

Sauk Valley Community College College District #506

Dixon, Illinois

Annual Financial Report

Year Ended June 30, 2023

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Sauk Valley Community College District #506

Year Ended June 30, 2023

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Year Ended June 30, 2023

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Financial Section

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 the Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2023, 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 accompanying 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 the Sauk Valley Community College District #506 as of June 30, 2023, 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 for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. 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.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1 to the financial statements in 2023, the College adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment 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 judgment, 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 planned 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 of America require that a 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 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 financial statements, and other knowledge we obtained during our audit of the 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 as a whole. The supplemental financial information section as listed in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 information is fairly stated in all materiality 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 comprises of the other information section as listed in the table of contents 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 January 24, 2024 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Wipfli LLP

Sterling, Illinois
January 24, 2024

Sauk Valley Community College District 506

Management's Discussion and Analysis For the Year Ended June 30, 2023

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, 2023 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, 2023. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities, are classified as noncurrent. Investment assets are carried at fair value. Capital assets, which include the College's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

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

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

Sauk Valley Community College District 506

Management's Discussion and Analysis For the Year Ended June 30, 2023

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, 2023. 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, 2023. It breaks out the sources and uses of College cash into the following categories:

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

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

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

Sauk Valley Community College District 506

Management's Discussion and Analysis
For the Year Ended June 30, 2023

Financial Highlights and Key Trends

Statement of Net Position

Summary of Net Position (in thousands)
June 30,

	2023	2022*	Increase (Decrease)	Percent Change
Current assets	\$31,003	\$30,951	\$52	0.2%
Noncurrent assets:				
Capital assets, net	34,839	32,587	2,252	6.9%
Total assets	65,842	63,538	2,304	3.6%
Deferred outflow of resources	1,247	1,179	68	5.8%
Total assets and deferred outflows	67,089	64,717	2,372	3.7%
Current liabilities	4,176	4,015	161	4.0%
Noncurrent liabilities	11,660	17,676	(6,016)	(34.0%)
Total liabilities	15,836	21,691	(5,855)	(27.0%)
Deferred inflows of resources	10,880	6,960	3,920	56.3%
Total liabilities and deferred inflows	26,716	28,651	(1,935)	(6.8%)
Net position:				
Net investment in capital assets	31,175	28,194	2,981	10.6%
Restricted	4,006	4,598	(592)	(12.9%)
Unrestricted	5,192	3,274	1,918	58.6%
Total net position	\$40,373	\$36,066	\$4,307	11.9%

*2022 was not restated for the implementation of GASB Statement No. 96

The College's total net position as of June 30, 2023 increased approximately \$4,307,000 (11.9%).

During fiscal year 2023, the College's total assets increased by approximately \$2,304,000 (3.6%), and deferred outflows of resources increased approximately \$68,000 (5.8%). Major components of the net change in total assets included the following:

- Net capital assets increased approximately \$2,252,000 (6.9%), primarily related to the implementation of GASB Statement No. 96 and capital projects for the College's West Mall restrooms and Agriculture Program greenhouse offset by current year depreciation and amortization expense. Approximately \$419,000 was expended on academic, office, or service equipment and library collections.
- The implementation of GASB Statement No. 96 resulted in the addition of approximately \$1,319,000 in SBITA assets offset by amortization expense of approximately \$312,000 during fiscal year 2023.

During fiscal year 2023, the College's total liabilities decreased approximately \$5,855,000 (27.0%) and deferred inflows of resources increased approximately \$3,920,000 (56.3%). Major components of the net change in total liabilities and deferred inflows of resources included the following:

Sauk Valley Community College District 506

Management's Discussion and Analysis

For the Year Ended June 30, 2023

- Noncurrent liabilities decreased approximately \$6,016,000 (34.0%) primary due to changes in actuarial assumptions that decreased the College's net OPEB liability by approximately \$4,816,000, but also due to a reduction in the noncurrent portion of debt by approximately \$1,728,000.
- Deferred inflows of resources increased primarily due to changes in actuarial assumptions that increased the College's deferrals related to the College's OPEB plan by approximately \$3,781,000.

During fiscal year 2023, the College's net investment in capital assets increased approximately \$2,981,000 (10.6%) due to an increase in net capital assets and reductions in capital related debt. Restricted net position decreased approximately \$592,000 (12.9%) primarily due to a reduction in unspent capital related bond proceeds in relation to outstanding principal balances outstanding. Unrestricted net position increased approximately \$1,918,000 (58.6%) primarily due to a positive change in net position and changes in actuarial assumptions that decreased the College's net OPEB liability, which impacted the College's OPEB expenses.

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

	2023	2022*	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	\$3,090	\$2,190	\$900	41.1%
Auxiliary	832	347	485	139.8%
Property taxes	9,263	8,830	433	4.9%
Personal property replacement tax	1,565	1,500	65	4.3%
State sources	6,456	7,371	(915)	(12.4%)
Federal sources	3,964	7,545	(3,581)	(47.5%)
Interest income	467	(470)	937	199.4%
Other	589	605	(16)	(2.6%)
Total revenues	26,226	27,918	(1,692)	(6.1%)
Expenses:				
Instruction	6,432	7,487	(1,055)	(14.1%)
Academic support	1,145	1,748	(603)	(34.5%)
Student services	2,638	3,395	(757)	(22.3%)
Public services	1,082	1,105	(23)	(2.1%)
Organized research	542	520	22	4.2%
Auxiliary services	978	890	88	9.9%
Operations and maintenance	1,612	2,090	(478)	(22.9%)
Institutional support	4,128	7,153	(3,025)	(42.3%)
Scholarships, grants and waivers	1,708	2,938	(1,230)	(41.9%)
Depreciation	1,423	1,036	387	37.4%
Interest	231	116	115	99.1%
Total expenses	21,919	28,478	(6,559)	(23.0%)
Change in net position	\$4,307	\$(560)	\$4,867	869.1%

*2022 was not restated for the implementation of GASB Statement No. 96

Sauk Valley Community College District 506

Management's Discussion and Analysis For the Year Ended June 30, 2023

The College's change in net position increased approximately \$4,867,000 from (\$560,000) in fiscal year 2022 to \$4,307,000 for fiscal year 2023.

Total revenues decreased approximately \$1,692,000 (6.1%) from fiscal year 2022 to 2023. The increase in tuition and fee revenue was due to an increase in enrollment and universal tuition and fee rates, but also due to a decrease in the amount estimated as the scholarship allowance for fiscal year 2023, which was due to a decrease in student grants awarded through the Department of Education Higher Education Emergency Relief Funds (HEERF) grants. Auxiliary revenue increased due to the College's new police academy; the first cohort was in January 2023 with each cohort having a duration of 16 weeks. The decrease in federal sourced revenue corresponds to a wind-down of financial assistance from the federal pandemic response stimulus programs. Property taxes revenue increased in fiscal year 2023, 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. Investment income increased in-line with the dramatic increase in the federal funds rate during 2022 and into 2023; unrealized losses from holdings in bond mutual funds stabilized during the first half of calendar year 2023.

Total expenses decreased approximately \$6,559,000 (23.0%) from fiscal year 2022 to 2023. 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. Although, due to changes in the actuarial assumptions, the College's net OPEB liability decreased substantially as of June 30, 2023. This resulted in a negative charge to OPEB expense of \$2,589,000, which decreased employee benefit expenses across all functional expense categories included employee compensation. Grant funded expenditures primarily in student aid, but also across multiple functional expense categories continued to decreased during fiscal year 2023 as federal pandemic relief aid grants were winding down in fiscal year 2023. Auxiliary service expenses increased as athletic programs increased participation out of the most restrictive pandemic precautions. Scholarships, grants, waivers expense increased from fiscal year 2022 to 2023 due to expanded use of Department of Education HEERF grants for emergency student aid purposes to support the College's neediest students. Fiscal year 2022 expenses included 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 2023. Capital additions accumulated through construction in-process totaled approximately \$1,902,000 during fiscal year 2023. See Note 3 for details of capital assets. The College revised its capital assets policy effective for fiscal year 2023 to reflected changes in accounting guidance promulgated by GASB. See Note 1 for details of the revised capital assets policy.

Sauk Valley Community College District 506

Management's Discussion and Analysis For the Year Ended June 30, 2023

Capital projects completed during fiscal year 2023 totaled approximately \$200,000 and included the following: (1) Air Handler Replacement, (2) West Mall Restroom Abatement, and (3) Medical Room and Storage Room. Projects that were still in the development or active construction phases as of June 30, 2023 include the following: (1) Window Improvements, (2) Dillon Mall Renovation, (3) Toilet Room Renovations, (4) West Mall Plaza, (5) Generator Replacement, (6) HVAC Upgrades, (7) Agriculture Program Greenhouse, and the (8) West Mall Coffee Shop. Construction in-progress included approximately \$2,311, 000 as of June 30, 2023.

The College incurred approximately \$394,000 for capital equipment and \$24,000 for library collection additions during fiscal year 2023.

Capital expenditures were largely funded from local sources during fiscal year 2023. 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 \$53,000 of State participation was recognized during fiscal year 2023. The College is received State assistance from the State of Illinois Department of Commerce and Economic Opportunity in conjunction with the West Mall Restroom project for which \$200,000 of State participation was received during fiscal year 2023.

Depreciation and amortization expense for fiscal year 2023 was approximately \$1,423,000, an increase of approximately \$387,000 (37.4%) from fiscal year 2022. This increase is largely attributed to the implementation of GASB Statement No. 96.

Long-Term Debt Activity

The College had \$9,015,000 of General Obligation bonds outstanding as of June 30, 2023. Of that amount, \$1,665,000 will be due during fiscal year 2024. In August 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 2023 through 2026.

The College implemented GASB Statement No. 96 during fiscal year 2023. This implementation resulted in the establishment of approximately \$1,319,000 in subscription liabilities during fiscal year 2023. There were approximately \$494,000 in principal reductions during fiscal year 2023 leaving a balance of approximately \$825,000 at June 30, 2023 reported as Subscription liability on the College's Statement of Net Position with approximately \$244,000 being due within 1 year.

Interest expense for fiscal year 2023 was approximately \$231,000, which was approximately \$115,000 (98.9%) more than during fiscal year 2022.

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, 2023 of approximately \$9,840,000 is approximately \$53,107,000 under the statutory limit of \$62,947,163, which represents 2.875% of the Equalized Assessed Valuation (EAV) of the College's district.

Sauk Valley Community College District 506

Management's Discussion and Analysis
For the Year Ended June 30, 2023

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 2023. 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 2023. 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.

The Congressional Budget Office (CBO) expects economic growth to slow in 2024 and rebound in 2025. Additionally, the CBO expects labor market conditions to soften in 2024 while inflation continues to trend towards the Federal Reserve's target rate of 2 percent. Employment market conditions impact opportunities for traditional and non-traditional prospective students throughout the Sauk Valley.

Property tax revenue accounts for approximately 40% 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 College has projected an approximate 8% increase to District EAVs for the 2023 tax year.

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. The State of Illinois' fiscal year 2024 budget included a 7% increase in unrestricted grant funding for the Illinois Community College System.

Illinois Personal Property Replacement Taxes (PPRT) have contributed an increased proportion of operating funds revenues in recent years, totaling approximately \$1,565,000 for fiscal year 2023. 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 Illinois Department of Revenue issued a fiscal year 2024 estimate of PPRT for the College at approximately \$1,114,000.

Sauk Valley Community College District 506

Management's Discussion and Analysis
For the Year Ended June 30, 2023

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

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 21-22, 22-23, and 23-24 academic years. A continued 'slow and steady' approach to future tuition and fee increases is anticipated.

Department of Education HEERF grant funding was exhausted during fiscal year 2023. 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 2023.

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

	Primary Institution	Component Unit
	Business-Type Activities	Foundation
<i>As of June 30, 2023</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 10,971,794	\$ 633,750
Certificates of deposit	3,000,000	2,146,000
Investments	8,299,517	7,137,459
Property tax receivable	6,781,089	-
Other receivables, net of allowance	1,900,351	342,999
Prepaid expenses, inventory, and other assets	50,366	1,298
Total current assets	31,003,117	10,261,506
Noncurrent assets:		
Capital assets	56,766,926	-
Accumulated depreciation and amortization	(21,927,740)	-
Total noncurrent assets	34,839,186	-
Total assets	65,842,303	10,261,506
Deferred outflows of resources		
SURS pension contribution	51,692	-
Other postemployment benefits - CIP	1,195,372	-
Total deferred outflow of resources	1,247,064	-
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	1,435,231	-
Unearned tuition revenue	393,133	-
Assets held for others	-	87,161
Accrued compensated absences	306,245	-
Subscription liability, current	243,555	-
Bonds payable, current	1,797,663	-
Total current liabilities	4,175,827	87,161
Noncurrent liabilities:		
Accrued compensated absences	153,123	-
Subscription liability	581,357	-
Bonds payable, net	7,531,067	-
Net OPEB liability	3,394,613	-
Total noncurrent liabilities	11,660,160	-
Total liabilities	15,835,987	87,161
Deferred inflows of resources		
Deferred property taxes	4,762,190	-
Deferred grant revenue	77,891	-
Other postemployment benefits - CIP	6,040,349	-
Total deferred inflow of resources	10,880,430	-
Net position		
Net investment in capital assets	31,174,667	-
Restricted - nonexpendable, scholarships	-	7,573,400
Restricted - expendable:		
Capital projects	689,517	-
Debt service	913,542	-
Working cash	2,385,394	-
Audit	17,430	-
Grants and scholarships	-	1,879,928
Unrestricted	5,192,400	721,017
Total net position	\$ 40,372,950	\$ 10,174,345

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Statement of Revenues, Expenses, and Changes in Net Position

	Primary Institution	Component Unit
<i>Year Ended June 30, 2023</i>	Business-Type Activities	Foundation
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$2,135,765	\$ 3,089,724	\$ -
Auxiliary enterprises revenue	832,444	-
Contributions	-	1,418,874
Other	-	99,079
Total operating revenues	3,922,168	1,517,953
Operating expenses		
Instruction	6,431,750	-
Academic support	1,145,136	-
Student services	2,638,388	-
Public service	1,082,336	-
Organized Research	541,565	-
Auxiliary services	978,587	-
Operations and maintenance	1,611,622	-
Institutional support	4,127,719	448,797
Scholarships, student grants, and waivers	1,708,088	452,389
Depreciation and amortization expense	1,422,636	-
Total operating expenses	21,687,827	901,186
Operating (loss) income	(17,765,659)	616,767
Non-operating revenues (expenses)		
Property taxes	9,263,048	-
Corporate personal property replacement tax	1,564,972	-
State governmental sources	3,814,495	-
On-behalf payments	2,641,230	-
Federal government sources	3,963,841	-
Facilities revenue	61,335	-
Investment income	466,607	839,818
Nongovernmental grants and gifts	52,869	-
Other revenue	474,971	-
Interest, service charges, and issuance costs	(231,206)	-
Total non-operating revenues (expenses)	22,072,162	839,818
Change in net position	4,306,503	1,456,585
Net position, beginning of year	36,066,447	8,717,760
Net position, end of year	\$ 40,372,950	\$ 10,174,345

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Statement of Cash Flows

	Primary Institution
	Business-Type Activities
<i>Year Ended June 30, 2023</i>	
Cash flows from operating activities:	
Tuition and fees	\$ 5,190,829
Payments to suppliers	(6,404,410)
Payments to employees	(10,739,942)
Payments to students for scholarships	(3,843,853)
Auxiliary enterprise changes	832,044
Net cash used in operating activities	(14,965,332)
Cash flows from non-capital financing activities:	
Proceeds from property taxes	8,932,876
Proceeds from grants	8,036,778
Proceeds from personal replacement taxes	1,563,874
Other	305,120
Net cash provided by non-capital financing activities	18,838,648
Cash flows from capital and related financing activities:	
Purchases of capital assets	(3,674,560)
Principal paid on bonds payable	(6,345,000)
Proceeds from issuance of long-term debt	5,938,894
Interest paid on bonds payable and other long-term obligations	(336,317)
Principal paid on SBITAs	(493,982)
Net cash used in capital and related financing activities	(4,910,965)
Cash flows from investing activities:	
Interest received	442,769
Purchases of investment securities	(909,322)
Net cash provided by investing activities	(466,553)
Net increase (decrease) in cash and cash equivalents	(1,504,202)
Cash and cash equivalents, beginning of year	12,475,996
Cash and cash equivalents, end of year	\$ 10,971,794

Sauk Valley Community College District #506

Statement of Cash Flows (Continued)

	Primary Institution
<i>Year Ended June 30, 2023</i>	Business-Type Activities
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (17,765,659)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	1,422,636
State on-behalf payments for fringe benefits	2,641,230
Change in assets and liabilities:	
Receivables	(77,369)
Other assets	(48,987)
Deferred outflow of resources	(67,531)
Accounts payable	153,238
Accrued liabilities	(68,924)
Accrued compensated absences	(160,832)
Unearned tuition and fees	42,309
OPEB liability	(4,815,927)
Deferred inflows of resources	3,780,484
	\$ (14,965,332)

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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.

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

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

Cash and 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 \$320,647 for uncollectible student tuition and fees for the year ended June 30, 2023.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board's resolution, property tax levies are allocated 50 percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50 percent of property taxes extended for the 2022 tax year and collected in calendar year 2022 are recorded as revenue in fiscal year 2023. The remaining 50 percent of revenues related to tax year 2022 has been deferred and will be recorded as revenue in fiscal year 2024. The 50 percent allocation is an approximation based on tax collections in prior years.

Property taxes are collected by the County Collectors and are submitted to the County Treasurers, who remit 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 property, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated 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 as incurred. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Years
Land	\$0	Non-Depreciable
Land improvements	\$25,000	20
Buildings	\$25,000	40
Building improvements	\$25,000	20
Infrastructure	\$25,000	20
Intangible - software	\$25,000	5
Intangible - indefinite life	\$5,000	Non-Depreciable
Artwork	\$5,000	Non-Depreciable
Equipment	\$5,000	6
Vehicles	\$5,000	5
IT equipment	\$5,000	4

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded in other assets or liabilities.

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.

Subscription Based Information Technology Arrangements

The College is a party to multiple noncancelable subscription based information technology arrangements (SBITAs). If the contract provides the College the right to use the present service capacity and the right to direct the use of the identified asset, it is considered to be or contain a SBITA. Subscription-based assets and liabilities are recognized at the agreement commencement date based on the present value of the future payments over the expected contract term. The SBITA asset is also adjusted for any prepayments made and capitalizable initial implementation costs as incurred.

The SBITA liability is initially and subsequently recognized based on the present value of its future payments. Variable payments are included in the present value when the underlying rate or index is fixed and predictable for the life of the lease. Variable costs that depend on an unpredictable index are accounted for as expenses as they are incurred. Increases (decreases) to variable payments due to subsequent changes in an index or rate are recorded as an adjustment to expense in the period in which they are incurred.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (Continued)

The discount rate used is the implicit rate in the SBITA contract, if it is readily determinable, or the College's incremental borrowing rate.

For all underlying classes of assets, the College does not recognize SBITA assets and liabilities for short-term agreements that have a contract term of 12 months or less at contract commencement. Contracts containing termination clauses in which either party may terminate without cause and the notice period is less than 12 months are deemed short-term agreements with costs included in expense.

Other Post-Employment ("OPEB") Obligations

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

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

Deferred Outflows/Inflows of Resources

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows 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 assets 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 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. The College elected to use the 10% de minimis indirect cost rate during the year ended June 30, 2023.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

On-Behalf Payments for Fringe Benefits

For financial reporting purposes, the State of Illinois and its community colleges are under a special funding situation for State Universities Retirement Systems (pension) and College Insurance Plan (OPEB). A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension or OPEB plan that is used to provide benefits to the employees of another entity (the College). The College recognizes its proportionate share of the State's pension or OPEB expense relative to the College's employees as nonoperating revenue and operating expense, with the expense further allocated to the related function performed by the employees. In fiscal year 2023, the College recognized nonoperating revenue and operating expense of \$2,641,230.

Pensions

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

For the purposes of financial reporting, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. This 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 (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 net position – expendable – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties (debt services is restricted by bond documents). When both 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 net position – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

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

Recently Adopted Accounting Pronouncement

In May 2020, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 96, SBITAs. The statement will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The College adopted this guidance for the year ended June 30, 2023. The adoption of this guidance did not affect beginning net position and, accordingly, restatement of beginning July 1, 2022, net position was not necessary.

Note 2: Cash, Deposits, and Investments

The College's cash and deposits throughout the year and at year-end consisted of demand deposit accounts, certificates of deposit, and money markets. The College classified these accounts between cash and deposits on the statements of net position according to liquidity and intended use.

Cash and deposits consist of the following:

<i>As of June 30</i>	Carrying Amount 2023
Cash on hand	\$ 6,130
Deposits with financial institutions	6,650,523
Cash equivalents - highly liquid short term investments	7,315,141
Total	\$ 13,971,794

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

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 2: Cash, Deposits, and Investments (Continued)

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.

As of June 30, 2023, the College had the following investments with stated maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds*	\$ 476,634	\$ 476,634	\$ -	\$ -	\$ -
Local government investment pool*	6,838,507	6,838,507	-	-	-
Certificate of deposit (brokered)	1,262,904	772,750	490,154	-	-
Fixed income mutual funds	6,016,762	6,016,762	-	-	-
U.S. treasury notes	150,000	150,000	-	-	-
Guaranteed investment contract	102,300	-	102,300	-	-
U.S. treasury securities	767,551	767,551	-	-	-
Total	\$ 15,614,658	\$ 15,022,204	\$ 592,454	\$ -	\$ -

*Cash equivalents on statement of net position

As of June 30, 2023, the College had the following investments with stated ratings:

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA+	A	Unrated
Money market mutual funds*	\$ 476,634	\$ 476,634	\$ -	\$ -	\$ -
Local government investment pool*	6,838,507	6,838,507	-	-	-
Certificate of deposit (brokered)	1,262,904	-	-	-	1,262,904
Fixed income mutual funds	6,016,762	-	-	-	6,016,762
U.S. treasury notes	150,000	-	150,000	-	-
Guaranteed investment contract	102,300	-	-	-	102,300
U.S. treasury securities	767,551	-	767,551	-	-
Total	\$ 15,614,658	\$ 7,315,141	\$ 917,551	\$ -	\$ 7,381,966

Sauk Valley Community College District #506

Notes to Financial Statements

Note 2: Cash, Deposits, and Investments (Continued)

Custodial credit risk – deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, the College's deposits may not be returned to it. The College's policies require deposits in excess of the federally insured amounts be collateralized at the rate of 110% of such deposits. As of June 30, 2023, the bank balances of the College's deposits were \$6,417,922. The College had pledged securities of \$3,518,562 and FDIC coverage of \$2,899,360.

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, 2023, 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.

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.

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 of liabilities in inactive markets; or
- inputs other than quotes 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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 2: Cash, Deposits, and Investments (Continued)

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, 2023:

	Total	Fair Value Measurements at Reporting Date		
		Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificate of deposit (brokered)	\$ 1,262,904	\$ -	\$ 1,262,904	\$ -
Fixed income mutual funds	6,016,762	6,016,762	-	-
U.S. treasury notes	150,000	-	150,000	-
U.S. Treasury securities	767,551	-	767,551	-
Total investments	\$ 8,197,217	\$ 6,016,762	\$ 2,180,455	\$ -

Sauk Valley Community College District #506

Notes to Financial Statements

Note 3: Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

	Restated Balance 7/1/2022	Increases	Transfers/ Adjustments	Balance 6/30/2023
Capital assets, not being depreciated:				
Land	\$ 162,651	\$ -	\$ -	\$ 162,651
Construction in progress	608,642	1,901,679	(199,502)	2,310,819
Equipment in progress	100,000	-	-	100,000
Library Collection - Nonexpendable	-	20,411	-	20,411
Other Fixed Assets	-	6,905	-	6,905
Total capital assets, not being depreciated	871,293	1,928,995	(199,502)	2,600,786
Capital assets, being depreciated:				
Land improvements	4,271,006	-	-	4,271,006
Buildings	38,909,980	-	199,502	39,109,482
Equipment	9,040,087	394,374	-	9,434,461
Library Collection - Expendable	-	24,422	-	24,422
Total capital assets, being depreciated	52,221,073	418,796	199,502	52,839,371
Accumulated depreciation:				
Land improvements	1,336,948	75,193	-	1,412,141
Buildings	11,249,209	729,206	-	11,978,415
Equipment	7,918,947	305,181	-	8,224,128
Library Collection - Expendable	-	1,221	-	1,221
Total accumulated depreciation	20,505,104	1,110,801	-	21,615,905
Subscription-Based Information Technology Arrangement (SBITA) Assets:				
SBITA Assets	1,098,178	228,591	-	1,326,769
Accumulated amortization:				
SBITA Assets	-	311,835	-	311,835
Total SBITA assets being amortized, net	1,098,178	(83,244)	-	1,014,934
Capital assets, net	\$ 33,685,440	\$ 1,153,746	\$ -	\$ 34,839,186

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt

The following is a summary of the College's long-term and short-term debt transactions for the year ended June 30, 2023:

	Restated Balance 7/1/2022	Refunding	Increases	Decreases	Balance 6/30/2023	Current Portion
Long-term debt:						
General obligation bonds	\$ 6,190,000	\$ -	\$ 4,620,000	\$ 1,795,000	\$ 9,015,000	\$ 1,665,000
General obligation debt certificates	4,550,000	(4,550,000)	-	-	-	-
Bond premiums (discounts)	475,296	-	-	161,566	313,730	132,663
Compensated absences	620,200	-	166,781	327,613	459,368	306,245
Subscription liability	1,098,178	-	220,716	493,982	824,912	243,555
Totals	\$ 12,933,674	\$ (4,550,000)	\$ 5,007,497	\$ 2,778,161	\$ 10,613,010	\$ 2,347,463

Details on the debt as of June 30, 2023 are as follows:

- 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. Final maturity was February 1, 2023 and the bonds were paid in full.
- 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%. 79.3% of the proceeds were used for the purchase of capital assets. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
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	\$ 4,395,000	\$ 360,300	\$ 4,755,300

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

3. The College issued General Obligation Bonds Series 2022A dated August 23, 2022 in the amount of \$4,620,000 to refund the Series 2022 General Obligation Debt Certificates. The Series 2022A issue provided for serial retirement of principal on December 1 of each year starting in 2022 through 2028 with interest due February 1 and August 1, with an interest rate of 2.36%. 88.9% of the proceeds were used for the purchase of capital assets. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 630,000	\$ 156,885	\$ 786,885
2025	695,000	94,164	789,164
2026	710,000	77,762	787,762
2027	725,000	61,006	786,006
2028	1,860,000	43,896	1,903,896
Total	\$ 4,620,000	\$ 433,713	\$ 5,053,713

4. Ellucian banner modernization subscription agreement dated September 2021 in the original principal amount of \$758,328, due in annual installments in various amounts including imputed interest at 2.267%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 162,513	\$ 10,245	\$ 172,758
2025	172,800	6,461	179,261
2026	183,430	2,439	185,869
Total	\$ 518,743	\$ 19,145	\$ 537,888

5. Blackboard subscription agreement dated September 2022 in the original principal amount of \$84,220, due in annual installments in various amounts including imputed interest at 2.518%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 16,132	\$ 1,402	\$ 17,534
2025	16,721	987	17,708
2026	17,328	558	17,886
2027	17,952	113	18,065
Total	\$ 68,133	\$ 3,060	\$ 71,193

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

6. NURO Retention subscription agreement dated April 2020 in the original principal amount of \$158,865, due in annual installments in various amounts including imputed interest at 2.414%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 30,936	\$ 3,064	\$ 34,000
2025	31,691	2,309	34,000
2026	32,464	1,536	34,000
2027	33,257	743	34,000
Total	\$ 128,348	\$ 7,652	\$ 136,000

7. Canvas subscription agreement dated July 2021 in the original principal amount of \$141,524, due in annual installments in various amounts including imputed interest at 2.103%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2024	\$ 33,975	\$ 1,637	\$ 35,612
2025	36,520	880	37,400
2026	39,193	69	39,262
Total	\$ 109,688	\$ 2,586	\$ 112,274

8. The College entered into Ellucian TEM subscription agreement dated January 2023 and made a prepayment of \$7,875 in fiscal year 2023. The subscription will not be implemented until fiscal year 2024. The college will record a subscription liability in the fiscal year the subscription is implemented. The subscription agreement includes the original principal amount of \$58,753, due in annual installments in various amounts including imputed interest at 3.212%.
9. CALM subscription agreement dated August 2022 in the original principal amount of \$26,496 has a 24 month term, due in one installment with 0% interest was paid in full in August 2022.
10. Ellucian Campus Logic subscription agreement dated July 2020 in the original principal amount of \$39,461 has a 3-year term, due in one installment with 0% interest that was paid in full in July 2022.
11. Sim2grow subscription agreement dated November 2022 in the original principal amount of \$110,000 has a 5-year term, due in one installment with 0% interest that was paid in full in November 2022.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

The annual requirements to amortize all debt outstanding as of June 30, 2023, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Compensated Absences	SBITAs	Total Principal	Interest	Total Principal and Interest
2024	\$ 1,665,000	\$ 306,245	\$ 243,555	\$ 2,214,800	\$ 328,332	\$ 2,543,132
2025	1,770,000	153,123	257,733	2,180,856	217,702	2,398,558
2026	1,830,000	-	272,415	2,102,415	151,364	2,253,779
2027	1,890,000	-	51,209	1,941,209	85,163	2,026,372
2028	1,860,000	-	-	1,860,000	43,896	1,903,896
Total	\$ 9,015,000	\$ 459,368	\$ 824,912	\$ 10,299,280	\$ 826,457	\$ 11,125,737

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2023, is \$62,947,163. General obligation debt and subscription liability at June 30, 2023 total \$9,839,912 resulting in a legal debt margin of \$53,107,251.

Note 5: Defined Benefit Pension Plans

General Information about the Pension Plan

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

Benefits provided - A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2022 can be found in SURS Annual Comprehensive Financial Report.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

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 of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2022 and fiscal year 2023, respectively, was 12.32% and 12.83% 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).

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2022. At June 30, 2022 SURS defined benefit plan reported a NPL of \$29,078,053,857.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the NPL to be recognized for the College in fiscal year 2022 is \$0. The proportionate share of the State’s NPL associated with the College at June 30, 2022 is \$59,981,628 or 0.2063%. The College's proportionate share changed by 0.0180% from 0.1883% since the last measurement date on June 30, 2021. This amount is not recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2022 was determined based on the June 30, 2021 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 defined benefit plan during fiscal year 2021.

Defined Benefit Pension Expense

For the year ending June 30, 2022, SURS defined benefit plan reported a collective net pension expense of \$1,903,314,699.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Employer Proportionate Share of Defined Benefit 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 2021. As a result, the College recognized revenue and defined benefit pension expense of \$3,926,119 from this special funding situation during the year ended June 30, 2023.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Defined Benefit Pensions

Deferred outflows of resources are the consumption of net position by SURS 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 Inflow of Resources
<i>Fiscal year ended June 30, 2022 (measurement date)</i>		
Difference between expected and actual experience	\$ 31,973,496	\$ 28,674,599
Changes in assumption	279,362,441	982,954,268
Net difference between projected and actual earnings on pension plan investments	31,628,935	-
Total	\$ 342,964,872	\$ 1,011,628,867

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

	Net Deferred Outflows (Inflows) of Resources
2023	\$ (332,941,204)
2024	(528,966,820)
2025	(249,290,775)
2026	442,534,804
Total	\$ (668,663,995)

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

College's Deferral of Fiscal Year 2023 Contributions

The College paid \$51,692 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2023. These contributions were made subsequent to the pension liability measurement date of June 30, 2022, and are recognized as deferred outflows of resources as of June 30, 2023.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2022 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary increases	3.00% to 12.75%, including inflation
Investment rate of return	6.50%

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on defined benefit 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 consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2022, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Weighted Average Long- Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	38.0 %	7.62 %
Stabilized Growth		
Public Credit Fixed Income	9.0 %	4.20 %
Credit Real Assets	4.5 %	4.98 %
Options Strategies	2.5 %	4.91 %
Private Credit	1.0 %	7.45 %
Non-Traditional Growth		
Private Equity	10.5 %	11.91 %
Non-Core Real Assets	2.5 %	9.43 %
Inflation Sensitive		
U.S. TIPS	5.0 %	1.23 %
Principal Protection		
Core Fixed Income	8.0 %	1.79 %
Crisis Risk Offset		
Systematic Trend Following	10.0 %	4.33 %
Alternative Risk Premia	5.0 %	3.59 %
Long Duration	4.0 %	2.16 %
Total	100 %	6.08 %
Inflation		2.25 %
Expected Arithmetic Return		8.33 %

Discount Rate. A single discount rate of 6.39%, 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 3.69% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2022). 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 2076. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2076, and the municipal bond rate was applied to all benefit payments after that date.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.39% , as well as what the State's NPL net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 5.39%	Current Single Discount Rate Assumption 6.39%	1% Increase 7.39%
\$ 35,261,802,968	\$ 29,078,053,857	\$ 23,928,731,076

Additional information regarding the SURS basic financial statements, including the plan's 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, and provides retirement annuities and other benefits for staff members and employees of state universities and community colleges, certain other 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, 2022, 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.

Sauk Valley Community College District #506

Notes to Financial Statements

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, 2022, the State's contributions to the RSP on behalf of individual employers totaled \$89,770,940. Of this amount, \$80,902,699 was funded via an appropriation from the State and \$8,868,241 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 2022. The College's share of pensionable contributions was 0.1893%. As a result, the College recognized revenue and defined contribution pension expense of \$169,965 from this special funding situation during the year ended June 30, 2023, of which \$16,790 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. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts.

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

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, 2022. CIP reported a net OPEB liability at June 30, 2022 of \$684,560,152.

Employer Proportionate Share of Net OPEB Liability

The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2023 is \$3,394,613 or 0.4959%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 0.0228%. The proportionate share of the State's net OPEB liability associated with the College is \$3,394,613. The total proportionate share of the net OPEB liability associated with the College is \$6,789,226. The net OPEB liability and total OPEB liability as of June 30, 2022 was determined based on the June 30, 2021 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 2022.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

OPEB Expense

At June 30, 2022, CIP reported a collective net OPEB expense (income) of \$(287,349,940).

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 2022. As a result, the College recognized on-behalf revenue of \$(1,454,854) for the fiscal year ended June 30, 2023. Additionally, the College recognized OPEB expense of \$(1,134,135) for the fiscal year ended June 30, 2023.

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.

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

<i>Fiscal year ended June 30, 2022 (measurement date)</i>	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 26,817	\$ 1,413,962
Changes in assumption	0	4,575,832
Net difference between projected and actual earnings on OPEB plan investments	0	176
Changes in proportion and differences between employer contributions and share of contributions	1,120,539	50,379
Total deferred amounts to be recognized in pension expense in future periods	1,147,356	6,040,349
OPEB contributions made subsequent to the measurement date	48,016	0
Total	\$ 1,195,372	\$ 6,040,349

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

The College reported \$48,016 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, 2024. 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 Ending June 30	Net Deferred Outflows (Inflows) of Resources
2024	\$ (815,499)
2025	(815,499)
2026	(815,499)
2027	(815,499)
2028	(815,499)
2029	(815,498)
Total	\$ (4,892,993)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years
Healthcare cost trend rates	Trend used fiscal year end 2023 based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2024 and decrease gradually to an ultimate trend of 4.25% in 2039. For MAPD costs, trend rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 5.86% in 2034, declining gradually to an ultimate rate of 4.25% in 2039.
Asset Valuation Method	Market value

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table. For disabled annuitants mortality rates were based on the Pub-2010 Disabled Retire Mortality Table. Mortality rates for pre-retirement were based on the PUB-2010 Employee Mortality Table. Tables were adjusted for SURS experience. All tables reflect future mortality improvements using Projection Scale MP-2020.

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 to June 30, 2020.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.69% as of June 30, 2022 and 1.92% as of June 30, 2021. The increase in the single discount rate from 1.92% to 3.69% caused the total OPEB liability to decrease by approximately \$119.2 million from 2021 to 2022.

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

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.69% at June 30, 2022, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher or lower than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2022 to the Single Discount Rate Assumption			
	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
Net OPEB liability	\$ 3,716,009	\$ 3,394,613	\$ 3,119,774

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.

Sensitivity of Net OPEB Liability as of June 30, 2022 to the Healthcare Cost Trend Rate Assumption			
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$ 3,033,607	\$ 3,394,613	\$ 3,835,732

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.18% in 2023, 8.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2039. Post-Medicare per capita costs: 2.98% in 2023, 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 5.86% in 2033 decreasing ratably to an ultimate rate of 4.25% in 2039.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

- (b) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 8.18% in 2023, 7.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2039. Post-Medicare per capita costs: 1.98% in 2023, 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 4.86% in 2033 decreasing ratably to an ultimate rate of 3.25% in 2039.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.18% in 2023, 9.00% in 2024, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2039. Post-Medicare per capita costs: 3.98% in 2023, 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 6.86% in 2033 decreasing ratably to an ultimate rate of 5.25% in 2039.

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 2023, the College paid approximately \$155,791 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: Commitments and Contingencies

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 applied 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 insignificant.

Construction Commitments. In February 2023, the College entered into a professional services agreement with NICAM Construction LLC architecture services related to the construction of the West Mall Plaza for \$1,072,408. As of June 30, 2023, total costs incurred are approximately \$66,409. The estimated completion date for this project is June 2024.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 10: Impact of Pending Accounting Principles

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. The College has not determined the effect of this Statement.

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. The College has not determined the effect of this Statement.

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 effect of this Statement.

Note 11: Component Unit

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

Summary of Significant Accounting Policies

Nature of Business

Sauk Valley College Foundation (the Foundation) was formed under the General Not-For-Profit Foundation Act of the State of Illinois on November 4, 1965. The Foundation has been approved by the Commissioner of Internal Revenue as an exempt organization under Section 501 of the Internal Revenue Code. Contributions to the Foundation qualify as charitable contributions for federal income tax purposes.

The Foundation was established to assist in carrying out the educational functions of Sauk Valley Community College. The Foundation provides funds by campaign or by other means for scholarships and fellowships for students, and endowments for the College for items having educational, artistic, historical, literary, or other cultural value.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Net Assets

Net assets and revenues, 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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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, 2023, the bank balances of the Foundation's deposits were \$2,777,313, and the entire balance was secured by FDIC coverage and collateralized securities in the Foundation's name.

Certificates of Deposit

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

Investments and Investment Earnings

Investments consist primarily of assets invested in alternative investments. 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. As of June 30, 2023 there were promises to give to the Foundation of \$324,373.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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.

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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.

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.

Pending Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for periods beginning December 15, 2022. Management is evaluating what impact this new standard will have on its financial statements.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

Subsequent Events

The Foundation has evaluated subsequent events through January 10, 2024 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2023 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, 2023, reduced by amounts not available for general expenditures:

Total financial assets	\$ 10,260,208
Less those unavailable for general expenditure within one year due to:	
Funds held for others	87,161
Purpose restrictions	1,879,928
Perpetual endowments	7,573,400
<hr/>	
Financial assets available to meet cash needs for general expenditures within one year	\$ 719,719
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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, 2023 consisted of the following:

	<u>Fair Value</u>	<u>Cost</u>	<u>Unrealized Appreciation (Depreciation)</u>
Multi-strategy equity funds	\$ 5,309,324	\$ 3,322,305	\$ 1,987,019
Multi-strategy bond funds	1,828,135	1,946,704	(118,569)
<hr/>			
Total	\$ 7,137,459	\$ 5,269,009	\$ 1,868,450
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Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: 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, 2023.

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 10,006	\$ 36,408	\$ 46,414
Unrealized gains (losses)	406,996	176,150	583,146
Realized gains (losses)	71	236,446	236,517
Investment fees	-	(26,259)	(26,259)
Total	\$ 417,073	\$ 422,745	\$ 839,818

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (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, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 8,225,618	\$ 8,225,618

Changes in endowment net assets as of June 30, 2023 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 6,689,655	\$ 6,689,655
Investment return:			
Interest income	-	10,151	10,151
Net appreciation (realized and unrealized) on investments	-	819,592	819,592
Total investment return	-	829,743	829,743
Contributions	-	1,008,650	1,008,650
Appropriation of endowment assets for expenditure	-	(302,430)	(302,430)
	-	706,220	706,220
Total	\$ -	\$ 8,225,618	\$ 8,225,618

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, 2023.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (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, 2023:

Subject to expenditure for specified purpose:

Student scholarships, awards and College support	\$ 1,879,928
Endowment subject to spending policy and appropriation	7,573,400

Net assets with donor restrictions	\$ 9,453,328
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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, 2023 for scholarships, awards and College support totaled \$486,521.

The Foundation also reclassified \$42,161 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

Pledges Receivable

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2023 is as follows:

Total pledges receivable	\$	324,373
Less: discounts to net present value		-
<hr/>		
Pledges receivable	\$	324,373
<hr/>		
Amounts due in:		
Less than one year	\$	219,740
Due in more than one year		110,938
Less allowance for uncollectible pledges		(6,305)
<hr/>		
Pledges receivable	\$	324,373
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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:

	WACC CEO Program
Balance, beginning of year	\$ 93,220
Add (deduct):	
Contributions	127,583
Program expenses	(133,642)
Change in funds held for others	(6,059)
Balance, end of year	\$ 87,161

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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.

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, 2023, the Foundation's investments valued at NAV were as follows:

	Fair Value	Redemption Frequency	Redemption Notice
Multi-strategy equity fund	\$ 5,309,324	Monthly	5 days
Multi-strategy bond fund	1,828,135	Monthly	5 days
Total	\$ 7,137,459		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2023.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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, 2022	\$ 4,297,772	\$ 2,917,835	\$ 7,215,607
Purchases	338,978	225,985	564,963
Sales	(141,868)	(1,294,578)	(1,436,446)
Fees	(18,888)	(7,369)	(26,257)
Unrealized gains	833,330	(13,738)	819,592
Fair value as of June 30, 2023	\$ 5,309,324	\$ 1,828,135	\$ 7,137,459

Information regarding the fair value of assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2023:

	Total	Nonrecurring Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a nonrecurring basis:				
Contributed nonfinancial assets:				
Services	\$ 240,676	\$ -	\$ -	\$ 240,676
Goods	3,000	-	-	3,000
Total investments	\$ 243,676	\$ -	\$ -	\$ 243,676

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, 2023				
Assets	Fair Value	Valuation Technique	Significant Unobservable Inputs	Range
Contributed nonfinancial assets:				
Services	\$ 240,676	Market Approach	Fair Value of Services Contributed to Foundation	N/A
Goods	3,000	Market Approach	Fair Value of Assets Contributed to Foundation	N/A
Total	\$ 243,676	\$ -	\$ -	-

Sauk Valley Community College District #506

Notes to Financial Statements

Note 11: Component Unit (Continued)

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 \$240,676 for the year ended June 30, 2023 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$452,389 for scholarships and awards during the year ended June 30, 2023.

Contributed Nonfinancial Assets

Contributed nonfinancial assets as of June 30, 2023 consist of the following:

Services	\$	240,676
Goods		3,000
<hr/>		
Balance, end of year	\$	243,676
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The College 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 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.

Required Supplementary Information

Sauk Valley Community College District #506

Schedule of Share of Net Pension Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2014)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	\$ 59,981,628	\$ 53,722,260	\$ 57,660,201	\$ 54,079,894	\$ 50,507,501	\$ 48,210,253	\$ 48,793,621	\$ 46,145,300	\$ 42,099,735	
Employer 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	
Proportion of collective net pension liability associated with the College as a percentage of covered payroll	751.16 %	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	43.65 %	45.45 %	39.05 %	40.71 %	41.27 %	42.04 %	39.57 %	42.37 %	44.39 %	

Note: The System 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 Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Federal, trust, grant and other contribution	\$ 51,692	\$ 82,854	\$ 100,174	\$ 60,487	\$ 45,900	\$ 48,230	\$ 33,963	\$ 30,773	\$ 26,915	\$ 26,184
Contribution in relation to required contribution	51,692	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	\$ 0
Employer covered payroll	\$ 8,095,927	\$ 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 payroll	0.64 %	1.04 %	1.30 %	0.86 %	0.67 %	0.73 %	0.51 %	0.45 %	0.38 %	0.37 %

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

Sauk Valley Community College District #506

Schedule of Share of Net OPEB Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2018)

Measurement Date June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion percentage of the collective net OPEB liability	0.00 %	0.47 %	0.43 %	0.42 %	0.42 %	0.43 %	0.40 %			
Proportion amount of the collective net OPEB liability	\$ 3,394,613	\$ 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	\$ 3,394,613	\$ 8,210,540	\$ 7,804,644	\$ 8,003,973	\$ 7,956,259	\$ 7,797,981	\$ 7,311,338			
Total collective net OPEB liability associated with the College	\$ 6,789,226	\$ 16,421,080	\$ 15,609,288	\$ 16,007,946	\$ 15,912,518	\$ 15,700,037	\$ 14,622,676			
College's covered payroll	\$ 7,985,241	\$ 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	85.02 %	212.94 %	222.31 %	234.41 %	241.58 %	234.21 %	214.76 %			
College insurance plan net position as a percentage of total OPEB liability	(22.03)%	(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 Ten Fiscal Years

(schedule to be built prospectively from 2014)

Fiscal Year Ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required contribution	\$ 48,016	\$ 46,764	\$ 43,987	\$ 39,378	\$ 38,044	\$ 36,854	\$ 37,593	\$ 36,410		
Contribution in relation to the required statutorily	48,016	46,764	43,987	39,378	38,044	36,854	37,593	36,410		
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0		
District's covered payroll	\$ 8,095,927	\$ 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 %	0.59 %	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.

Sauk Valley Community College District #506

Notes to Required Supplementary Information

Note 1: Changes of Pension Benefit Terms

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2023.

Note 2: Changes of Pension Assumptions

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2017 to June 30, 2020 was performed in Spring 2021, resulting in the adoption of new assumptions as of June 30, 2021. These assumptions are listed below and remained the same for the June 30, 2022, actuarial valuation.

- Salary increase. Change in the overall assumed salary increase rates, ranging from 3.00 percent to 12.75 percent based on years of service, while maintaining the underlying wage inflation rate 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. Maintain the RP-2014 to the Pub 2010 mortality tables to reflect the latter's high applicability to public pensions. Update the projection scale from MP-2017 to the MP-2020 scale.
- Disability rates. Establish separate rates for members in academic positions and non-academic positions and maintain separate 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, 2023.

Sauk Valley Community College District #506

Notes to Required Supplementary Information (Continued)

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, 2017 to June 30, 2020, resulting in the adoption of new assumptions as of June 30, 2021. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2020:

- Per capita claim costs for plan year end June 30, 2022, were updated based on projected claim and enrollment experience through June 30, 2022, and updated premium rates through plan year end 2023;
- Effective as of January 1, 2023, projected per capita costs reflect the newly established zero premium MAPD plan. Based on discussions with CMS, the MAPD costs are zero for calendar years 2023 through 2027, increase to \$42 per member per month in calendar year 2028, and increases ratably to \$102 per member per month in calendar year 2032. After 2032, costs increase according to the assumed trend rates;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2021, projected plan cost for plan year end June 30, 2022, premium changes through plan year end 2022, and expectation of future trend increases after June 30, 2022;
- Healthcare plan participation and lapse rates were updated based on observed experience; and
- The discount rate was changed from 1.92 percent at June 30, 2021, to 3.69 percent at June 30, 2022.

The pension-related assumption changes had minimal impact to the results of the OPEB actuarial valuation.

Special Reports Section

Supplemental Financial Information

Sauk Valley Community College District #506

Supplemental Financial Information Section

Uniform Financial Statements

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

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Capital Assets and Fixed 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

<i>Year Ended June 30, 2023</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit), beginning of year	\$ 10,185,021	\$ 202,319	\$ 7,995,715	\$ 1,072,472
Revenues:				
Local tax revenue	6,827,293	806,427	853,238	1,939,205
ICCB Grants	1,579,682	166,692	-	-
All other State revenue	1,841	-	200,000	-
Federal revenue	135,936	15,696	-	-
Student tuition and fees	4,430,373	449,854	-	-
On-Behalf CIP	-	-	-	-
On-Behalf SURS	-	-	-	-
All other revenue	780,648	46,525	335,965	(11)
Total revenues	13,755,773	1,485,194	1,389,203	1,939,194
Expenditures:				
Instruction	5,268,151	-	650,259	-
Academic support	1,030,712	-	46,036	-
Student services	1,657,223	-	-	-
Public service/continuing education	616,520	-	8,177	-
Organized research	13,763	10,000	-	-
Auxiliary services	27,692	-	8,268	-
Operations and maintenance	-	1,247,736	-	-
Institutional support	3,056,075	(11,575)	1,493,536	6,718,124
Scholarships, grants, waivers	778,888	-	-	-
Total expenditures	12,449,024	1,246,161	2,206,276	6,718,124
Issuance of debt	-	-	-	4,620,000
Transfers in	78,213	-	-	-
Transfers out	(184,984)	(31,204)	-	-
	(106,771)	(31,204)	-	4,620,000
Fund balance (deficit), end of year	\$ 11,384,999	\$ 410,148	\$ 7,178,642	\$ 913,542

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund
Fund balance (deficit), beginning of year	\$ 382,819	\$ (32,686)	\$ 2,338,545	\$ 13,636
Revenues:				
Local tax revenue	-	-	-	50,114
ICCB Grants	-	870,012	-	-
All other State revenue	-	996,268	-	-
Federal revenue	12,319	3,799,890	-	-
Student tuition and fees	345,262	-	-	-
On-Behalf CIP	-	(1,454,854)	-	-
On-Behalf SURS	-	4,096,084	-	-
All other revenue	2,877,433	293,914	15,645	(120)
Total revenues	3,235,014	8,601,314	15,645	49,994
Expenditures:				
Instruction	-	1,982,022	-	-
Academic support	-	196,601	-	-
Student services	-	1,249,435	-	-
Public service/continuing education	-	519,988	-	-
Organized research	-	521,434	-	-
Auxiliary services	3,410,594	55,520	-	-
Operations and maintenance	-	192,315	-	-
Institutional support	-	707,382	-	46,200
Scholarships, grants, waivers	-	3,063,487	-	-
Total expenditures	3,410,594	8,488,184	-	46,200
Issuance of debt	-	-	-	-
Transfers in	184,984	78,919	31,204	-
Transfers out	(1,275)	(155,857)	-	-
	183,709	(76,938)	31,204	-
Fund balance (deficit), end of year	\$ 390,948	\$ 3,506	\$ 2,385,394	\$ 17,430

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2023</i>	Liability, Protection Settlement Fund	Total
Fund balance (deficit), beginning of year	\$ 1,827,512	\$ 23,985,353
Revenues:		
Local tax revenue	351,743	10,828,020
ICCB Grants	-	2,616,386
All other State revenue	-	1,198,109
Federal revenue	-	3,963,841
Student tuition and fees	-	5,225,489
On-Behalf CIP	-	(1,454,854)
On-Behalf SURS	-	4,096,084
All other revenue	33,678	4,383,677
Total revenues	385,421	30,856,752
Expenditures:		
Instruction	-	7,900,432
Academic support	17,360	1,290,709
Student services	-	2,906,658
Public service/continuing education	-	1,144,685
Organized research	-	545,197
Auxiliary services	10,908	3,512,982
Operations and maintenance	255,622	1,695,673
Institutional support	736,870	12,746,612
Scholarships, grants, waivers	1,478	3,843,853
Total expenditures	1,022,238	35,586,801
Issuance of debt	-	4,620,000
Transfers in	-	373,320
Transfers out	-	(373,320)
	-	4,620,000
Fund balance (deficit), end of year	\$ 1,190,695	\$ 23,875,304

Sauk Valley Community College District #506

Uniform Financial Statement #2

Summary of Capital Assets and Fixed Debt*

<i>Year Ended June 30, 2023</i>	Balance					Balance	
	July 1, 2022	Additions	Deletions	Reclassification	June 30, 2023		
Capital assets:							
Land	\$ 162,651	\$ -	\$ -	\$ -	\$ 162,651		
Construction in process	608,642	1,901,679	-	(199,502)	2,310,819		
Equipment in process	100,000	-	-	-	100,000		
Library collection - nonexpendable	-	20,411	-	-	20,411		
Other fixed assets	-	6,905	-	-	6,905		
Land improvements	4,271,006	-	-	-	4,271,006		
Buildings and improvements	38,909,980	-	-	199,502	39,109,482		
Equipment	9,040,087	394,374	-	-	9,434,461		
Library collection - expendable	-	24,422	-	-	24,422		
SBITA assets	-	1,326,769	-	-	1,326,769		
Total capital assets	53,092,366	3,674,560	-	-	56,766,926		
Accumulated depreciation and amortization	20,505,104	1,422,636	-	-	21,927,740		
Total net capital assets	\$ 32,587,262	\$ 2,251,924	\$ -	\$ -	\$ 34,839,186		
Fixed debt:							
Bonds payable	\$ 6,190,000	\$ 4,620,000	\$ 1,795,000	\$ -	\$ 9,015,000		
Bond premium	475,296	-	161,566	-	313,730		
Debt certificates	4,550,000	-	4,550,000	-	-		
SBITA liability	-	1,318,894	493,982	-	824,912		
Total fixed debt	\$ 11,215,296	\$ 5,938,894	\$ 7,000,548	\$ -	\$ 10,153,642		

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2023.

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2023</i>	Education	Operations and Maintenance	Total
Revenues:			
Local government:			
Property taxes	\$ 5,434,468	\$ 634,280	\$ 6,068,748
Corporate personal property replacement tax	1,392,825	172,147	1,564,972
Total local government	6,827,293	806,427	7,633,720
State government:			
ICCB Base operating grants	1,180,831	145,945	1,326,776
ICCB Equalization grants	126,689	17,731	144,420
ICCB Career & technical education	147,001	-	147,001
Other ICCB grants	125,161	3,016	128,177
Other	1,841	-	1,841
Total state government	1,581,523	166,692	1,748,215
Federal government:			
Department of Education	135,392	15,696	151,088
Other	544	-	544
Total federal government	135,936	15,696	151,632
Student tuition and fees:			
Tuition	3,720,087	449,854	4,169,941
Student fees	710,286	-	710,286
Total tuition and fees	4,430,373	449,854	4,880,227
Other sources:			
Sales and service fees	471,693	-	471,693
Facilities revenue	-	42,408	42,408
Investment income	230,023	1,992	232,015
Other revenue	78,932	2,125	81,057
Total other sources	780,648	46,525	827,173
Total revenue	13,755,773	1,485,194	15,240,967
Less nonoperating items:			
Tuition chargeback	0	0	0
Adjusted revenue	\$ 13,755,773	\$ 1,485,194	\$ 15,240,967

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

<i>Year Ended June 30, 2023</i>	Education	Operations and Maintenance	Total
Operating expenditures:			
By program:			
Instruction	\$ 5,268,151	\$ -	\$ 5,268,151
Academic support	1,030,712	-	1,030,712
Student services	1,657,223	-	1,657,223
Public service	616,520	-	616,520
Organized Research	13,763	10,000	23,763
Auxiliary services	27,692	-	27,692
Operations and maintenance	-	1,247,736	1,247,736
Institutional support	3,056,075	(11,575)	3,044,500
Scholarships, student grants, and waivers	778,888	-	778,888
Total expenditures	12,449,024	1,246,161	13,695,185
Less nonoperating items:*			
Net transfers	(106,771)	31,204	(75,567)
Adjusted expenditures	\$ 12,342,253	\$ 1,277,365	\$ 13,619,618
By object:			
Salaries	8,185,613	638,003	8,823,616
Employee benefits	1,455,917	176,812	1,632,729
Contractual services	1,024,417	69,237	1,093,654
General materials and supplies	588,277	100,881	689,158
Travel, conference and meeting expense	225,212	242	225,454
Fixed charges	100,055	-	100,055
Utilities	3,203	255,730	258,933
Capital outlay	-	5,256	5,256
Other	866,330	-	866,330
Total expenditures	12,449,024	1,246,161	13,695,185
Less nonoperating items:			
Net transfers	(106,771)	31,204	(75,567)
Adjusted expenditures	\$ 12,342,253	\$ 1,277,365	\$ 13,619,618

* Inter-college 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

Year Ended June 30, 2023

Revenue by source:

State government:

ICCB - Adult Education	\$ 186,814
ICCB - Other	683,198
Illinois Student Assistance Commission	424,610
On-behalf CIP	(1,454,854)
On-behalf SURS	4,096,084
Other	571,658

Total state government	4,507,510
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Federal government:

Department of Education	3,277,321
Department of Health & Human Services	235,118
Other	287,451

Total federal government	3,799,890
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Other sources:

Other revenue	293,914
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Total other sources	293,914
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Total revenues	\$ 8,601,314
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Expenditures by program:

Instruction	1,982,022
Academic support	196,601
Student services	1,249,435
Public service	519,988
Organized Research	521,434
Auxiliary services	55,520
Operations and maintenance	192,315
Institutional support	707,382
Scholarships, student grants, and waivers	3,063,487

Total expenditures by program	\$ 8,488,184
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Expenditures by object:

Salaries	1,137,115
Employee benefits	2,806,079
Contractual services	622,170
General materials and supplies	574,235
Travel, conference and meeting expense	95,166
Utilities	1,158
Capital outlay	282,419
Other	2,969,842

Total expenditures by object	\$ 8,488,184
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Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

Year Ended June 30, 2023

Instruction:

Instructional Programs	\$ 6,103,870
Support	1,146,303

Total instruction	7,250,173
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Academic support:

Library Center	224,855
Academic Computing Support	102,938
Academic Administration and Planning	581,354
Other Academic Support	335,526

Total academic support	1,244,673
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Student services:

Admissions & Records	377,097
Counseling & Career Guidance	1,210,157
Financial Aid Administration	283,849
Other Student Services	1,035,555

Total student services	2,906,658
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Public service/continuing education:

Community Education	93,079
Customized Training	379,764
Community Services	194,145
Other Public Services	469,520

Total public service/continuing education	1,136,508
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Organized Research	545,197
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Auxiliary	3,504,714
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Operations and maintenance of plant:

Maintenance	313,412
Custodial Services	413,020
Grounds	164,224
Campus Security	269,305
Plant Utilities	259,994
Administration	87,464
Other Operations and Maintenance	188,254

Total operations and maintenance of plant	1,695,673
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Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity (Continued)

Year Ended June 30, 2023

Institutional support:

Executive Management	285,943
Fiscal Operations	469,122
Community Relations	830,242
Administrative Support Services	228,412
Board of Trustees	22,036
General Institution	824,618
Institutional Research	89,237
Administrative Data Processing	1,176,781
Other Institutional Support	608,561
Total institutional support	4,534,952

Scholarships, Grants, Waivers	3,843,853
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Total current funds expenditures	\$ 26,662,401
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* 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

Year Ended June 30, 2023

All fiscal year 2023 noncapital audited operating expenditures from the following funds:

1. Education Fund	12,100,002
2. Operations and Maintenance Fund	1,240,905
4. Bond and Interest Fund	605,202
6. Restricted Purposes Fund	5,293,127
7. Audit Fund	46,200
8. Liability, Protection, and Settlement Fund	<u>1,004,878</u>
10. Total noncapital expenditures (sum of lines 1-9)	<u>\$ 20,290,314</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 1,201,862</u>
12. Total costs included (line 10 plus line 11)	<u>\$ 21,492,176</u>
13. Total certified semester credit hours for FY 2023	<u>29,404</u>
14. Per capita cost (line 12 divided by line 13)	\$ 730.93
15. All FY 2024 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$ 5,933,400</u>
16. FY 2023 state and federal grants per semester credit hour (line 15 divided by line 13)	201.79
17. District's average ICCB grant rate (excluding equalization grants) for FY 2024	50.81
18. District's student tuition and fee rate per semester credit hour for FY 2024	<u>163.00</u>
19. Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>\$ 315.33</u>

Approved:



Chief Financial Officer

1/24/2024

Date



President

1/24/2024

Date

Other Information

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2023</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 4,975,973	\$ 355,677	\$ 3,667,623	\$ 652,495
Certificates of deposit	2,000,000	-	-	-
Other investments	3,858,353	-	3,507,181	-
Property tax receivable	3,947,262	467,526	570,725	1,432,460
Student tuition receivables, net of allowance	319,274	-	-	-
Other receivables	377,790	33,999	103,846	-
Advances to other funds	-	-	-	-
Prepaid expenses	43,111	-	-	-
Inventory	-	-	-	-
Capital assets	-	-	-	-
Total assets	15,521,763	857,202	7,849,375	2,084,955
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 15,521,763	\$ 857,202	\$ 7,849,375	\$ 2,084,955
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 190,229	\$ 32,991	\$ 256,392	\$ -
Accrued liabilities	520,869	13,650	-	166,068
Advances from other funds	-	1,316	13,788	-
Unearned tuition revenue	341,858	28,967	-	-
Accrued compensated absences	310,980	41,710	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	1,363,936	118,634	270,180	166,068
Deferred inflows of resources				
Deferred property taxes	2,772,828	328,420	400,553	1,005,345
Deferred grant revenue	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	2,772,828	328,420	400,553	1,005,345
Fund balances (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	7,178,642	913,542
Unrestricted	11,384,999	410,148	-	-
Total fund balances	11,384,999	410,148	7,178,642	913,542
Total liabilities, deferred inflows or resources and fund balances	\$ 15,521,763	\$ 857,202	\$ 7,849,375	\$ 2,084,955

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2023</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 458,500	\$ -	\$ 555,819	\$ 6,265
Certificates of deposit	-	-	1,000,000	-
Other investments	-	-	102,300	-
Property tax receivable	-	-	-	37,501
Student tuition receivables, net of allowance	-	-	-	-
Other receivables	4,644	1,048,293	-	-
Advances to other funds	-	-	727,275	-
Prepaid expenses	-	-	-	-
Inventory	1,379	-	-	-
Capital assets	-	-	-	-
Total assets	464,523	1,048,293	2,385,394	43,766
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 464,523	\$ 1,048,293	\$ 2,385,394	\$ 43,766
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 34,198	\$ 185,807	\$ -	-
Accrued liabilities	2,731	19,236	-	-
Advances from other funds	-	712,171	-	-
Unearned tuition revenue	22,308	-	-	-
Accrued compensated absences	14,338	49,682	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	73,575	966,896	-	-
Deferred inflows of resources				
Deferred property taxes	-	-	-	26,336
Deferred grant revenue	-	77,891	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	-	77,891	-	26,336
Fund balances (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	2,385,394	17,430
Unrestricted	390,948	3,506	-	-
Total fund balances	390,948	3,506	2,385,394	17,430
Total liabilities, deferred inflows or resources and fund balances	\$ 464,523	\$ 1,048,293	\$ 2,385,394	\$ 43,766

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2023</i>	Tort	Totals
Assets and Deferred Outflow of Resources		
Cash and cash equivalents	\$ 299,442	\$ 10,971,794
Certificates of deposit	-	3,000,000
Other investments	831,683	8,299,517
Property tax receivable	325,615	6,781,089
Student tuition receivables, net of allowance	-	319,274
Other receivables	12,505	1,581,077
Advances to other funds	-	727,275
Prepaid expenses	5,876	48,987
Inventory	-	1,379
Capital assets	-	-
Total assets	1,475,121	31,730,392
Deferred outflow of resources:		
SURS pension contribution	-	-
Other postemployment benefits - CIP	-	-
Total deferred outflow of resources	-	-
Total assets and deferred outflow of resources	\$ 1,475,121	\$ 31,730,392
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 4,216	\$ 703,833
Accrued liabilities	8,844	731,398
Advances from other funds	-	727,275
Unearned tuition revenue	-	393,133
Accrued compensated absences	42,658	459,368
Subscription liability	-	-
Bonds payable, net	-	-
Net OPEB liability	-	-
Total liabilities	55,718	3,015,007
Deferred inflows of resources		
Deferred property taxes	228,708	4,762,190
Deferred grant revenue	-	77,891
Other postemployment benefits - CIP	-	-
Total deferred inflows of resources	228,708	4,840,081
Fund balances (deficit):		
Net investment in capital assets	-	-
Restricted	-	10,495,008
Unrestricted	1,190,695	13,380,296
Total fund balances	1,190,695	\$ 23,875,304
Total liabilities, deferred inflows or resources and fund balances	\$ 1,475,121	\$ 31,730,392

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2023</i>	GASB			
	General Fixed Assets	General Long-Term Debt	Other Adjustments	Adjusted Total
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ 10,971,794
Certificates of deposit	-	-	-	3,000,000
Other investments	-	-	-	8,299,517
Property tax receivable	-	-	-	6,781,089
Student tuition receivables, net of allowance	-	-	-	319,274
Other receivables	-	-	-	1,581,077
Advances to other funds	-	-	(727,275)	-
Prepaid expenses	-	-	-	48,987
Inventory	-	-	-	1,379
Capital assets	33,824,252	1,014,934	-	34,839,186
Total assets	33,824,252	\$ 1,014,934	\$ (727,275)	65,842,303
Deferred outflow of resources:				
SURS pension contribution	-	51,692	-	51,692
Other postemployment benefits - CIP	-	1,195,372	-	1,195,372
Total deferred outflow of resources	-	1,247,064	-	1,247,064
Total assets and deferred outflow of resources	\$ 33,824,252	\$ 2,261,998	\$ (727,275)	\$ 67,089,367
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 703,833
Accrued liabilities	-	-	-	731,398
Advances from other funds	-	-	(727,275)	-
Unearned tuition revenue	-	-	-	393,133
Accrued compensated absences	-	-	-	459,368
Subscription liability	-	824,912	-	824,912
Bonds payable, net	-	9,328,730	-	9,328,730
Net OPEB liability	-	3,394,613	-	3,394,613
Total liabilities	-	13,548,255	(727,275)	15,835,987
Deferred inflows of resources				
Deferred property taxes	-	-	-	4,762,190
Deferred grant revenue	-	-	-	77,891
Other postemployment benefits - CIP	-	6,040,349	-	6,040,349
Total deferred inflows of resources	-	6,040,349	-	10,880,430
Fund balances (deficit):				
Net investment in capital assets	33,824,252	(2,649,585)	-	31,174,667
Restricted	-	(6,489,125)	-	4,005,883
Unrestricted	-	(8,187,896)	-	5,192,400
Total fund balances	33,824,252	(17,326,606)	-	\$ 40,372,950
Total liabilities, deferred inflows or resources and fund balances	\$ 33,824,252	\$ 2,261,998	\$ (727,275)	\$ 67,089,367

Sauk Valley Community College District #506

Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types

<i>Year Ended June 30, 2023</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Revenues:				
Local government sources	\$ 6,827,293	\$ 806,427	\$ 853,238	\$ 1,939,205
State governmental sources	1,581,523	166,692	200,000	-
State on-behalf payments	-	-	-	-
Federal government sources	135,936	15,696	-	-
Student tuition and fees	4,430,373	449,854	-	-
Sales and service fees	471,693	-	-	-
Facilities revenue	-	42,408	-	-
Investment income	230,023	1,992	183,096	(11)
Nongovernmental grants and gifts	-	-	52,869	-
Other revenue	78,932	2,125	100,000	-
Total revenues	13,755,773	1,485,194	1,389,203	1,939,194
Expenditures/expenses:				
Current:				
Instruction	5,268,151	-	650,259	-
Academic support	1,030,712	-	46,036	-
Student services	1,657,223	-	-	-
Public service	616,520	-	8,177	-
Organized Research	13,763	10,000	-	-
Auxiliary services	27,692	-	8,268	-
Operations and maintenance	-	1,247,736	-	-
Institutional support	3,056,075	(11,575)	1,493,536	-
Scholarships, student grants, and waivers	778,888	-	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	6,345,000
Interest, service charges, and issuance costs	-	-	-	373,124
Total expenditures/expenses	12,449,024	1,246,161	2,206,276	6,718,124
Excess (deficiency) of revenues over expenditures	1,306,749	239,033	(817,073)	(4,778,930)
Other financing sources (uses)				
Issuance of debt	-	-	-	4,620,000
Transfers in	78,213	-	-	-
Transfers out	(184,984)	(31,204)	-	-
Total other financing sources (uses)	(106,771)	(31,204)	-	4,620,000
Net change in fund balance/net position	1,199,978	207,829	(817,073)	(158,930)
Fund balance/net position (deficit), beginning of year	10,185,021	202,319	7,995,715	1,072,472
Fund balance/net position (deficit), end of year	\$ 11,384,999	\$ 410,148	\$ 7,178,642	\$ 913,542

Sauk Valley Community College District #506

Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types

<i>Year Ended June 30, 2023</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Revenues:				
Local government sources	\$ -	\$ -	\$ -	50,114
State governmental sources	-	4,507,510	-	-
State on-behalf payments	-	2,641,230	-	-
Federal government sources	12,319	3,799,890	-	-
Student tuition and fees	345,262	-	-	-
Sales and service fees	360,751	-	-	-
Facilities revenue	18,927	-	-	-
Investment income	2,304	-	15,645	(120)
Nongovernmental grants and gifts	-	-	-	-
Other revenue	2,495,451	(2,347,316)	-	-
Total revenues	3,235,014	8,601,314	15,645	49,994
Expenditures/expenses:				
Current:				
Instruction	-	1,982,022	-	-
Academic support	-	196,601	-	-
Student services	-	1,249,435	-	-
Public service	-	519,988	-	-
Organized Research	-	521,434	-	-
Auxiliary services	3,410,594	55,520	-	-
Operations and maintenance	-	192,315	-	-
Institutional support	-	707,382	-	46,200
Scholarships, student grants, and waivers	-	3,063,487	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest, service charges, and issuance costs	-	-	-	-
Total expenditures/expenses	3,410,594	8,488,184	-	46,200
Excess (deficiency) of revenues over expenditures	(175,580)	113,130	15,645	3,794
Other financing sources (uses)				
Issuance of debt	-	-	-	-
Transfers in	184,984	78,919	31,204	-
Transfers out	(1,275)	(155,857)	-	-
Total other financing sources (uses)	183,709	(76,938)	31,204	-
Net change in fund balance/net position	8,129	36,192	46,849	3,794
Fund balance/net position (deficit), beginning of year	382,819	(32,686)	2,338,545	13,636
Fund balance/net position (deficit), end of year	\$ 390,948	\$ 3,506	\$ 2,385,394	\$ 17,430

Sauk Valley Community College District #506

Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types

<i>Year Ended June 30, 2023</i>	Tort	Totals
Revenues:		
Local government sources	\$ 351,743	\$ 10,828,020
State governmental sources	-	6,455,725
State on-behalf payments	-	2,641,230
Federal government sources	-	3,963,841
Student tuition and fees	-	5,225,489
Sales and service fees	-	832,444
Facilities revenue	-	61,335
Investment income	33,678	466,607
Nongovernmental grants and gifts	-	52,869
Other revenue	-	329,192
Total revenues	385,421	30,856,752
Expenditures/expenses:		
Current:		
Instruction	-	7,900,432
Academic support	17,360	1,290,709
Student services	-	2,906,658
Public service	-	1,144,685
Organized Research	-	545,197
Auxiliary services	10,908	3,512,982
Operations and maintenance	255,622	1,695,673
Institutional support	736,870	6,028,488
Scholarships, student grants, and waivers	1,478	3,843,853
Depreciation and amortization expense	-	-
Debt service:		
Principal	-	6,345,000
Interest, service charges, and issuance costs	-	373,124
Total expenditures/expenses	1,022,238	35,586,801
Excess (deficiency) of revenues over expenditures	(636,817)	(4,730,049)
Other financing sources (uses)		
Issuance of debt	-	4,620,000
Transfers in	-	373,320
Transfers out	-	(373,320)
Total other financing sources (uses)	-	4,620,000
Net change in fund balance/net position	(636,817)	(110,049)
Fund balance/net position (deficit), beginning of year	1,827,512	23,985,353
Fund balance/net position (deficit), end of year	\$ 1,190,695	\$ 23,875,304

Sauk Valley Community College District #506

Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types

Year Ended June 30, 2023	GASB			
	General Fixed Assets	General Long-Term Debt	Other Adjustments	Adjusted Total
Revenues:				
Local government sources	\$ -	\$ -	\$ -	\$ 10,828,020
State governmental sources	-	-	-	6,455,725
State on-behalf payments	-	-	-	2,641,230
Federal government sources	-	-	-	3,963,841
Student tuition and fees	-	-	(2,135,765)	3,089,724
Sales and service fees	-	-	-	832,444
Facilities revenue	-	-	-	61,335
Investment income	-	-	-	466,607
Nongovernmental grants and gifts	-	-	-	52,869
Other revenue	-	-	(2,495,451)	(2,166,259)
Total revenues	-	-	(4,631,216)	26,225,536
Expenditures/expenses:				
Current:				
Instruction	(845,732)	(622,950)	-	6,431,750
Academic support	(51,738)	(93,835)	-	1,145,136
Student services	-	(268,270)	-	2,638,388
Public service	(14,402)	(47,947)	-	1,082,336
Organized Research	-	(3,632)	-	541,565
Auxiliary services	(15,104)	(23,840)	(2,495,451)	978,587
Operations and maintenance	(5,256)	(78,795)	-	1,611,622
Institutional support	(1,415,559)	(485,210)	-	4,127,719
Scholarships, student grants, and waivers	-	-	(2,135,765)	1,708,088
Depreciation and amortization expense	1,110,801	311,835	-	1,422,636
Debt service:				
Principal	-	(6,345,000)	-	-
Interest, service charges, and issuance costs	-	(141,918)	-	231,206
Total expenditures/expenses	(1,236,990)	(7,799,562)	(4,631,216)	21,919,033
Excess (deficiency) of revenues over expenditures	1,236,990	7,799,562	-	4,306,503
Other financing sources (uses)				
Issuance of debt	-	(4,620,000)	-	-
Transfers in	-	-	-	373,320
Transfers out	-	-	-	(373,320)
Total other financing sources (uses)	-	(4,620,000)	-	-
Net change in fund balance/net position	1,236,990	3,179,562	-	4,306,503
Fund balance/net position (deficit), beginning of year	32,587,262	(20,506,168)	-	36,066,447
Fund balance/net position (deficit), end of year	\$ 33,824,252	\$ (17,326,606)	\$ -	\$ 40,372,950

Sauk Valley Community College District #506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years	2022	2021	2020
Assessed Valuations:			
Bureau County	\$ 165,382,528	\$ 155,017,478	\$ 149,277,949
Carroll County	790,214,555	103,807,967	99,102,783
Henry County	5,222,792	4,840,394	4,539,361
Lee County	160,762,305	734,738,605	710,899,691
Ogle County	109,451,843	149,224,571	138,607,227
Whiteside County	958,432,508	904,820,038	872,520,259
Total assessed valuations	\$ 2,189,466,531	\$ 2,052,449,053	\$ 1,974,947,270

Tax Rate (per \$100 assessed valuation):

Bond and Interest Fund	0.0917	0.0915	0.0954
Audit Fund	0.0024	0.0024	0.0025
Liability, Protection, and Settlement	0.0131	0.0044	0.0000
Social Security	0.0078	0.0078	0.0045
Prior Year Adjustment	-	(0.0005)	(0.0002)
Operations and Maintenance Accounts	0.0300	0.0300	0.0300
Operations and Maintenance Accounts - Restricted	0.0365	0.0439	0.0462
Educational Accounts	0.2450	0.2444	0.2450
Additional tax	0.0083	0.0157	0.0159
Total tax rate	0.4348	0.4396	0.4393

Tax Extensions:

Bond and Interest Fund	\$ 2,010,690	\$ 1,876,462	\$ 1,883,942
Audit Fund	52,673	49,437	49,395
Liability, Protection and Settlement	286,739	90,277	-
Social Security	170,675	160,112	89,240
Prior Year Adjustment	(263)	(13,521)	(4,083)
Operations and Maintenance	656,840	615,629	592,484
Operations, Maintenance Accounts - Restricted	801,107	910,458	911,405
Educational Accounts	5,364,193	5,018,739	4,838,621
Additional tax	181,726	322,204	314,017
Total tax extensions	\$ 9,524,380	\$ 9,029,797	\$ 8,675,021

Tax Collections to June 30:

Bond and Interest Fund	\$ 578,230	\$ 1,872,930	\$ 1,878,409
Audit Fund	15,171	49,334	49,251
Liability, Protection, and Settlement	82,623	90,104	-
Social Security	49,176	159,802	88,979
Prior Year Adjustment	(56)	(13,497)	(4,072)
Operations and Maintenance Accounts	189,314	614,512	590,741
Operations and Maintenance Accounts - Restricted	230,382	908,752	908,726
Educational Accounts	1,546,073	5,007,483	4,824,375
Additional tax	52,377	321,624	313,092
Total tax collections	\$ 2,743,290	\$ 9,011,044	\$ 8,649,501

Percent of extensions collected	28.80 %	99.79 %	99.71 %
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ICCB State Grant Financial Compliance Section

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, 2023, 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, 2023, 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 the 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, 2023, and the changes in its financial position and, 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 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 (GAAS) 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 GAAS, we:

- Exercise professional judgment 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 planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Wipfli LLP

Sterling, Illinois
January 24, 2024

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 balance sheet as of June 30, 2023, and the related statement of revenues, expenditures, and changes in fund balance for the year then ended, and the related notes to the financial statements, and we have issued our report there on dated January 24, 2024.

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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois
January 24, 2024

Sauk Valley Community College District #506

Balance Sheet - State Adult Education and Family Literacy Funds

<i>As of June 30, 2023</i>	State Basic	Performance	Total
Assets			
Cash and cash equivalents	\$ 5,201	\$ 2,683	\$ 7,884
Receivables	-	-	-
Total assets	\$ 5,201	\$ 2,683	\$ 7,884
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 5,201	\$ 2,683	\$ 7,884
Accrued liabilities	-	-	-
Total liabilities	5,201	2,683	7,884
Fund balance	-	-	-
Total liabilities and fund balances	\$ 5,201	\$ 2,683	\$ 7,884

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 Literacy Funds

<i>Year Ended June 30, 2023</i>	State Basic	Performance	Total
Revenues:			
State sources	\$ 130,814	\$ 56,000	\$ 186,814
Total revenues	130,814	56,000	186,814
Expenditures:			
Personnel services	105,540	45,358	150,898
Fringe benefits	17,305	1,084	18,389
Travel	620	-	620
Supplies	4,840	9,558	14,398
Training and education	490	-	490
Miscellaneous	2,019	-	2,019
Total expenditures	130,814	56,000	186,814
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See Notes to ICCB Grant Programs Financial Statements.

Sauk Valley Community College District #506

Notes to ICCB Grant Programs Financial Statements

Note 1: Summary of Significant Accounting Policies

General

The accompanying statements include only those transactions resulting from the State Adult Education & Family Literacy grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2023. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2023 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Fixed Assets

Capital asset purchases are recorded as capital outlay. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

Note 2: Payment of Prior Year's Encumbrances

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

Sauk Valley Community College District #506

Background Information on State Grants

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.

Independent Accountant's Report on Credit Hour 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, 2022 through June 30, 2023. 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.

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois
January 24, 2024

Sauk Valley Community College District 506
Schedule of Credit Hour Data and Other Bases Upon Which Claims are Filed

For the year ended June 30, 2023

Total Reimbursable Semester Credit Hours by Term

<u>Credit Hour Categories</u>	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	1,426.0	0.0	8,502.0	0.0	8,660.0	4.0	18,588.0	4.0
Business Occupational	87.0	0.0	855.0	0.0	685.0	0.0	1,627.0	0.0
Technical Occupational	149.0	0.0	1,635.0	0.0	1,626.5	0.0	3,410.5	0.0
Health Occupational	315.5	0.0	1,969.0	0.0	1,786.0	0.0	4,070.5	0.0
Remedial/Developmental	68.0	0.0	537.0	0.0	333.0	0.0	938.0	0.0
Adult Education	0.0	71.0	0.0	357.0	0.0	338.0	0.0	766.0
	2,045.5	71.0	13,498.0	357.0	13,090.5	342.0	28,634.0	770.0

	In-District (All terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	26,539.0	722.0	4,830.5	0.0	37.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 0.0

District Equalized Assessed Valuation: \$2,189,466,531

Correctional Semester Credit Hours by Term

<u>Credit Hour Categories</u>	Summer	Fall	Spring	Total
	Correctional Hours	Correctional Hours	Correctional Hours	Correctional Hours
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical 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 Services

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

For the year ended June 30, 2023

Total Reimbursable Semester Credit Hours

<u>Credit Hour Categories</u>	Total	Total	Difference	Total	Total	Difference
	Reported in Audit	Certified to ICCB		Reported in Audit	Certified to ICCB	
	Unrestricted	Unrestricted		Restricted	Restricted	
	Hours	Hours		Hours	Hours	
Baccalaureate	18,588.0	18,588.0	0.0	4.0	4.0	0.0
Business Occupational	1,627.0	1,627.0	0.0	0.0	0.0	0.0
Technical Occupational	3,410.5	3,410.5	0.0	0.0	0.0	0.0
Health Occupational	4,070.5	4,070.5	0.0	0.0	0.0	0.0
Remedial/Developmental	938.0	938.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	766.0	766.0	0.0
Total	28,634.0	28,634.0	0.0	770.0	770.0	0.0

	Total	Total	Difference	Total	Total	Difference
	Reported in Audit	Certified to ICCB		Reported in Audit	Certified to ICCB	
	Unrestricted	Unrestricted		Restricted	Restricted	
	Hours	Hours		Hours	Hours	
In-District Credit Hours:	26,539.0	26,539.0	0.0	722.0	722.0	0.0
Dual Credit Hours:	4,830.5	4,830.5	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	37.0	37.0	0.0	0.0	0.0	0.0

Total Correctional Semester Credit Hours

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

Sauk Valley Community College District #506

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

Note 1: Residency Verification Process

Procedures for Verifying and Classifying Residency

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

Annual Federal Financial Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an 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 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 Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2023 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 24, 2024.

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 the 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 an unmodified opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sauk Valley Community College District #506's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

Sterling, Illinois
January 24, 2024

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

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

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Sauk Valley Community College District #506's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of its major federal program for the year ended June 30, 2023. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sauk Valley Community College District #506 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for the major federal program. Our audit does not provide a legal determination of College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to College's federal program.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on College's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about College's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over-compliance. Accordingly, no such opinion is expressed.

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

Wipfli LLP

Wipfli LLP

Sterling, Illinois
January 24, 2024

Sauk Valley Community College District #506

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
Institute of Museum and Library Services:				
Pass-through Illinois Community College Board:				
COVID-19 Grants to States:				
On the Road to Recovery American Rescue Plan Act	45.310	22-5174-RTR	\$45	\$0
Small Business Administration:				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Small Business Development Centers	59.037	22-565191	\$45,852	\$0
COVID-19 Small Business Development Centers - CARES Act funds	59.037	20-543191	7,681	0
Small Business Development Centers	59.037	22-561191	37,236	0
Total ALN 59.037			\$90,769	\$0
U.S. Department of Education:				
Pass-through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Adult Basic	84.002	5060123	\$127,374	\$0
Direct awards:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants (m)	84.007		149,059	0
Federal Work Study Program (m)	84.033		95,275	0
Federal Pell Grant Program (m)	84.063		2,038,750	0
Federal Pell Grant Program - admin (m)	84.063		5,385	0
Federal Direct Loan Program (m)	84.268		580,947	0
Total student financial assistance cluster			2,869,416	0
Direct award:				
Higher Education Institutional Aid	84.031A		277,760	0
Direct award:				
TRIO Cluster:				
TRIO - Student Support Services	84.042A		279,557	0
Passed through the Illinois Community College Board:				
Career and Technical Education - Basic Grants to States				
Perkins Postsecondary Grants	84.048	CTE50623	151,270	0
COVID-19 Education Stabilization Fund:				
Direct award:				
HEERF - Institutional	84.425F		109,862	0
HEERF - Strengthening Institutions	84.425M		145,079	0
Passed through the Illinois Community College Board:				
GEER	84.425C	GEERII-50622	58,882	0
Total ALN 84.425			313,823	0
Total U.S. Department of Education			\$4,019,200	\$0

(m) Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

Sauk Valley Community College District #506

Schedule of Expenditures of Federal Awards (continued)

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
Department of Health & Human Services:				
COVID-19 Child Care and Development Block Grant:				
Passed through the Illinois Community College Board:				
Early Childhood Access Consortium for Equity	93.575	ECE-50601-22	\$131,016	\$0
Passed through the Illinois Student Assistance Commission:				
Early Childhood Access Consortium for Equity	93.575	444-80-2814	104,102	0
Total ALN 93.575			\$235,118	\$0
Corporation for National and Community Service:				
Passed through the Illinois Department of Human Services:				
AmeriCorps - Formula Program	94.006	FCSBY06631	\$105,405	\$0
AmeriCorps - Formula Program	94.006	FCSAY06261	43,892	0
Total ALN 94.006			\$149,297	\$0
Total federal awards expended			\$4,494,429	\$0

See Notes to the Schedule of Expenditures of Federal Awards

Sauk Valley Community College District #506

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Note 1: General

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Sauk Valley Community College District #506 (the "College") under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

Note 2: Basis of Accounting

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

Note 3: Indirect Cost Rate

The College has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4: Loan Program

For the year ended June 30, 2023, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$580,947.

Note 5: Non-Cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2023.

Note 6: Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2023.

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

Section III - Audit Findings and Questioned Costs in Relation to Federal Awards

No findings or questioned costs related to federal awards.

Sauk Valley Community College District #506

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2023

June 30, 2022

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

June 30, 2021

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None