
Equipment in progress	12,500	87,500	0	0	100,000
	2,493,337	565,280	(1,823)	(2,185,501)	871,293
Depreciable assets:					
Land improvements	3,604,279	248,780	0	417,947	4,271,006
Buildings	36,586,796	555,630	0	1,767,554	38,909,980
Equipment	8,486,026	554,061	0	0	9,040,087
	48,677,101	1,358,471	0	2,185,501	52,221,073
Less accumulated depreciation:					
Land improvements	1,268,209	68,739	0	0	1,336,948
Buildings	10,546,940	702,269	0	0	11,249,209
Equipment	7,654,085	264,862	0	0	7,918,947
	19,469,234	1,035,870	0	0	20,505,104
Depreciable assets, net	29,207,867	322,601	0	2,185,501	31,715,969
Capital assets, net	$31,701,204	$887,881	$(1,823)	$0	$32,587,262

Note 4 Long-Term Debt

The following is a summary of the long-term debt activity for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Payments	Balance June 30, 2022	Due Within One Year
Long-term debt:					
General obligation bonds	$3,520,000	$4,395,000	$1,725,000	$6,190,000	$1,795,000
General obligation debt certificate	4,625,000	4,550,000	4,625,000	4,550,000	0
Bond premiums (discounts)	53,181	597,298	175,183	475,296	161,566
Compensated absences	499,019	793,598	672,417	620,200	413,467
Totals	$8,697,200	$10,335,896	$7,197,600	$11,835,496	$2,370,033

Note 4 Long-Term Debt (continued)

Details on the debt as of June 30, 2022 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 2022 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 Community College Bond Fiscal year ending June 30,	Principal	Interest	Total
2023	$1,795,000	$71,800	$1,866,800
Total debt maturities	$1,795,000	$71,800	$1,866,800

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 2022 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. The debt certificates were refinanced and paid off during the fiscal year by the issuance of the General Obligation Bonds, Series 2021A.

3. The College issued General Obligation Bonds Series 2021A dated July 27, 2021 in the amount of $4,395,000 to refund the Series 2021 General Obligation Debt Certificates. The Series 2021A issue provided for serial retirement of principal on December 1 of each year starting in 2021 through 2027 with interest due February 1 and August 1, with an interest rate of 4.00%. 100% of the debt certificate proceeds were used for the purchase of capital assets. The annual debt service requirement is as follows:

Series 2021A General Obligation Bonds Fiscal year ending June 30,	Principal	Interest	Total
2023	$0	$175,800	$175,800
2024	1,035,000	155,100	1,190,100
2025	1,075,000	112,900	1,187,900
2026	1,120,000	69,000	1,189,000
2027	1,165,000	23,300	1,188,300
Total debt maturities	$4,395,000	$536,100	$4,931,100

Note 4 Long-Term Debt (continued)

4. The College issued General Obligation Debt Certificates (Limited Tax) Series 2022 dated May 10, 2022 in the amount of $4,550,000 to renovate, repair, and equip campus facilities and functions and complete site improvements. The Series 2022 issue provided for serial retirement of principal on December 1 of each year starting in 2022 through 2029 with interest due June 1 and December 1, with an interest rate of 1.00%. 100% of the debt certificate proceeds were used for the purchase of capital assets. On August 2, 2022, the College refinanced the Series 2022 General Obligation Debt Certificates with the Series 2022A General Obligation Bonds. Due to the refinancing, the entire $4,550,000 principal balance was classified as non-current. See Note 13 for more information on the refinancing. The annual debt service requirements on these debt certificates are due as follows:

Series 2022 General Obligation Debt Certificates Fiscal year ending June 30,	Principal	Interest	Total
2023	$615,000	$97,081	$712,081
2024	615,000	97,943	712,943
2025	630,000	81,135	711,135
2026	645,000	63,923	708,923
2027	665,000	46,238	711,238
2028 - 2029	1,380,000	37,530	1,417,530
Total debt maturities	$4,550,000	$423,850	$4,973,850

The annual requirements to amortize all debt outstanding as of June 30, 2022, 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
2023	$1,795,000	$615,000	$413,467	$2,823,467	$344,681	$3,168,148
2024	1,035,000	615,000	206,733	1,856,733	253,043	2,109,776
2025	1,075,000	630,000	0	1,705,000	194,035	1,899,035
2026	1,120,000	645,000	0	1,765,000	132,923	1,897,923
2027	1,165,000	665,000	0	1,830,000	69,538	1,899,538
2028 - 2029	0	1,380,000	0	1,380,000	37,530	1,417,530
Total	$6,190,000	$4,550,000	$620,200	$11,360,200	$1,031,750	$12,391,950

The following is a schedule of the legal debt margin of the College as of June 30, 2022:

Assessed valuation – 2021 levy	$2,052,449,053
Debt limit – 2.875% of assessed valuation	59,007,910
Less indebtedness	(10,740,000)
Legal debt margin, June 30, 2022	$48,267,910

Note 5 Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (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's financial reporting entity and is included in the State's Annual Comprehensive Financial Report (ACFR) 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 six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2021 can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions. The State 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 within SURS 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 2021 and fiscal year 2022, respectively, was 12.70% and 12.32% of employee payroll. The normal cost is equal to the value of current year's pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State's General Assembly.

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

Note 5 Defined Benefit Pension Plans (continued)

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

Net Pension Liability.
The net pension liability (NPL) was measured as of June 30, 2021. At June 30, 2021, SURS reported a NPL of $28,528,477,079.

Employer Proportionate Share of Net Pension Liability.
The amount of the proportionate share of the NPL to be recognized for the College is $0. The proportionate share of the State's NPL associated with the College is $53,722,260 or 0.1883%. The College's proportionate share changed by 0.0000% from 0.1883% since the last measurement date on June 30, 2020. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2021 was determined based on the June 30, 2020 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.

Defined Benefit Pension Expense.
At June 30, 2021, SURS defined benefit plan reported a collective net pension expense of $2,342,460,058.

Employer Proportionate Share of Pension Expense.
The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2020. As a result, the College recognized revenue and defined benefit pension expense of $4,411,110 from this special funding situation during the year ended June 30, 2022.

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	$113,467,689	$0
Changes in assumption	776,968,084	0
Net difference between projected and actual earnings on pension plan investments	2,283,514,660	2,283,514,660
Total	$890,435,773	$2,283,514,660

Note 5 Defined Benefit Pension Plans (continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit 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
2022	34,095,451
2023	(197,005,703)
2024	(538,343,058)
2025	(691,825,577)
Total	($1,393,078,887)

Employer Deferral of Fiscal Year 2022 Contributions

The College paid $82,854 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2022. These contributions were made subsequent to the pension liability measurement date of June 30, 2021, and are recognized as Deferred Outflows of Resources as of June 30, 2022.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	3.00 to 12.75 percent, including inflation
Investment rate of return	6.50 percent beginning with the actuarial valuation as of June 30, 2021

Mortality rates were based on the Pub-2010 employee and retiree gender distinct tables with projected with generational mortality and a separate mortality assumption for disabled participants.

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, 2021, 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	41%	6.30%
Stabilized Growth		
Credit Fixed Income	14%	1.82%
Core Real Assets	5%	3.92%
Options Strategies	6%	4.20%
Non-Traditional Growth		
Private Equity	7.5%	10.45%
Non-Core Real Assets	2.5%	8.83%
Inflation Sensitive		
U.S. TIPS	6%	(0.22%)
Principal Protection		
Core Fixed Income	8%	(0.81%)
Crisis Risk Offset		
Systematic Trend Following	3.5%	3.45%
Alternative Risk Premia	3.0%	2.30%
Long Duration	3.5%	0.91%
Total	100%	4.43%
Inflation		2.25%
Expected arithmetic return		**6.68%**

Discount Rate. A single discount rate of 6.12% 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 6.50% and a municipal bond rate of 1.92% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2021). 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 SURS 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.

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 NPL to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.12%, as well as what the State's NPL would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

1% Decrease 5.12%	Current Single Discount Rate Assumption 6.12%	1% Increase 7.12%
$35,000,704,353	$28,528,477,079	$23,155,085,730

Additional information regarding the SURS basic financial statements including the Plan Net Position can be found in the SURS annual comprehensive financial report by accessing the website at www.SURS.org.

Note 6 Defined Contribution Pension Plan

General Information about the Pension Plan

Plan Description. The College contributes to the Retirement Savings Plan (RSP) administered by the State Universities Retirement System (SURS), a cost-sharing multiple-employer defined contribution pension plan with a special funding situation whereby the State of Illinois (State) makes substantially all 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 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. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2021, can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions. All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Note 6 Defined Contribution Pension Plan (Continued)

Forfeitures. Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense
For the year ended June 30, 2021, the State's contributions to the RSP on behalf of individual employers totaled $76,280,832. Of this amount, $70,403,460 was funded via an appropriation from the State and $5,877,372 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense
The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2021. The College's share of pensionable contributions was 0.1611%. As a result, the College recognized revenue and defined contribution pension expense of $122,905 from this special funding situation during the year ended June 30, 2022, of which $9,470 constituted forfeitures.

Note 7 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.

Note 7 Other Post-Employment Benefits (continued)

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 CCHISF's financial statements of the Department may be obtained by accessing the website at www.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp.

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, 2021. CIP reported a net OPEB liability at June 30, 2021 of $1,735,532,863.

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 $8,210,540 or 0.4731%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was an increase of 0.0449%. The proportionate share of the State's net OPEB liability associated with the College is $8,210,540. The total proportionate share of the net OPEB liability associated with the College is $16,421,080. The net OPEB liability and total OPEB liability as of June 30, 2021 was determined based on the June 30, 2020 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 2021.

Note 7 Other Post-Employment Benefits (continued)

OPEB Expense. At June 30, 2021, CIP reported a collective net OPEB expense of ($8,291,172)

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 2021. As a result, the College recognized on-behalf revenue and expense of ($67,786) for the fiscal year ended June 30, 2022. Additionally, the College recognized OPEB expense of $167,980 for the fiscal year ended June 30, 2022.

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.

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	$51,959	$600,093
Changes in assumption	0	1,568,473
Net difference between projected and actual earnings on OPEB plan investments	0	237
Changes in proportion and differences between employer contributions and share of contributions	997,953	91,062
Total deferred amounts to be recognized in pension expense in future periods	1,049,915	2,259,865
OPEB contributions made subsequent to the measurement date	46,764	0
Total	$1,096,679	$2,259,865

Note 7 Other Post-Employment Benefits (continued)

The College reported $46,764 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, 2023. 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:

Year ended June 30:	Net Deferred Inflows of Resources
2023	(201,658)
2024	(201,658)
2025	(201,658)
2026	(201,658)
2027	(201,658)
2028	(201,660)
Total	($1,209,950)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, 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	Trend used for fiscal year 2022 based on actual premium increases. For fiscal years on and after 2023, trend starts at 8.00% for non-Medicare costs and post-Medicare costs, respectively, and gradually decreases to an ultimate trend of 4.25%.
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.

Note 7 Other Post-Employment Benefits (continued)

Assumptions and Other Inputs (continued)

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 to June 30, 2017.

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with 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 1.92% as of June 30, 2021, and 2.45% as of June 30, 2020.

The decrease in the single discount rate from 2.45% to 1.92% caused the total OPEB liability to increase by approximately $114.7 million from 2020 to 2021.

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.

During the plan year ending June 30, 2021, the trust earned $5,000 in interest and due to a significant benefit payable, the market value of assets at June 30, 2021, is a negative $104.0 million. Given the significant benefit payable, negative asset value and pay-as-you-go funding policy, the long-term expected rate of return assumption was set to zero.

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 1.92%, 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 (2.92%) or lower (.92%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Single Discount Rate Assumption

	1% Decrease (.92%)	Current Single Discount Rate Assumption (1.92%)	1% Increase (2.92%)
Net OPEB liability	$9,354,217	$8,210,540	$7,222,870

Note 7 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 8.00% in 2023 decreasing to an ultimate trend rate of 4.25% in 2038.

Sensitivity of Net OPEB Liability as of June 30, 2021 to the Healthcare Cost Trend Rate Assumption

	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	$6,765,355	$8,210,540	$10,146,071

(a) One percentage point decrease in healthcare trend rates are 7.00 % in 2023 decreasing to an ultimate trend rate of 3.25% in 2038.

(b) One percentage point increase in healthcare trend rates are 9.00% in 2023 decreasing to an ultimate trend rate of 5.25% in 2038.

Note 8 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 2022, the College paid approximately $135,961 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 9 Impact of Pending Accounting Pronouncements

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.

Note 9 Impact of Pending Accounting Pronouncements (continued)

GASB Statement No. 92, Omnibus 2021, 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, 2022.

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, 2022.

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.

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.

GASB Statement No. 99, Omnibus 2022, improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022 and 2023.

GASB Statement No. 100, Accounting Changes and Error Corrections, enhances accounting and financial reporting for accounting changes in error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, Compensated Absences, better meets the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The College has not determined the effects of these Statements.

Note 10 Component Unit

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

Note 10 <u>Component Unit (continued)</u>

<u>Summary of Significant Accounting Policies</u>

<u>Nature of Business</u>

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.

<u>Basis of Accounting</u>

The accompanying financial statements are prepared on the accrual basis.

<u>Net Assets</u>

Net assets and revenues, 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.

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, 2022, the bank balances of the Foundation's deposits were $1,420,157, and the entire balance was secured by FDIC coverage and collateralized securities in the Foundation's name.

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

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. Alternative investments are measured at the net asset value per share as a practical expedient in the statement of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities and changes in net assets.

Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Pledges Receivable

Unconditional promises to give are recorded as receivables in the year pledged. Conditional promises to give are recognized only when the conditions on which they depend are substantially met. Promises to give whose eventual uses are restricted by the donors are recorded as increases in net assets with donor restrictions. Unrestricted promises to give to be collected in future periods are also recorded as an increase to net assets with donor restrictions and reclassified to net assets without donor restrictions when received, unless the donor's intention is to support current-period activities.

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. Management has considered these pledges to be fully collectible; therefore, no allowance has been recorded.

Functional Allocation of Expenses

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Contributions and Revenues

Contributions are recognized when the donor or grantor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. If a restriction is met in the same period that the contribution is received, the contribution is reported as net assets without donor restrictions.

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.

- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized.

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.

Contributed nonfinancial assets

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Note 10 <u>Component Unit (continued)</u>

<u>Summary of Significant Accounting Policies (continued)</u>

Contributed services are recognized in the financial statements, if the services (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. These amounts are included in the financial statements as contributed nonfinancial asset revenues and expenses.

The Foundation also receives contributed services generally in the form of contributed time by volunteers. However, these contributed services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Assets Held for Others

In March 2021, the Foundation entered into an agreement with the Whiteside Area Career Center (WACC) to be the fiduciary agent for the Creating Entrepreneurial Opportunities (CEO) Program. This program prepares youth to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers and contribute to economic development and sustainable communities. The Foundation will hold contributions in a designated account and disburse funds as requested by WACC.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation is classified as public charity. The Foundation is also exempt from state income tax.

The Foundation assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Foundation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

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.

Change in Accounting Policy

In 2020, the FASB issued Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (ASU 2020-07). The amendments in this ASU apply to nonprofit organizations that receive contributed nonfinancial assets. Contribution revenue may be presented in the financial statements using different terms (for example, gifts, donations, grants, gifts-in-kind, donated services, or other terms). The amendments address presentation and disclosure of contributed nonfinancial assets. The term nonfinancial asset includes fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. There was no change in opening balances of net assets and no prior period results were restated.

Note 10 Component Unit (continued)

Summary of Significant Accounting Policies (continued)

Pending Accounting Pronouncements

In 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. Management is evaluating what impact this new standard will have on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through December 29, 2022 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2022 have been incorporated herein.

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, 2022, reduced by amounts not available for general expenditures:

Total financial assets	$8,806,301
Less those unavailable for general expenditure within one year due to:	
Funds held for others	93,220
Purpose restrictions	1,590,996
Perpetual endowments	6,428,897
Financial assts available to meet cash needs for general expenditures within one year	$693,188

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, 2022 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Multi-Strategy Equity Funds	$4,297,773	$3,144,083	$1,153,690
Multi-Strategy Bond Funds	2,917,834	3,022,666	(104,832)
	$7,215,607	$6,166,749	$1,048,858

Note 10 Component Unit (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, 2022:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	$2,215	$1,298	$3,513
Unrealized gains (losses)	(443,829)	(571,664)	(1,015,493)
Realized gains (losses)	2	49,987	49,989
Investment fees	0	(26,569)	(26,569)
Total	$(441,612)	$(546,948)	$(988,560)

Endowment Funds:

The Foundation's endowment consists of approximately 56 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

Note 10 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, 2022 is as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Donor-restricted endowment funds	$0	$6,689,266	$6,689,266

Changes in endowment net assets as of June 30, 2022 are as follows:

	Without Donor Restriction	With Donor Restriction	Total Endowment Assets
Endowment net assets, beg of year	$0	$5,513,555	$5,513,555
Investment return:			
Interest income	0	(25,270)	(25,270)
Net appreciation (realized and unrealized) on investments	0	(965,508)	(965,508)
Total investment return	0	990,778	990,778
Contributions	0	2,349,593	2,349,593
Reclassification per donor agreement	0	0	0
Appropriation of endowment assets for expenditure	0	(183,104)	(183,104)
Endowment net assets, end of year	$0	$6,689,266	$6,689,266

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, 2022.

Note 10 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, 2022

Subject to expenditure for specified purpose:	
Student scholarships, awards and College support	$1,590,996
Endowment subject to spending policy and appropriation	6,428,897
Net assets with donor restrictions	$8,019,893

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, 2022 for scholarships, awards and College support totaled $505,010.

The Foundation also reclassified $1,544 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

Note 10 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, 2022 is as follows:

Total Pledges Receivable	$194,062
Less discounts to net present value	0
Pledges Receivable	$194,062
Amounts due in:	
Less than one year	$174,999
Due in more than one year	19,063
Pledges Receivable	$194,062

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	$73,577
Add (deduct):		
Contributions	0	151,222
Program expenses	0	(131,579)
Distributions to Foundation	(1,940,057)	0
Change in funds held for others	0	19,643
Balance, end of year	$0	$93,220

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.

Note 10 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.

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. The fair value of alternative investments is based on the net asset value (NAV) per share as a practical expedient. In accordance with FASB ASC 820, certain investments that are measured using the NAV per share as a practical expedient are not required to be classified in the fair value hierarchy which applied to investments in Commonfund's funds.

At June 30, 2022, the Foundation's investments valued at NAV were as follows:

	Fair Value	Redemption Frequency (if Currently Eligible)	Redemption Notice Period
Multi-strategy equity fund	$4,297,773	Monthly	5 days
Multi-strategy bond fund	2,917,834	Monthly	5 days
Total	$7,215,607		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2022.

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, 2021	$4,688,385	$2,426,741	$7,115,126
Purchases	820,220	946,813	1,767,033
Sales	(544,527)	(129,947)	(674,474)
Fees	(18,119)	(8,450)	(26,569)
Unrealized gains	(648,187)	(317,322)	(965,509)
Fair Value as of June 30, 2022	$4,297,772	$2,917,835	$7,215,607

Note 10 Component Unit (continued)

Fair Value of Financial Instruments (continued):

Information regarding the fair value of assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2022 follows:

Assets measured at fair value on a nonrecurring basis:	Total	Nonrecurring Fair Value Measurements At Reporting Date Using (Level 1)	(Level 2)	(Level 3)
Contributed nonfinancial assets:				
Services	$291,578	$0	$0	$291,578
Goods	3,500	0	0	3,500
Total	$295,078	$0	$0	$295,078

Quantitative Information about Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following tables represent the Foundation's Level 3 assets, the valuation techniques used to measure the fair value of the assets, the significant unobservable inputs, and the ranges of values for those inputs.

As of June 30, 2022

Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Contributed nonfinancial assets:				
Services	291,578	Market Approach	Fair value of services contributed to Foundation	N/A
Goods	3,500	Market Approach	Fair value of assets contributed to Foundation	N/A
Total	$295,078			

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 $291,578 for the year ended June 30, 2022 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College $492,716 for scholarships and awards during the year ended June 30, 2022.

Note 10 Component Unit (continued)

Related Parties (continued):

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. On July 1, 2021, the College permanently transferred the $1.9M to the Foundation to be used for the Impact Program pursuant to an agreement dated July 1, 2021. As of June 30, 2022, the Foundation has assets held for the College in the amount of $0 and recorded contributions from the College of $1,940,057.

Contributed Nonfinancial Assets:

Contributed nonfinancial assets as of June 30, 2022 consist of the following:

Services	$291,578
Goods	3,500
Total contributed nonfinancial assets	$295,078

The Foundation recognizes contributed nonfinancial assets within revenues, including contributed administrative services and fundraising goods. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed services recognized comprise of professional services from the College relating to payroll of Foundation management and marketing services. Foundation management are considered College employees and the management services are valued using the salary that the College pays management. Contributed marketing services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar marketing services.

Contributed goods were used for giveaways for fundraising events. Contributed goods are valued and are reported at the estimated fair value in the financial statements based on estimates of wholesale values that would be received for selling similar products in the United States.

Note 11 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 12 Related Party Transactions

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 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 On March 22, 2022, the College Board of Trustee approved a Fund Transfer Agreement between the College and the Foundation to permanently transferred the $1.9M to the Foundation to be used for the Impact Program pursuant to an agreement with an effective date of July 1, 2021. The funds were permanently transferred to the Foundation on July 1, 2021 and reported and an expense on the College's statement of revenues, expenses, and changes in net position.

Note 13 Subsequent Event

The College issued General Obligation Bonds, Series 2022A dated August 2, 2022 in the amount of $4,395,000 to pay the College's outstanding General Obligation Debt Certificates (Limited Tax), Series 2022, dated April 12, 2022, pay capitalized interest on the Bonds through February 1, 2023, and pay costs associated with the issuance of the Bonds. The Series 2022A 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%.

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net pension liability	0%	0%	0%	0%	0%	0%	0%	0%		
Proportion amount of the collective net pension liability	$0	$0	$0	$0	$0	$0	$0	$0		
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	$53,722,260	$57,660,201	$54,079,894	$50,507,501	$48,210,253	$48,793,621	$46,145,300	$42,099,735		
College defined benefit covered payroll	$7,711,562	$7,021,309	$6,829,004	$6,586,952	$6,703,531	$6,808,741	$7,068,559	$7,037,248		
Proportion of collective net pension liability associated with the College as a percentage of defined benefit covered payroll	696.65%	821.22%	791.91%	766.78%	719.18%	716.63%	652.82%	598.24%		
SURS plan net position as a percentage of total pension liability	45.45%	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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Federal, trust, grant and other contribution	$82,854	$100,174	$60,487	$45,900	$48,230	$33,963	$30,773	$26,915	$26,184	
Contribution in relation to required contribution	82,854	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	$7,985,241	$7,711,562	$7,021,309	$6,829,004	$6,586,952	$6,703,531	$6,808,741	$7,068,559	$7,037,248	
Contribution as a percentage of covered - employee payroll	1.04%	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.

See Accompanying Notes to Required Supplementary Information.

Sauk Valley Community College District 506

Schedule of Share of Net OPEB Liability

Last 10 Fiscal Years
(Schedule to be Built Prospectively from 2016)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion percentage of the collective net OPEB liability	0.47%	0.43%	0.42%	0.42%	0.43%	0.40%				
Proportion amount of the collective net OPEB liability	$8,210,540	$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	$8,210,540	$7,804,628	$8,003,973	$7,956,259	$7,797,981	$7,617,792				
Total collective net OPEB liability associated with the College	$16,421,080	$15,609,272	$16,007,946	$15,912,518	$15,700,037	$14,929,130				
College covered payroll	$7,711,562	$7,021,309	$6,829,004	$6,586,952	$6,703,531	$6,808,741				
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	212.94%	222.31%	234.41%	241.58%	234.21%	219.26%				
College insurance plan net position as a percentage of total OPEB liability	-6.38%	-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)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required contribution	$46,764	$43,987	$39,378	$38,044	$36,854	$37,593	$36,410			
Contribution in relation to the required statutorily	46,764	43,987	39,378	38,044	36,854	37,593	36,410			
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0			
College covered payroll	$7,985,241	$7,711,562	$7,021,309	$6,829,004	$6,586,952	$6,703,531	$6,808,741			
Contribution as a percentage of covered payroll	0.59%	0.57%	0.56%	0.56%	0.56%	0.56%	0.53%			

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.

Note 1 Changes of Benefit Terms:

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2021.

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, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021.

- Salary increase. Decrease in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, with underlying wage inflation of 2.25 percent.
- Investment return. Decrease the investment return assumption to 6.50 percent. This reflects decreasing the assumed real rate of return of 4.25 percent and maintaining the underlying assumed price inflation to 2.25 percent.
- Effective rate of interest. Decrease the long-term assumption for the effective rate of interest for crediting the money purchase accounts to 6.50 percent.
- Normal retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Early retirement rates. Establish separate rates for members in academic positions and non-academic positions to reflect that retirement rates for academic positions are lower than for non-academic positions.
- Turnover rates. Change rates to produce slightly lower expected turnover for most members, while maintaining pattern of decreasing termination rates as years of service increase.
- Mortality rates. Change from the RP-2014 to the Pub-2010 mortality tables to reflect the latter's higher applicability to public pensions. Update the projection scale from the MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain sperate rates for males and females.
- Plan election. Change plan election assumptions to 75 percent Tier 2 and 25 percent Retirement Savings Plan (RSP) for non-academic members. Change plan election assumptions to 55 percent Tier 2 and 45 percent Retirement Savings Plan (RSP) for academic members.

Note 3 Changes of OPEB Benefit Terms:

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2021.

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, 2020. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2019:

- The discount rate was changed from 2.45 percent at June 30, 2020, to 1.92 percent at June 30, 2021.
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2020, projected plan cost for plan year end June 30, 2021, premium changes through plan year end 2021, and expectation of future trend increases after June 30, 2021.
- Since the Excise Tax was repealed, the Excise Tax trend adjustment was removed.
- Per capita claim costs for plan year end June 30, 2021, were updated based on projected claims and enrollment experience through June 30, 2021 and updated premium rates through plan year end 2022.
- Healthcare plan participation rates by plan were updated based on observed experience.

Supplemental Financial Information

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, 2022

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit) at July 1, 2021	$10,976,910	$145,642	$4,574,613	$948,843
Revenue:				
Local taxes	6,567,873	765,961	906,952	1,873,368
All other local government	0	0	0	0
ICCB grants	1,566,625	177,592	0	0
All other state revenue	0	0	0	0
Federal revenue	1,078,217	129,077	0	0
Student tuition and fees	4,103,980	423,697	0	0
On-Behalf CIP	0	0	0	0
On-Behalf SURS	0	0	0	0
All other revenue	78,060	53,978	118,434	(13,130)
Total revenue	13,394,755	1,550,305	1,025,386	1,860,238
Expenditures:				
Instruction	5,072,599	0	5,500	0
Academic support	1,109,735	0	224,366	0
Student services	1,573,455	0	4,933	0
Public service	398,041	0	0	0
Organized research	19,154	0	0	0
Auxiliary services	22,288	0	7,414	0
Operation and maintenance	30	1,490,044	0	0
Institutional support	5,029,323	0	240,153	94,971
Scholarships, student grants, and waivers	742,940	0	0	0
Principal retirement	0	0	0	6,350,000
Interest	0	0	0	283,935
Debt issuance costs	0	0	7,500	0
Building construction, building improvements, and equipment	87,365	3,584	1,664,422	0
Total expenditures	14,054,930	1,493,628	2,154,288	6,728,906
Other financing sources (uses):				
Transfers in	32,487	0	0	0
Transfers out	(164,201)	0	0	0
Issuance of long-term debt	0	0	4,550,000	4,992,297
	(131,714)	0	4,550,000	4,992,297
Fund balance (deficit) at June 30, 2022	$10,185,021	$202,319	$7,995,711	$1,072,472

Sauk Valley Community College District 506
Uniform Financial Statement #1
All Funds Summary
(Continued)
For the year ended June 30, 2022

	Auxiliary Enterprise Fund	Restricted Purpose Fund	Working Cash Fund
Fund balance (deficit) at July 1, 2021	$301,375	$125,593	$2,371,716
Revenue:			
Local taxes	0	0	0
All other local government	0	0	0
ICCB grants	0	213,921	0
All other state revenue	0	946,516	0
Federal revenue	227,842	6,109,809	0
Student tuition and fees	332,703	0	0
On-Behalf CIP	0	(67,786)	0
On-Behalf SURS	0	4,534,015	0
All other revenue	2,616,077	125,254	(63,913)
Total revenue	3,176,622	11,861,729	(63,913)
Expenditures:			
Instruction	0	2,337,959	0
Academic support	0	378,187	0
Student services	0	1,844,714	0
Public service	49,270	668,884	0
Organized research	0	500,827	0
Auxiliary services	3,149,925	91,447	0
Operation and maintenance	2,398	325,457	0
Institutional support	0	983,219	0
Scholarships, student grants, and waivers	0	4,715,491	0
Principal retirement	0	0	0
Interest	0	0	0
Debt issuance costs	0	0	0
Building construction, building improvements, and equipment	25,316	143,064	0
Total expenditures	3,226,909	11,989,249	0
Other financing sources (uses):			
Transfers in	132,606	81,057	30,742
Transfers out	(875)	(111,816)	0
Issuance of long-term debt	0	0	0
	131,731	(30,759)	30,742
Fund balance (deficit) at June 30, 2022	$382,819	($32,686)	$2,338,545

Sauk Valley Community College District 506

Uniform Financial Statement #1

All Funds Summary

(Continued)

For the year ended June 30, 2022

	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance (deficit) at July 1, 2021	$13,330	$2,721,211	$22,179,233
Revenue:			
Local taxes	47,971	167,208	10,329,333
All other local government	0	0	0
ICCB grants	0	0	1,958,138
All other state revenue	0	0	946,516
Federal revenue	0	0	7,544,945
Student tuition and fees	0	0	4,860,380
On-Behalf CIP	0	0	(67,786)
On-Behalf SURS	0	0	4,534,015
All other revenue	(40)	(26,995)	2,887,725
Total revenue	47,931	140,213	32,993,266
Expenditures:			
Instruction	0	0	7,416,058
Academic support	0	23,930	1,736,218
Student services	0	0	3,423,102
Public service	0	0	1,116,195
Organized research	0	0	519,981
Auxiliary services	0	21,268	3,292,342
Operation and maintenance	0	260,317	2,078,246
Institutional support	47,625	728,397	7,123,688
Scholarships, student grants, and waivers	0	0	5,458,431
Principal retirement	0	0	6,350,000
Interest	0	0	283,935
Debt issuance costs	0	0	7,500
Building construction, building improvements, and equipment	0	0	1,923,751
Total expenditures	47,625	1,033,912	40,729,447
Other financing sources (uses):			
Transfers in	0	0	276,892
Transfers out	0	0	(276,892)
Proceeds from long-term debt	0	0	9,542,297
	0	0	9,542,297
Fund balance (deficit) at June 30, 2022	$13,636	$1,827,512	$23,985,349

Sauk Valley Community College District 506

Uniform Financial Statement #2

Summary of Capital Assets and Long-Term Debt *

For the year ended June 30, 2022

	Balance July 1, 2021	Additions	Deletions	Reclassification	Balance June 30, 2022
Capital assets:					
Sites and improvements	$3,766,930	$248,780	$0	$417,947	$4,433,657
Buildings, additions and improvements	36,586,796	555,630	0	1,767,554	38,909,980
Equipment	8,486,026	554,061	0	0	9,040,087
Construction in process	2,318,186	477,780	1,823	(2,185,501)	608,642
Equipment in process	12,500	87,500	0	0	100,000
Total capital assets	51,170,438	1,923,751	1,823	0	53,092,366
Accumulated depreciation	19,469,234	1,035,870	0	0	20,505,104
Net capital assets	$31,701,204	$887,881	$1,823	$0	$32,587,262
Long-term debt:					
Bonds payable	$3,520,000	$4,395,000	$1,725,000	$0	$6,190,000
Bond premium	53,181	597,298	175,183	0	475,296
Debt certificates	4,625,000	4,550,000	4,625,000	0	4,550,000
OPEB liability	7,804,644	405,896	0	0	8,210,540
Other fixed liabilities	499,019	793,598	672,417	0	620,200
Total Long-Term Debt	$16,501,844	$10,741,792	$7,197,600	$0	$20,046,036

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2022.

Sauk Valley Community College District 506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2022

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	$5,233,290	$601,013	$5,834,303
Corporate personal property replacement tax	1,334,583	164,948	1,499,531
Total local government	6,567,873	765,961	7,333,834
State government:			
ICCB base operating grant	1,185,662	146,543	1,332,205
ICCB equalization grant	186,292	27,698	213,990
ICCB career and technical education	140,016	0	140,016
Other state sources	54,655	3,351	58,006
Total state government	1,566,625	177,592	1,744,217
Federal government:			
Department of Education	1,078,217	129,077	1,207,294
Total federal government	1,078,217	129,077	1,207,294
Student tuition and fees:			
Tuition	3,693,931	423,697	4,117,628
Fees	410,049	0	410,049
Total tuition and fees	4,103,980	423,697	4,527,677
Other sources:			
Sales and service fees	160,975	0	160,975
Facilities revenue	0	20,839	20,839
Investment income (loss)	(226,434)	(8,191)	(234,625)
Other	143,519	41,330	184,849
Total other sources	78,060	53,978	132,038
Total revenue	13,394,755	1,550,305	14,945,060
Less nonoperating items *			
Tuition chargeback revenue	0	0	0
Adjusted revenue	$13,394,755	$1,550,305	$14,945,060

* 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, 2022

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	$5,149,963	$0	$5,149,963
Academic support	1,109,735	0	1,109,735
Student services	1,573,455	0	1,573,455
Public services	398,041	0	398,041
Organized research	19,154	0	19,154
Auxiliary services	25,860	0	25,860
Operation and maintenance of plant	30	1,493,628	1,493,658
Institutional support	5,035,752	0	5,035,752
Scholarships, student grants, and waivers	742,940	0	742,940
Total expenditures	14,054,930	1,493,628	15,548,558
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	$14,054,930	$1,493,628	$15,548,558
By object:			
Salaries	$8,109,345	$624,241	$8,733,586
Employee benefits	1,625,248	221,984	1,847,232
Contractual services	743,617	104,902	848,519
General materials and supplies	687,688	68,979	756,667
Conference and meeting expense	128,632	214	128,846
Fixed charges	470	0	470
Utilities	0	469,724	469,724
Capital outlay	87,366	3,584	90,950
Other	2,672,564	0	2,672,564
Total expenditures	14,054,930	1,493,628	15,548,558
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	$14,054,930	$1,493,628	$15,548,558

* 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, 2022

Revenue by source:	
State government:	
ICCB:	
State Adult Education Restricted Funds	$173,951
Other	39,970
ISAC - Monetary Award Grants	300,797
CIP on behalf contributions	(67,786)
SURS on behalf contributions	4,534,015
Other	645,719
Total state government	5,626,666
Federal government:	
Department of Education:	
College Work Study Grants	153,175
Pell Grants	2,028,736
Supplemental Educational Opportunity Grant	71,847
Direct Loans, net	0
Federal Adult Basic	89,134
Trio Grant Cycle	341,664
Perkins Postsecondary	136,181
Higher Education Insitutional Aid	437,790
COVID-19 - Education Stablization Fund - Student	1,847,505
COVID-19 - Education Stablization Fund - Institutional	321,681
COVID-19 - Education Stablization Fund - GEER II	174,335
CARES - Title III	126,058
FEMA-COVID19	17,128
CTE Leadership	41,529
Department of Veteran Affairs:	
Post 9/11 Veteran's Educational Assistance	30,405
Corporation for National and Community Service:	
AmeriCorps	179,182
Small Business Administration	
Small Business Development Centers	90,983
Small Business Development Centers - CARES	22,476
Total federal government	6,109,809
Revenue by source (continued):	
Other sources	125,254
Total restricted purposes fund revenues	$11,861,729

Sauk Valley Community College District 506

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures (Continued)

For the year ended June 30, 2022

Expenditures by program:	
Instruction	$2,385,139
Academic support	444,071
Student services	1,844,714
Public services	668,884
Organized research	530,827
Auxiliary services	91,447
Operations and maintenance	325,457
Institutional support	983,219
Scholarships, student grants, and waivers	4,715,491
Total restricted purposes fund expenditures by program	$11,989,249
Expenditures by object:	
Salaries	$1,058,681
Employee benefits (including on-behalf)	4,889,763
Contractual services	594,088
General materials and supplies	489,575
Travel, conference and meeting expense	77,364
Fixed charges	0
Utilities	4,031
Capital outlay	143,064
Other	4,732,683
Total restricted purposes fund expenditures by object	$11,989,249

Sauk Valley Community College District 506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2022

Instruction:	
Instructional programs	$5,346,555
Other	2,188,547
Total instructional	7,535,102
Academic support:	
Library center	245,023
Instructional materials center	10,560
Academic computing support	203,896
Academic administration and planning	578,212
Other academic support	540,045
Total academic support	1,577,736
Student services:	
Admissions and records	370,578
Counseling and career guidance	1,519,107
Financial aid administration	253,475
Other student services	1,275,009
Total student services	3,418,169
Public service/continuing education:	
Community education	391,621
Customized training	425
Community services	249,022
Other public service	475,127
Total public service/continuing education	1,116,195
Organized research	549,981
Auxiliary services	3,313,816
Operations and maintenance of plant:	
Maintenance	303,924
Custodial	400,109
Grounds	148,541
Campus Security	298,086
Plant utilities	469,724
Administration	122,816
Other operations and maintenance	338,630
Total operations and maintenance of plant	2,081,830

* 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, 2022

Institutional support:	
Executive management	275,107
Fiscal operations	474,650
Community relations	701,393
Administrative support services	334,878
Board of trustees	23,822
General institution	2,980,067
Institutional research	55,064
Administrative data processing	1,018,262
Other institutional support	931,750
Total institutional support	6,794,993
Scholarships, student grants, and waivers	5,458,431
Total current funds expenditures	$31,846,253

* 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 2023

	All fiscal year 2022 noncapital audited operating expenditures from the following funds:		
1	Education Fund	$13,967,565	
2	Operations and Maintenance Fund	1,490,044	
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	7,379,956	
7	Audit Fund	47,625	
8	Liability, Protection, and Settlement Fund	1,033,912	
9	Auxiliary Enterprises Fund (subsidy only)	0	
10	Total noncapital expenditures (sum of lines 1-6)		$23,919,102
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	$937,486	
12	Total costs included (line 10 plus line 11)		$24,856,588
13	Total certified semester credit hours for FY 2022	28,199	
14	Per capita cost (line 12 divided by line 13)		$881.49
15	All FY 2022 state and federal operating grants for noncapital expenditures, except ICCB grants	$7,275,808	
16	FY 2022 state and federal grants per semester credit hour (line 15 divided by line 13)		258.02
17	District's average ICCB grant rate (excluding equalization grants) for FY 2023		44.06
18	District's student tuition and fee rate per semester credit hour for FY 2023		159.00
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		$420.41

Approved: Kent Sorensen
Vice President of Business Services

December 29, 2022
Date

[signature]
President

December 29, 2022
Date

Other Financial Information

Sauk Valley Community College District 506

Balance Sheet - All Fund Types

June 30, 2022

ASSETS	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Cash and cash equivalents	$1,289,015	$222,644	$7,458,007	$832,572
Deposits	2,750,000	0	0	0
Investments	6,106,621	0	588,878	0
Receivables:				
Property taxes	3,659,797	422,485	627,821	1,287,744
Government claims and grants	218,657	36,437	0	0
Other	256,974	0	907	0
Advances to other funds	10,446	0	0	0
Inventory	0	0	0	0
Prepaid items	0	0	0	0
Assets held by College Foundation	0	0	0	0
Property and equipment, net	0	0	0	0
Total assets	14,291,510	681,566	8,675,613	2,120,316
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	$14,291,510	$681,566	$8,675,613	$2,120,316
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	$146,680	$39,298	$224,669	$0
Accrued liabilities	994,080	72,392	0	109,613
Advances from other funds	0	32,400	0	0
Unearned tuition and fees	302,018	27,343	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	1,442,778	171,433	224,669	109,613
Deferred inflows of resources:				
Deferred property taxes	2,663,711	307,814	455,229	938,231
Deferred grant revenue	0	0	0	0
Deferred OPEB	0	0	0	0
Total deferred inflows	2,663,711	307,814	455,229	938,231
Fund balance/net position (deficit):				
Net investment in capital assets	0	0	0	0
Restricted	0	0	7,995,715	1,072,472
Unrestricted	10,185,021	202,319	0	0
Total fund balance/net position (deficit)	10,185,021	202,319	7,995,715	1,072,472
Total liabilities, deferred inflows of resources, and fund balances/net position	$14,291,510	$681,566	$8,675,613	$2,120,316

Sauk Valley Community College District 506

Balance Sheet - All Fund Types (Continued)

June 30, 2022

ASSETS	Auxiliary Enterprises Fund	Restricted Purpose	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Cash and cash equivalents	$469,917	$0	$1,261,655	$4,417	$1,187,769
Deposits	0	0	0	0	0
Investments	0	0	0	0	694,696
Receivables:					
Property taxes	0	0	0	33,938	171,841
Government claims and grants	4,244	1,358,151	0	0	0
Other	0	2,699	0	0	1,348
Advances to other funds	0	0	1,076,890	0	0
Inventory	1,379	0	0	0	0
Prepaid items	0	0	0	0	0
Assets held by College Foundation	0	0	0	0	0
Property and equipment, net	0	0	0	0	0
Total assets	475,540	1,360,850	2,338,545	38,355	2,055,654
Deferred outflows of resources:					
Deferred OPEB	0	0	0	0	0
Deferred pension	0	0	0	0	0
Total deferred outflows	0	0	0	0	0
Total assets and deferred outflows	$475,540	$1,360,850	$2,338,545	$38,355	$2,055,654
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	$36,450	$55,517	$0	$0	$47,981
Accrued liabilities	24,985	108,774	0	0	54,223
Advances from other funds	9,823	1,044,370	0	0	743
Unearned tuition and fees	21,463	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	92,721	1,208,661	0	0	102,947
Deferred inflows of resources:					
Deferred property taxes	0	0	0	24,719	125,195
Deferred grant revenue	0	184,875	0	0	0
Deferred OPEB	0	0	0	0	0
Total deferred inflows	0	184,875	0	24,719	125,195
Fund balance/net position (deficit):					
Net investment in capital assets	0	0	0	0	0
Restricted	0	0	2,338,545	13,636	0
Unrestricted	382,819	(32,686)	0	0	1,827,512
Total fund balance/net position (deficit)	382,819	(32,686)	2,338,545	13,636	1,827,512
Total liabilities, deferred inflows of resources, and fund balances/net position	$475,540	$1,360,850	$2,338,545	$38,355	$2,055,654

Sauk Valley Community College District 506

Balance Sheet - All Fund Types (Continued)

June 30, 2022

		GASB			
ASSETS	**Fund Totals**	**General Fixed Assets Account**	**General Long Term Debt Account**	**Other Adjustments**	**Adjusted Totals**
Cash and cash equivalents	$12,725,996	$0	$0	$0	$12,725,996
Deposits	2,750,000	0	0	0	2,750,000
Investments	7,390,195	0	0	0	7,390,195
Receivables:					
Property taxes	6,203,626	0	0	0	6,203,626
Government claims and grants	1,617,489	0	0	0	1,617,489
Other	261,928	0	0	0	261,928
Advances to other funds	1,087,336	0	0	(1,087,336)	0
Inventory	1,379	0	0	0	1,379
Prepaid items	0	0	0	0	0
Assets held by College Foundation	0	0	0	0	0
Property and equipment, net	0	32,587,262	0	0	32,587,262
Total assets	32,037,949	32,587,262	0	(1,087,336)	63,537,875
Deferred outflows of resources:					
Deferred OPEB	0	0	1,096,679	0	1,096,679
Deferred pension	0	0	82,854	0	82,854
Total assets	0	0	1,179,533	0	1,179,533
Total assets and deferred outflows	$32,037,949	$32,587,262	$1,179,533	($1,087,336)	$64,717,408
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities:					
Accounts payable	$550,595	$0	$0	$0	$550,595
Accrued liabilities	1,364,067	0	0	(620,200)	743,867
Advances from other funds	1,087,336	0	0	(1,087,336)	0
Unearned tuition and fees	350,824	0	0	0	350,824
Accrued compensated absences	0	0	0	620,200	620,200
OPEB liability	0	0	8,210,540	0	8,210,540
Bonds payable, net of unamortized premiums (discounts)	0	0	6,665,296	0	6,665,296
Debt certificate payable	0	0	4,550,000	0	4,550,000
Total liabilities	3,352,822	0	19,425,836	(1,087,336)	21,691,322
Deferred inflows of resources:					
Deferred property taxes	4,514,899	0	0	0	4,514,899
Deferred grant revenue	184,875	0	0	0	184,875
Deferred OPEB	0	0	2,259,865	0	2,259,865
Total deferred inflows	4,699,774	0	2,259,865	0	6,959,639
Fund balance/net position (deficit):					
Net investment in capital assets	0	32,587,262	(4,392,709)	0	28,194,553
Restricted	11,420,368	0	(6,822,587)	0	4,597,781
Unrestricted	12,564,985	0	(9,290,872)	0	3,274,113
Total fund balance/net position (deficit)	23,985,353	32,587,262	(20,506,168)	0	36,066,447
Total liabilities, deferred inflows of resources, and fund balances/net position	$32,037,949	$32,587,262	$1,179,533	($1,087,336)	$64,717,408

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, 2022

	Education	Operations and Maintenance	Operations and Maintenance Restricted
Revenues:			
Local government	$6,567,873	$765,961	$906,952
State government	1,566,625	177,592	0
State of Illinois on-behalf payments	0	0	0
Federal government	1,078,217	129,077	0
Student tuition and fees	4,103,980	423,697	0
Sales and service fees	160,975	0	0
Investment income (loss)	(226,434)	(8,191)	(131,149)
Other	143,519	62,169	249,583
Total revenues	13,394,755	1,550,305	1,025,386
Expenditures/expenses:			
Current:			
Instruction	5,149,963	0	165,305
Academic support	1,109,735	0	266,527
Student services	1,573,455	0	4,933
Public services	398,041	0	6,476
Organized research	19,154	0	0
Auxiliary services	25,860	0	11,912
Operation and maintenance of plant	30	1,493,628	137,777
Institutional support	5,035,752	0	1,553,854
Scholarships, student grants	742,940	0	0
Depreciation expense	0	0	0
Debt service:			
Principal retirement	0	0	0
Interest	0	0	0
Debt issuance costs	0	0	7,500
Total expenditures/expenses	14,054,930	1,493,628	2,154,284
Excess (deficiency) of revenues over expenditures/expenses	(660,175)	56,677	(1,128,898)
Other financing sources (uses):			
Transfers in	32,487	0	0
Transfers out	(164,201)	0	0
Issuance of long-term debt	0	0	4,550,000
Total other financing sources (uses)	(131,714)	0	4,550,000
Net change in fund balance/net position	(791,889)	56,677	3,421,102
Fund balance/net position at beginning of of year (deficit)	10,976,910	145,642	4,574,613
Fund balance/net position at end of year (deficit)	$10,185,021	$202,319	$7,995,715

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, 2022

	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
Revenues:			
Local government	$1,873,368	$0	$0
State government	0	0	1,160,437
State of Illinois on-behalf payments	0	0	4,466,229
Federal government	0	227,842	6,109,809
Student tuition and fees	0	332,703	0
Sales and service fees	0	185,763	0
Investment income (loss)	(13,130)	90	0
Other	0	2,430,224	125,254
Total revenues	1,860,238	3,176,622	11,861,729
Expenditures/expenses:			
Current:			
Instruction	0	0	2,385,139
Academic support	0	0	444,071
Student services	0	0	1,844,714
Public services	0	49,270	668,884
Organized research	0	0	530,827
Auxiliary services	0	3,175,241	91,447
Operation and maintenance of plant	0	2,398	325,457
Institutional support	94,971	0	983,219
Scholarships, student grants	0	0	4,715,491
Depreciation expense	0	0	0
Debt service:			
Principal retirement	6,350,000	0	0
Interest	283,935	0	0
Debt issuance costs	0	0	0
Total expenditures/expenses	6,728,906	3,226,909	11,989,249
Excess (deficiency) of revenues over expenditures/expenses	(4,868,668)	(50,287)	(127,520)
Other financing sources (uses):			
Transfers in	0	132,606	81,057
Transfers out	0	(875)	(111,816)
Issuance of long-term debt	4,992,297	0	0
Total other financing sources (uses)	4,992,297	131,731	(30,759)
Net change in fund balance/net position	123,629	81,444	(158,279)
Fund balance/net position at beginning of of year (deficit)	948,843	301,375	125,593
Fund balance/net position at end of year (deficit)	$1,072,472	$382,819	($32,686)

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, 2022

	Working Cash Fund	Audit	Liability, Protection, and Settlement Fund
Revenues:			
Local government	$0	$47,971	$167,208
State government	0	0	0
State of Illinois on-behalf payments	0	0	0
Federal government	0	0	$0
Student tuition and fees	0	0	0
Sales and service fees	0	0	0
Investment income (loss)	(63,913)	(40)	(26,995)
Other	0	0	0
Total revenues	(63,913)	47,931	140,213
Expenditures/expenses:			
Current:			
Instruction	0	0	0
Academic support	0	0	23,930
Student services	0	0	0
Public services	0	0	0
Organized research	0	0	0
Auxiliary services	0	0	21,268
Operation and maintenance of plant	0	0	260,317
Institutional support	0	47,625	728,397
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	47,625	1,033,912
Excess (deficiency) of revenues over expenditures/expenses	(63,913)	306	(893,699)
Other financing sources (uses):			
Transfers in	30,742	0	0
Transfers out	0	0	0
Issuance of long-term debt	0	0	0
Total other financing sources (uses)	30,742	0	0
Net change in fund balance/net position	(33,171)	306	(893,699)
Fund balance/net position at beginning of of year (deficit)	2,371,716	13,330	2,721,211
Fund balance/net position at end of year (deficit)	$2,338,545	$13,636	$1,827,512

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, 2022

		GASB			
	Fund Totals	General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	Adjusted Totals
Revenues:					
Local government	$10,329,333	$0	$0	$0	$10,329,333
State government	2,904,654	0	0	0	2,904,654
State of Illinois on-behalf payments	4,466,229	0	0	0	4,466,229
Federal government	7,544,945	0	0	0	7,544,945
Student tuition and fees	4,860,380	0	0	(2,670,047)	2,190,333
Sales and service fees	346,738	0	0	0	346,738
Investment income (loss)	(469,762)	0	0	0	(469,762)
Other	3,010,749	0	0	(2,405,384)	605,365
Total revenues	32,993,266	0	0	(5,075,431)	27,917,835
Expenditures/expenses:					
Current:					
Instruction	7,700,407	(284,349)	70,636	0	7,486,694
Academic support	1,844,263	(108,045)	11,577	0	1,747,795
Student services	3,423,102	0	(28,562)	0	3,394,540
Public services	1,122,671	(6,476)	(11,424)	0	1,104,771
Organized research	549,981	(30,000)	150	0	520,131
Auxiliary services	3,325,728	(33,389)	3,348	(2,405,384)	890,303
Operation and maintenance of plant	2,219,607	(141,360)	11,972	0	2,090,219
Institutional support	8,443,818	(1,318,309)	27,428	0	7,152,937
Scholarships, student grants	5,458,431	0	0	(2,520,501)	2,937,930
Depreciation expense	0	1,035,870	0	0	1,035,870
Debt service:					
Principal retirement	6,350,000	0	(6,350,000)	0	0
Interest	283,935	0	(175,178)	0	108,757
Debt issuance costs	7,500	0	0	0	7,500
Total expenditures/expenses	40,729,443	(886,058)	(6,440,053)	(4,925,885)	28,477,447
Excess (deficiency) of revenues over expenditures/expenses	(7,736,177)	886,058	6,440,053	(149,546)	(559,612)
Other financing sources (uses):					
Transfers in	276,892	0	0	0	276,892
Transfers out	(276,892)	0	0	0	(276,892)
Issuance of long-term debt	9,542,297	0	(9,542,297)	0	0
Total other financing sources (uses)	9,542,297	0	(9,542,297)	0	0
Net change in fund balance/net position	1,806,120	886,058	(3,102,244)	(149,546)	(559,612)
Fund balance/net position at beginning of of year (deficit)	22,179,233	31,701,204	(17,403,924)	149,546	36,626,059
Fund balance/net position at end of year (deficit)	$23,985,353	$32,587,262	($20,506,168)	$0	$36,066,447

Sauk Valley Community College District 506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2021, 2020, and 2019

	2021	2020	2019
Assessed Valuations:			
Bureau County	$155,017,478	$149,277,949	$144,114,028
Carroll County	103,807,967	99,102,783	95,081,693
Henry County	4,840,394	4,539,361	4,334,243
Lee County	734,738,605	710,899,691	653,262,715
Ogle County	149,224,571	138,607,227	130,819,284
Whiteside County	904,820,038	872,520,259	832,692,286
Total assessed valuations	$ 2,052,449,053	$ 1,974,947,270	$1,860,304,249
Tax Rate (per $100 assessed valuation):			
Bond and Interest Fund	0.0915	0.0954	0.1007
Audit Fund	0.0024	0.0025	0.0032
Liability, Protection, and Settlement	0.0044	0.0000	0.0000
Social Security	0.0078	0.0045	0.0071
Prior Year Adjustment	(0.0005)	(0.0002)	0.0002
Operations and Maintenance Accounts	0.0300	0.0300	0.0300
Operations and Maintenance Accounts - Restricted	0.0439	0.0462	0.0479
Educational Accounts	0.2444	0.2450	0.2450
Additional Tax	0.0157	0.0159	0.0155
Total tax rate	0.4396	0.4393	0.4496
Tax Extensions:			
Bond and Interest Fund	$1,876,462	$1,883,942	$1,870,674
Audit Fund	49,437	49,395	59,445
Liability, Protection, and Settlement	90,277	0	0
Social Security	160,112	89,240	131,895
Prior Year Adjustment	(13,521)	(4,083)	1,665
Operations and Maintenance Accounts	615,629	592,484	557,301
Operations and Maintenance Accounts - Restricted	910,458	911,405	889,824
Educational Accounts	5,018,739	4,838,621	4,551,294
State Additional Tax	322,204	314,017	287,939
Total tax extensions	$9,029,797	$8,675,021	$8,350,037
Tax Collections to June 30:			
Bond and Interest Fund	$588,719	$1,878,409	$1,868,095
Audit Fund	15,499	49,251	59,560
Liability, Protection, and Settlement	28,322	0	0
Social Security	50,226	88,979	131,803
Prior Year Adjustment	(7,313)	(4,072)	0
Operations and Maintenance Accounts	193,144	590,741	556,612
Operations and Maintenance Accounts - Restricted	282,638	908,726	889,135
Educational Accounts	1,573,850	4,824,375	4,545,671
State Additional Tax	101,088	313,092	287,584
Total tax collections	$2,826,173	$8,649,501	$8,338,460
Percent of extensions collected	31.30%	99.71%	99.86%

ICCB State Grant Financial Compliance Section

WIPFLI

INDEPENDENT AUDITOR'S REPORT ON STATE ADULT EDUCATION AND FAMILY LITERACY GRANTS FINANCIAL STATEMENTS

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

Opinion

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, 2022, and the related notes to the financial statements.

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 Sauk Valley Community College District 506 as of June 30, 2022, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Sauk Valley Community College District 506, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Notes to ICCB Grant Programs Financial Statements, 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 Sauk Valley Community College District 506 as of June 30, 2022, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

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

We are required to communicate with those charged with governance regarding, among other matters, the planed scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Grant Programs' financial statements. The ICCB Compliance Statement is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Sterling, Illinois
December 29, 2022

WIPFLI

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

Compliance

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the State Adult Education and Family Literacy Grants Program of Sauk Valley Community College District 506 (the "College"), which comprise of the statement of net position as of June 30, 2022, and the related statement of revenues, expenditures, and changes in net position for the year then ended, and the related notes to the financial statements, and we have issued our report there on dated December 29, 2022.

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to materially comply with the terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants. 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 terms or conditions of the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants.

The report is intended solely for the information and use of the Board of Trustees and management of Sauk Valley Community College District 506, and the Illinois Community College Board and is not intended to be and should not be used by anyone other than those specified parties.

Wipfli LLP

Sterling, Illinois
December 29, 2022

Sauk Valley Community College District 506

Balance Sheet

State Adult Education and Family Literacy Funds

June 30, 2022

ASSETS	State Basic	State Performance	Total
Cash	$3,993	$2,186	$6,179
Investments	0	0	0
Receivables	0	0	0
Total assets	$3,993	$2,186	$6,179

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts Payable	$3,993	$2,186	$6,179
Accrued liabilities	0	0	0
Advances from other funds	0	0	0
Total liabilities	3,993	2,186	6,179
Fund balance	0	0	0
Total liabilities, deferred inflows of resources, and fund balances	$3,993	$2,186	$6,179

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, 2022

	State Basic	State Performance	Total
Revenues -			
Grant revenue	$127,384	$46,567	$173,951
Expenditures:			
Instruction	56,869	4,976	61,845
Contractual services	4,050	0	4,050
Social work services	0	0	0
Guidance services	42,016	276	42,292
Assessment and testing	462	0	462
Student transportation services	0	0	0
Literacy services	0	0	0
Subtotal instructional and student services	103,397	5,252	108,649
Improvement of instructional services	1,300	1,300	2,600
General administration	19,814	24,103	43,917
Workforce coordination	1,873	0	1,873
Data and information services	0	14,912	14,912
Subtotal program support	22,987	40,315	63,302
Indirect Costs	1,000	1,000	2,000
Total expenditures	127,384	46,567	173,951
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

See Notes to ICCB Grant Programs Financial Statements.

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, 2022

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	$56,869	45%
General Administration (20% maximum allowed)	$19,814	16%

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, 2022. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2022 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.

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.

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

WIPFLI

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, 2021 through June 30, 2022. 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.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

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
December 29, 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, 2022

Total Reimbursable Semester Credit Hours by Term

	Summer Term		Fall Term		Spring Term		Total All Terms	
Credit Hour Categories	**Unrestricted Hours**	**Restricted Hours**	**Unrestricted Hours**	**Restricted Hours**	**Unrestricted Hours**	**Restricted Hours**	**Unrestricted Hours**	**Restricted Hours**
Baccalaureate	1,523.0	0.0	8,256.0	2.0	8,313.5	3.0	18,092.5	5.0
Business Occupational	90.0	0.0	859.0	0.0	872.0	0.0	1,821.0	0.0
Technical Occupational	99.0	0.0	1,426.0	0.0	1,385.5	0.0	2,910.5	0.0
Health Occupational	303.5	0.0	1,868.5	0.0	1,628.0	0.0	3,800.0	0.0
Remedial/Developmental	105.0	0.0	557.0	0.0	330.0	0.0	992.0	0.0
Adult Education	0.0	58.0	0.0	245.5	0.0	274.0	0.0	577.5
	2,120.5	58.0	12,966.5	247.5	12,529.0	277.0	27,616.0	582.5

	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:	26,047.0	580.5	4,738.0	0.0	21.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 349.0

District Equalized Assessed Valuation: $2,052,449,053

Correctional Semester Credit Hours by Term

	Summer	Fall	Spring	Total
Credit Hour Categories	**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

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

Sauk Valley Community College District 506

Reconciliation of Total Semester Credit Hours

(Continued)

For the year ended June 30, 2022

	Total Reimbursable Semester Credit Hours					
Credit Hour Categories	**Total Reported in Audit Unrestricted Hours**	**Total Certified to ICCB Unrestricted Hours**	**Difference**	**Total Reported in Audit Restricted Hours**	**Total Certified to ICCB Restricted Hours**	**Difference**
Baccalaureate	18,092.5	18,092.5	0.0	5.0	5.0	0.0
Business Occupational	1,821.0	1,821.0	0.0	0.0	0.0	0.0
Technical Occupational	2,910.5	2,910.5	0.0	0.0	0.0	0.0
Health Occupational	3,800.0	3,800.0	0.0	0.0	0.0	0.0
Remedial/Developmental	992.0	992.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	577.5	577.5	0.0
Total	27,616.0	27,616.0	0.0	582.5	582.5	0.0

	Total Reported in Audit Unrestricted Hours	**Total Certified to ICCB Unrestricted Hours**	**Difference**	**Total Reported in Audit Restricted Hours**	**Total Certified to ICCB Restricted Hours**	**Difference**
In-District Credit Hours:	26,047.0	26,047.0	0.0	580.5	580.5	0.0
Dual Credit Hours:	4,738.0	4,738.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	21.0	21.0	0.0	0.0	0.0	0.0

	Total Correctional Semester Credit Hours					
Credit Hour Categories	**Total Reported in Audit Unrestricted Hours**	**Total Certified to ICCB Unrestricted Hours**	**Difference**	**Total Reported in Audit Restricted Hours**	**Total Certified to ICCB Restricted Hours**	**Difference**
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

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.

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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 the discretely presented component unit of Sauk Valley Community College District 506 (the College), as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 29, 2022.

The financial statements of Sauk Valley College Foundation (a nonprofit organization, discretely presented component unit of the College) were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Sauk Valley College Foundation.

Report on 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 of the College's internal control.

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

Our consideration of the 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 or significant deficiencies may exist that have not been identified.

Report on 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 entity's internal control or on compliance. This report is in integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
December 29, 2022