

Sauk Valley Community College

District #506

Dixon, Illinois

Annual Financial Report

Year Ended June 30, 2024



Sauk Valley
Community College

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Sauk Valley Community College District #506

Year Ended June 30, 2024

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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 of the Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2024, 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, 2024, and 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. The financial statements of Sauk Valley College Foundation were not audited in accordance with *Government Audit Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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 opinions.

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 Sauk Valley Community College District #506'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 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 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 Sauk Valley Community College District #506'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 Sauk Valley Community College District #506'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 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 December 28, 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 Sauk Valley Community College District #506's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.



Wipfli LLP

Sterling, Illinois
December 28, 2024

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

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, 2024, 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, 2024. 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, 2024

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, 2024. 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 post-employment 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, 2024. 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 provides required supplementary information related to pension and other post-employment benefits.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Financial Highlights and Key Trends

Statement of Net Position

Summary of Net Position (in thousands)
June 30,

	2024	2023	Increase (Decrease)	Percent Change
Current assets	\$29,561	\$31,003	(\$1,442)	(4.7%)
Noncurrent assets:				
Capital assets, net	38,589	34,839	3,750	10.8%
Total assets	68,150	65,842	2,308	3.5%
Deferred outflow of resources	1,050	1,246	(196)	(15.7%)
Total assets and deferred outflows	69,200	67,088	2,112	3.1%
Current liabilities	4,722	4,176	546	13.1%
Noncurrent liabilities	9,517	11,660	(2,143)	(18.4%)
Total liabilities	14,239	15,836	(1,597)	(10.1%)
Deferred inflows of resources	9,730	10,880	(1,150)	(10.6%)
Total liabilities and deferred inflows	23,969	26,716	(2,747)	(10.3%)
Net position:				
Net investment in capital assets	35,033	31,174	3,859	12.4%
Restricted	3,708	4,006	(298)	(7.4%)
Unrestricted	6,490	5,192	1,298	25.0%
Total net position	\$45,231	\$40,372	\$4,859	12.0%

The Statement of Net Position provides a snapshot of the College's assets, liabilities, and net position at year-end. The College's total net position as of June 30, 2024, increased by approximately \$4.9 million (12.0%).

Total assets at June 30, 2024, were \$68.2 million, an increase of \$2.3 million (3.5%) compared to June 30, 2023. The growth in assets was largely attributable to increases in capital assets, which reflect the College's ongoing commitment to improving its facilities and infrastructure. The College recognized approximately 2 million in capital contributions received from the State of Illinois through projects administered through the Capital Development Board (CDB).

Capital assets, net of depreciation, increased by \$3.75 million (10.8%), with major completed projects including the West Mall Toilet Room Improvements, HVAC Upgrades, Primary Backup Generator, West Mall Plaza, SVCC Letters, and Chiller Rebuild. These improvements enhance the campus environment, promote operational efficiency, and support the College's long-term strategic plan. The HVAC Upgrades and Primary Backup Generator projects were administered by the CDB.

Total liabilities decreased by \$1.6 million (10.1%), from \$15.8 million in 2023 to \$14.2 million in 2024. This reduction is primarily the result of principal payments on general obligation bonds totaling \$1.7 million. The

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

College's outstanding bond debt was \$7.35 million as of June 30, 2024. Current liabilities increased by \$0.5 million (13.1%), primarily due to timing differences in vendor payments and operational obligations.

Deferred outflows of resources decreased by \$0.2 million, while deferred inflows of resources declined by \$1.2 million (10.6%), reflecting the scheduled amortization of actuarial gains and losses related to the College's OPEB plan.

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

	2024	2023	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	\$3,088	\$3,090	(\$2)	(0.1%)
Auxiliary	1,299	832	467	56.1%
Property taxes	9,694	9,263	431	4.7%
Personal property replacement tax	943	1,565	(622)	(39.7%)
State sources	6,317	6,456	(139)	(2.2%)
Federal sources	4,718	3,964	754	19.0%
Interest income	1,061	467	594	127.2%
Other	2,287	589	1,698	288.3%
Total revenues	29,407	26,226	3,181	12.1%
Expenses:				
Instruction	6,792	6,432	360	5.6%
Academic support	1,336	1,145	191	16.7%
Student services	3,180	2,638	542	20.5%
Public services	1,337	1,082	255	23.6%
Organized research	322	542	(220)	(40.6%)
Auxiliary services	1,112	979	133	13.6%
Operations and maintenance	2,187	1,612	575	35.7%
Institutional support	4,564	4,128	436	10.6%
Scholarships, grants and waivers	2,052	1,708	344	20.1%
Depreciation	1,448	1,423	25	1.8%
Gain/loss on disposal of assets	76	0	76	0.0%
Interest	143	231	(88)	(38.1%)
Total expenses	24,549	21,920	2,629	12.0%
Change in net position	\$4,858	\$4,306	\$552	12.8%

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the College's operating performance during the fiscal year. For the year ended June 30, 2024, the College's net position increased by \$4.9 million (12.8%), compared to a \$4.3 million increase in the prior year.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Total revenues increased by \$3.2 million (12.1%), reaching \$29.4 million. Significant revenue changes include:

- Auxiliary revenues increased by \$0.5 million (56.1%), primarily due to the expansion of the State-recognized Police Academy, which successfully trained multiple cohorts during the year.
- Federal sources increased by \$0.8 million (19.0%), reflecting higher Pell Grant distributions and workforce development funding.
- Investment income increased by \$0.6 million (127.2%), as the College benefited from higher interest rates on investments.

Despite growth in revenues, personal property replacement tax (PPRT) revenue declined by \$0.6 million (39.7%) due to changes in State allocations. Property tax revenue increased by \$0.4 million (4.7%), reflecting continued growth in the College's Equalized Assessed Valuation (EAV).

Total expenses increased by \$2.6 million (12.0%), reaching \$24.5 million. Major drivers of expense increases include:

- Continued inflation in personnel costs is reflected in salaries, wages, and employee benefits.
- Operations and Maintenance expenses rose by \$0.6 million (35.7%), driven by higher utility costs and facilities maintenance expenditures.
- Scholarships and Grants expenses increased by \$0.3 million (20.1%), reflecting the College's commitment to supporting student success through expanded financial aid programs.
- Student Services expenses increased by \$0.5 million (20.5%), reflecting additional investments in student support initiatives and planned cost-sharing increases for the College's Title III grant program.

Capital Assets

The College continues to invest in infrastructure and facilities to enhance its learning environment, improve energy efficiency, and ensure the longevity of its physical assets. As of June 30, 2024, the College's total capital assets, net of accumulated depreciation, were \$38.6 million, reflecting an increase of \$3.75 million (10.8%) compared to the prior year.

During fiscal year 2024, the College completed several significant capital projects aimed at improving both campus infrastructure and operations. These included:

- West Mall Toilet Room Improvements, modernizing facilities for student and visitor use to include gender-neutral facilities.
- Primary Backup Generator, ensuring critical systems remain operational during outages.
- West Mall Plaza Improvements, enhancing campus grounds and aesthetics to include an outdoor classroom and rotating art fixtures.
- HVAC Upgrades, focused on improving energy efficiency across campus buildings.
- SVCC Letters, a campus branding enhancement visible to visitors and community members.
- Chiller Rebuild, which upgraded critical cooling infrastructure to improve system reliability.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Ongoing construction projects include the continued modernization of the HVAC systems and further enhancements to the West Mall Plaza, reflecting the College's commitment to maintaining a safe, efficient, and attractive campus environment.

Capital additions during the year totaled \$5.16 million, funded through a combination of bond proceeds, State grants, and local resources. These projects reflect the College's long-term strategic plan to modernize campus infrastructure while aligning with its fiscal sustainability goals.

Depreciation and amortization expense for the year was \$1.45 million, representing a slight increase of 1.8% over the prior year. The College's capital assets continue to be well-maintained and positioned to support its educational mission for years to come.

Long-Term Debt Activity

As of June 30, 2024, the College's total outstanding long-term debt was \$7.35 million, a reduction of \$1.67 million from the prior year. This decrease reflects scheduled principal payments on general obligation bonds, which are repaid through the College's annual bond and interest levy. The College made \$1.67 million in principal payments during fiscal year 2024.

The College's general obligation bonds are scheduled to be fully repaid by fiscal year 2028. Over the next four fiscal years, debt service requirements include principal payments totaling \$7.35 million and interest payments of approximately \$0.55 million. Debt payments remain well within the College's annual financial capacity, ensuring the institution's continued fiscal stability.

At year-end, the College held \$4.66 million in bond proceeds within cash and investments, earmarked for ongoing and future capital projects. These funds will support planned infrastructure improvements, aligning with the College's long-term facilities master plan.

The general obligation bonded debt of the College is limited by statute to 2.875% of the assessed valuation of the College's district. On June 30, 2024, the legal debt limit was \$68,433,147, with total general obligation debt and subscription liability outstanding at \$7,828,357. This results in a legal debt margin of \$60,604,790, providing the College with significant capacity for future financing, should the need arise.

The College's continued focus on debt reduction and proactive financial planning ensures that resources remain available for academic and operational priorities while minimizing future interest obligations. The College's strong bond rating reflects its prudent financial management and its ability to meet its debt service obligations without placing undue pressure on its financial resources.

Sauk Valley Community College District #506

Management's Discussion and Analysis For the Year Ended June 30, 2024

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 1,400 high school freshmen, sophomores, and juniors are enrolled in the Impact Program as of September 2024. 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) projects that real economic growth will slow to 2.3% in 2024, reflecting moderating consumer and government spending. Growth is expected to further decline to 1.9% in 2025 and stabilize at 1.8% through 2026 and 2027. Labor market conditions are projected to soften, with the unemployment rate rising from 4.2% in the fourth quarter of 2024 to 4.4% by mid-2026, where it is expected to remain through 2027. Inflation continues to decline towards the Federal Reserve's target, with the Personal Consumption Expenditures (PCE) price index projected to decrease from 2.5% in 2024 to 2.0% by 2027. Interest rates are also expected to fall as economic growth slows, with the Federal Reserve projected to lower the federal funds rate from 4.6% in late 2024 to 3.4% by the end of 2027. These economic conditions—particularly slowing growth, rising unemployment, and softening labor markets—could impact the decisions of both traditional and non-traditional students in the Sauk Valley, influencing enrollment trends and the demand for workforce training and educational opportunities provided by the College.

Property tax revenue is projected to account for approximately 44% 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 6% increase in District EAVs for the 2024 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 2025 budget included a 2% increase in unrestricted grant funding for the Illinois Community College System. Continued increases in higher education funding from the State of Illinois are uncertain due to projected fiscal deficits in fiscal year 2026 and beyond attributed to stagnant revenue growth with continued inflationary pressure on operating expenses and continued pension funding initiatives.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2024

Illinois Personal Property Replacement Taxes (PPRT) revenues have experienced significant declines. After reaching \$1,564,971 in the fiscal year 2023, PPRT distributions dropped to \$943,022 in the fiscal year 2024, and the College projects further declines to \$694,097 in the fiscal year 2025. While PPRT has provided a welcome revenue boost in recent years, the College is strategically reducing reliance on this volatile revenue stream by diversifying income sources and maintaining fiscal discipline.

The College's tuition and fee policy has remained focused on affordability and accessibility for students. The Board of Trustees has historically adopted a "slow and steady" approach to tuition and fee increases, with moderate increases of approximately 2.5% annually over the past three years. This approach aligns with the College's mission to provide affordable education while ensuring the long-term financial stability of its operations. Future tuition and fee increases are expected to follow this same measured strategy but may see a slight increase in the pace of adjustments due to inflationary pressures and increased uncertainty over future State funding increases and the recent decline in PPRT distributions.

The College continues to diversify its revenue streams and expand workforce development opportunities to respond to economic and enrollment challenges. The State-Recognized Police Academy, launched in January 2023, generates revenue by training up to three cohorts of 36 cadets annually, providing critical workforce skills to the region's public safety sector. Additionally, the new Sonography Program, beginning in Summer 2024, will graduate up to 12 certified professionals annually, addressing workforce shortages in regional healthcare fields.

Requests for Information

This Annual Financial Report is designed to provide a general overview of the College's finances for all those with an 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	
As of June 30, 2024	Activities	Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 11,709,999	\$ 1,379,641
Certificates of deposit	2,500,000	2,846,000
Investments	6,680,470	7,643,642
Property tax receivable	7,031,341	-
Student tuition receivables, net of allowance	302,050	-
Other receivables	1,318,979	347,818
Inventory	3,380	-
Prepaid expenses and other assets	14,876	9,198
Total current assets	29,561,095	12,226,299
Noncurrent assets:		
Capital assets	61,840,264	-
Accumulated depreciation and amortization	(23,251,475)	-
Total noncurrent assets	38,588,789	-
Total assets	68,149,884	12,226,299
Deferred outflows of resources		
SURS pension contribution	83,507	-
Other postemployment benefits - CIP	967,788	-
Total deferred outflow of resources	1,051,295	-
Liabilities		
Current liabilities:		
Accounts payable	1,977,528	21,507
Unearned tuition revenue	314,180	-
Assets held for others	-	94,840
Accrued compensated absences	339,611	-
Subscription liability, current	223,520	-
Bonds payable, current	1,867,464	-
Total current liabilities	4,722,303	116,347
Noncurrent liabilities:		
Accrued compensated absences	169,805	-
Subscription liability	254,837	-
Bonds payable, net	5,663,603	-
Net OPEB liability	3,428,970	-
Total noncurrent liabilities	9,517,215	-
Total liabilities	14,239,518	116,347
Deferred inflows of resources		
Deferred property taxes	4,948,016	-
Deferred grant revenue	124,651	-
Other postemployment benefits - CIP	4,657,532	-
Total deferred inflow of resources	9,730,199	-
Net position		
Net investment in capital assets	35,032,831	-
Restricted - nonexpendable, scholarships	-	8,630,780
Restricted - expendable:		
Capital projects	239,419	-
Debt service	1,009,424	-
Working cash	2,452,197	-
Audit	7,248	-
Grants and scholarships	-	2,671,201
Unrestricted	6,490,343	807,971
Total net position	\$ 45,231,462	\$ 12,109,952

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
	Business-Type Activities	Foundation
<i>Year Ended June 30, 2024</i>		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$2,135,765	\$ 3,088,431	\$ -
Auxiliary enterprises revenue	1,298,890	-
Contributions	-	1,432,622
Other	-	101,174
Total operating revenues	4,387,321	1,533,796
Operating expenses		
Instruction	6,792,419	-
Academic support	1,335,877	-
Student services	3,179,882	-
Public service	1,337,144	-
Organized Research	321,560	-
Auxiliary services	1,111,858	-
Operations and maintenance	2,187,190	-
Institutional support	4,563,781	633,398
Scholarships, student grants, and waivers	2,051,741	239,568
Depreciation and amortization expense	1,447,894	-
Total operating expenses	24,329,346	872,966
Operating (loss) income	(19,942,025)	660,830
Non-operating revenues (expenses)		
Property taxes	9,693,984	-
Corporate personal property replacement tax	943,022	-
State governmental sources	3,468,585	-
On-behalf payments	2,846,168	-
Federal government sources	4,717,529	-
Facilities revenue	63,734	-
Investment income	1,060,816	1,274,777
Other local government sources	1,942	-
Other revenue	239,105	-
Gain (loss) on disposal of assets	(75,877)	-
Interest, service charges, and issuance costs	(142,892)	-
Total non-operating revenues (expenses)	22,816,116	1,274,777
Capital contributions	1,984,421	-
Change in net position	4,858,512	1,935,607
Net position, beginning of year	40,372,950	10,174,345
Net position, end of year	\$ 45,231,462	\$ 12,109,952

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, 2024</i>	
Cash flows from operating activities:	
Tuition and fees	\$ 5,441,735
Payments to suppliers	(7,294,770)
Payments to employees	(11,152,810)
Payments to students for scholarships	(4,466,774)
Auxiliary enterprise changes	1,306,072
Other	404,434
Net cash used in operating activities	(15,762,113)
Cash flows from non-capital financing activities:	
Proceeds from property taxes	9,629,558
Proceeds from grants	1,030,086
Proceeds from personal replacement taxes	10,284,853
Net cash provided by non-capital financing activities	20,944,497
Cash flows from capital and related financing activities:	
Purchases of capital assets	(5,273,374)
Principal paid on bonds payable	(2,011,555)
Interest paid on bonds payable and other long-term obligations	(339,754)
Net cash used in capital and related financing activities	(7,624,683)
Cash flows from investing activities:	
Interest received	1,061,457
Proceeds from maturities of investment securities	2,765,529
Purchases of investment securities	(646,482)
Net cash provided by investing activities	3,180,504
Net increase (decrease) in cash and cash equivalents	738,205
Cash and cash equivalents, beginning of year	10,971,794
Cash and cash equivalents, end of year	\$ 11,709,999

Sauk Valley Community College District #506

Statement of Cash Flows (Continued)

	Primary Institution Business-Type Activities
<i>Year Ended June 30, 2024</i>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (19,942,025)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	1,447,894
State on-behalf payments for fringe benefits	2,846,168
Other operating sources	302,839
Change in assets and liabilities:	
Receivables	126,001
Prepaid expenses	34,111
Inventories	(2,001)
Deferred outflow of resources	195,769
Accounts payable	578,685
Accrued liabilities	27,811
Accrued compensated absences	50,048
Unearned tuition and fees	(78,953)
OPEB liability	34,357
Deferred inflows of resources	(1,382,817)
	\$ (15,762,113)
Noncash capital and financing activities:	
Contributions of capital assets	\$ 1,984,421
State on-behalf payments	\$ 2,846,168

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 \$414,588 for uncollectible student tuition and fees for the year ended June 30, 2024.

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 2023 tax year and collected in calendar year 2023 are recorded as revenue in fiscal year 2024. The remaining 50 percent of revenues related to tax year 2023 has been deferred and will be recorded as revenue in fiscal year 2025. 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.

For SBITAs or groups of SBITAs whose net present value is less than \$5,000, the College has elected to recognize the payments as an expense in the period incurred.

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, 2024.

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 2024, the College recognized nonoperating revenue and operating expense of \$2,846,168.

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 financial reporting purposes, 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.

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:

	Carrying Amount 2024
<i>As of June 30</i>	
Cash on hand	\$ 15,900
Deposits with financial institutions	6,858,448
Cash equivalents - highly liquid short term investments	7,335,651
Total	\$ 14,209,999

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, 2024, 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*	\$ 608,053	\$ 608,053	\$ -	\$ -	\$ -
Local government investment pool*	6,727,598	6,727,598	-	-	-
Certificate of deposit (brokered)	305,908	99,073	206,835	-	-
Fixed income mutual funds	6,269,903	6,269,903	-	-	-
Annuity	104,659	-	104,659	-	-
Totals	\$ 14,016,121	\$ 13,704,627	\$ 311,494	\$ -	\$ -

*Cash equivalents on statement of net position

As of June 30, 2024, the College had the following investments with stated ratings:

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA+	A	Unrated
Money market mutual funds*	\$ 608,053	\$ 608,053	\$ -	\$ -	\$ -
Local government investment pool*	6,727,598	6,727,598	-	-	-
Certificate of deposit (brokered)	305,908	-	-	-	305,908
Fixed income mutual funds	6,269,903	-	-	-	6,269,903
Annuity	104,659	-	-	-	104,659
Totals	\$ 14,016,121	\$ 7,335,651	\$ -	\$ -	\$ 6,680,470

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, 2024, the bank balances of the College's deposits were \$7,274,138. The College had pledged securities of \$5,021,857, FDIC coverage of \$2,252,281, and \$0 was uncollateralized.

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, 2024, 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 or liabilities in inactive markets; or
- inputs other than quoted prices that are observable for the asset or liability

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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, 2024:

	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)	\$ 305,908	\$ -	\$ 305,908	\$ -
Fixed income mutual funds	6,269,903	6,269,903	-	-
Total investments	\$ 6,575,811	\$ 6,269,903	\$ 305,908	\$ -

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, 2024, were as follows:

	Balance 7/1/2023	Increases	Decreases	Transfers/ Adjustments	Balance 6/30/2024
Capital assets, not being depreciated:					
Land	\$ 162,651	\$ -	\$ -	\$ -	\$ 162,651
Construction in progress	2,310,819	4,413,877	-	(2,696,819)	4,027,877
Equipment in progress	100,000	138,233	-	(112,500)	125,733
Library Collection - Nonexpendable	20,411	14,158	-	-	34,569
Other Fixed Assets	6,905	-	-	-	6,905
Total capital assets, not being depreciated	2,600,786	4,566,268	-	(2,809,319)	4,357,735
Capital assets, being depreciated:					
Land improvements	4,271,006	-	-	-	4,271,006
Buildings	39,109,482	-	-	2,696,819	41,806,301
Equipment	9,434,461	590,119	(106,600)	112,500	10,030,480
Library Collection - Expendable	24,422	23,720	-	-	48,142
Total capital assets, being depreciated	52,839,371	613,839	(106,600)	2,809,319	56,155,929
Accumulated depreciation:					
Land improvements	1,412,141	74,931	-	-	1,487,072
Buildings	11,978,415	745,944	-	-	12,724,359
Equipment	8,224,128	354,597	(44,417)	-	8,534,308
Library Collection - Expendable	1,221	3,628	-	-	4,849
Total accumulated depreciation	21,615,905	1,179,100	(44,417)	-	22,750,588
Subscription-Based Information Technology Arrangement (SBITA) Assets:					
SBITA Assets	1,326,769	197,815	(197,984)	-	1,326,600
Accumulated amortization:					
SBITA Assets	311,835	268,796	(79,744)	-	500,887
Total SBITA assets being amortized, net	1,014,934	(70,981)	(118,240)	-	825,713
Capital assets, net	\$ 34,839,186	\$ 3,930,026	\$ (180,423)	\$ -	\$ 38,588,789

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, 2024:

	Balance 7/1/2023	Refunding	Increases	Decreases	Balance 6/30/2024	Current Portion
Long-term debt:						
General obligation bonds	\$ 9,015,000	\$ -	\$ -	\$ 1,665,000	\$ 7,350,000	\$ 1,770,000
Bond premiums	313,730	-	-	132,663	181,067	97,464
Subscription liability	824,912	-	-	346,555	478,357	223,520
Compensated absences	459,368	-	454,070	404,022	509,416	339,611
Totals	\$ 10,613,010	\$ -	\$ 454,070	\$ 2,548,240	\$ 8,518,840	\$ 2,430,595

Details on the debt as of June 30, 2024, are as follows:

- 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
2025	\$ 1,075,000	\$ 134,400	\$ 1,209,400
2026	1,120,000	91,400	1,211,400
2027	1,165,000	46,600	1,211,600
Totals	\$ 3,360,000	\$ 272,400	\$ 3,632,400

- 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
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
Totals	\$ 3,990,000	\$ 276,828	\$ 4,266,828

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

3. 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
2025	\$ 171,258	\$ 8,003	\$ 179,261
2026	181,749	4,120	185,869
Totals	\$ 353,007	\$ 12,123	\$ 365,130

4. 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
2025	\$ 16,423	\$ 1,286	\$ 17,709
2026	17,014	872	17,886
2027	17,621	444	18,065
Totals	\$ 51,058	\$ 2,602	\$ 53,660

5. 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% was paid in full during fiscal year 2024.

6. 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
2025	\$ 35,839	\$ 1,562	\$ 37,401
2026	38,453	809	39,262
Totals	\$ 74,292	\$ 2,371	\$ 76,663

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, 2024, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Compensated Absences	SBITAs	Total Principal	Interest	Total Principal and Interest
2025	\$ 1,770,000	\$ 339,611	\$ 223,520	\$ 2,333,131	\$ 239,415	\$ 2,572,546
2026	1,830,000	169,805	237,216	2,237,021	174,963	2,411,984
2027	1,890,000	-	17,621	1,907,621	108,049	2,015,670
2028	1,860,000	-	-	1,860,000	43,896	1,903,896
Totals	\$ 7,350,000	\$ 509,416	\$ 478,357	\$ 8,337,773	\$ 566,323	\$ 8,904,096

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2024, is \$68,433,147. General obligation debt and subscription liability at June 30, 2024, total \$7,828,357 resulting in a legal debt margin of \$60,604,790.

Note 5: Defined Benefit Pension Plans

General Information about the Pension Plan

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

Benefits provided - A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan 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 reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2023 can be found in Financial Section of SURS ACFR.

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 SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The normal cost for fiscal year 2023 and fiscal year 2024, respectively, was 12.83% and 12.53% 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, 2023. At June 30, 2023, SURS defined benefit plan reported a NPL of \$29,444,538,098.

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 2023 is \$0. The proportionate share of the State's NPL associated with the College at June 30, 2023 is \$61,474,307 or 0.2088%. The College's proportionate share changed by 0.0025% from 0.2063% since the last measurement date on June 30, 2022. This amount is not recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2023 was determined based on the June 30, 2022, 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 2022.

Defined Benefit Pension Expense

For the year ending June 30, 2023, SURS defined benefit plan reported a collective net pension expense of \$1,884,388,521.

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 2022. As a result, the College recognized revenue and defined benefit pension expense of \$3,934,226 from this special funding situation during the year ended June 30, 2024.

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

<i>Fiscal year ended June 30, 2023 (measurement date)</i>	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 62,591,844	\$ 12,277,871
Changes in assumption	70,957,694	420,880,693
Net difference between projected and actual earnings on pension plan investments	187,992,691	-
Totals	\$ 321,542,229	\$ 433,158,564

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

<i>Fiscal year ended June 30, 2023 (measurement date)</i>	Net Deferred Outflows (Inflows) of Resources
2024	\$ (428,264,966)
2025	(171,164,633)
2026	465,174,033
2027	22,639,231
Total	\$ (111,616,335)

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

College's Deferral of Fiscal Year 2024 Contributions

The College paid \$83,507 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2024. These contributions were made subsequent to the pension liability measurement date of June 30, 2023, and are recognized as deferred outflows of resources as of June 30, 2024.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2023 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, 2023, 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, 2023, 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	36.0 %	7.97 %
Stabilized Growth		
Core Real Assets	8.0 %	4.68 %
Public Credit Fixed Assets	6.5 %	4.52 %
Private Credit	2.5 %	7.36 %
Non-Traditional Growth		
Private Equity	11.0 %	11.32 %
Non-Core Real Assets	4.0 %	8.67 %
Inflation Sensitive		
U.S. TIPS	5.0 %	2.09 %
Principal Protection		
Core Fixed Income	10.0 %	1.13 %
Crisis Risk Offset		
Systematic Trend Following	10.0 %	3.18 %
Alternative Risk Premia	3.0 %	3.27 %
Long Duration	2.0 %	3.02 %
Long Volatility/Tail Risk	2.0 %	(1.14)%
Totals	100 %	5.98 %
Inflation		2.60 %
Expected Arithmetic Return		8.58 %

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Discount Rate. A single discount rate of 6.37% 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 , and a municipal bond rate of (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2023). 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 2074. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2074, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.37% , 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 5.37%	Current Single Discount Rate Assumption 6.37%	1% Increase 7.37%
\$ 35,695,434,682	\$ 29,444,538,098	\$ 24,236,489,318

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, to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is governed by Chapter 40, Act 5, Article 15 of the Illinois Compiled Statutes. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.surs.org. The RSP and its benefit terms were established and may be amended by the State's General Assembly.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 6: Defined Contribution Pension Plan (Continued)

General Information about the Pension Plan (Continued)

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, 2023, 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.

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, 2023, the State's contributions to the RSP on behalf of individual employers totaled \$90,330,044. Of this amount, \$81,991,471 was funded via an appropriation from the State and \$8,338,573 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 2023. The College's share of pensionable contributions was 0.1725%. As a result, the College recognized revenue and defined contribution pension expense of \$155,835 from this special funding situation during the year ended June 30, 2024, of which \$14,385 constituted forfeitures.

Sauk Valley Community College District #506

Notes to Financial Statements

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. CCHISF 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.auditor.illinois.gov/Audit-Reports/CMS-CCHISF.asp.

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.

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2023. CIP reported a net OPEB liability at June 30, 2023 of \$706,333,410.

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 2024 is \$3,428,970 or 0.4855%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 0.0104%. The proportionate share of the State's net OPEB liability associated with the College is \$3,428,970. The total proportionate share of the net OPEB liability associated with the College is \$6,857,940. The net OPEB liability and total OPEB liability as of June 30, 2023 was determined based on the June 30, 2022 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 2023.

OPEB Expense

At June 30, 2023, CIP reported a collective net OPEB expense (income) of \$(258,363,775).

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 2023. As a result, the College recognized on-behalf revenue and expense of \$(1,243,893) for the fiscal year ended June 30, 2024. Additionally, the College recognized OPEB expense of \$(1,120,876) for the fiscal year ended June 30, 2024.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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, 2023 (measurement date)</i>	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 51,600	\$ 1,032,314
Changes in assumption	0	3,352,124
Net difference between projected and actual earnings on OPEB plan investments	0	733
Changes in proportion and differences between employer contributions and share of contributions	839,306	272,361
Total deferred amounts to be recognized in pension expense in future periods	890,906	4,657,532
OPEB contributions made subsequent to the measurement date	76,882	0
Totals	\$ 967,788	\$ 4,657,532

The College reported \$76,882 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, 2025. 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:

<i>Fiscal year ended June 30, 2023 (measurement date)</i>	Net Deferred Outflows (Inflows) of Resources
2024	\$ (627,771)
2025	(627,771)
2026	(627,771)
2027	(627,771)
2028	(627,771)
2029	(627,771)
Total	\$ (3,766,626)

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, 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 under 50 and ranges from 12.00% at less than 1 year of service to 3.00% 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 rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2025 and decrease gradually to an ultimate rate of 4.25% in 2040. For MAPD costs, trends rates are 0% in 2024 to 2028, 19.42% in 2029 to 2033 and 6.08% in 2034, declining gradually to an ultimate rate of 4.25% in 2040.
Asset Valuation Method	Market value

Mortality rates for retirement and beneficiary annuitants were based on the Pub-2010 Healthy Retiree Mortality Table and PubT-2010 Healthy Retiree Mortality Table. For disabled annuitants mortality rates were based on the Pub-2010 Disabled Retiree Mortality Table. Mortality rates for pre-retirement were based on the Pub-2010 Employee Mortality Table and PubT-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, 2022 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 3.86% as of June 30, 2023 and 3.69% as of June 30, 2022. The increase in the single discount rate from 3.69% to 3.86% caused the total OPEB liability to decrease by approximately \$10.2 million from 2022 to 2023.

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 3.86% at June 30, 2023, 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, 2023 to the Single Discount Rate Assumption			
	1% Decrease (2.69%)	Current Single Discount Rate Assumption (3.69%)	1% Increase (4.69%)
Net OPEB liability	\$ 3,741,040	\$ 3,428,970	\$ 3,160,249

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, 2023 to the Healthcare Cost Trend Rate Assumption			
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)
Net OPEB liability	\$ 3,080,041	\$ 3,428,970	\$ 3,849,732

- (a) Current healthcare trend rates - Pre-Medicare per capita costs: 9.14% in 2024, 8.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 19.42% from 2029 to 2033, 6.08% in 2034 decreasing ratably to an ultimate rate of 4.25% in 2040.

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: 8.14% in 2024, 7.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2040. Post-Medicare per capita costs: 0.00% from 2024 to 2028, 18.42% from 2029 to 2033, 5.08% in 2034 decreasing ratably to an ultimate rate of 3.25% in 2040.
- (c) One percentage point increase in current healthcare trend rates - Pre-Medicare per capita costs: 10.14% in 2024, 9.00% in 2025, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2040. Post-Medicare per capita costs: 1.00% from 2024 to 2028, 20.42% from 2029 to 2033, 7.08% in 2034 decreasing ratably to an ultimate rate of 5.25% in 2040.

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 2024, the College paid approximately \$173,403 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. There were no significant construction commitments as of June 30, 2024.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 10: Impact of Pending Accounting Principles

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.

GASB Statement No. 102, Certain Risk Disclosures, improves financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024. The College has not determined the effect of this Statement.

GASB Statement No. 103, Financial Reporting Model Improvements, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College has not determined the effect of this Statement.

GASB Statement No. 104, Disclosure of Certain Capital Assets, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures and additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College has not determined the effect of this Statement.

Note 11: Related Party Transactions

The College has the following related party transactions for fiscal year ended June 30, 2024:

Related Party	Location	Nature	Revenue (Expense)	Asset (Liability)
Sauk Valley College Foundation	Dixon, IL	In-kind (space and salaries)	(\$349,061)	
Sauk Valley College Foundation	Dixon, IL	Scholarships (Reimbursements)	\$183,219	
Sauk Valley College Foundation	Dixon, IL	Awards (Reimbursements)	\$56,349	

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: 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 Foundation follows the accrual basis of accounting, recognizing revenue when earned and recording expenses when the liability is incurred.

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.

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, 2024, the bank balances of the Foundation's deposits were \$4,232,935, and \$446,350 was not covered by the FDIC coverage or by collateralized securities in the Foundation's name.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Certificates of Deposit

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

Investments and Investment Earnings

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

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

Pledges Receivable

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

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. As of June 30, 2024 there were promises to give to the Foundation of \$328,992.

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

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

- An explicit identifying of a barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

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

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

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

Contributed Nonfinancial Assets

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

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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

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

ASU No. 2022-03, *Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions*, Topic 820 (Fair Value Measurement) – This standard clarifies that contractual sale restrictions are not considered in measuring an equity security at fair value. The amendments to the standard also clarify that an entity cannot recognize a contractual sale restriction as a separate unit of account and expand the disclosure requirements for equity securities subject to contractual sale restrictions.

The amendments under this new accounting standard are applied prospectively with any adjustments from the adoption recognized in earnings and disclosed on the adoption date. This new standard is effective for financial statements issued for annual periods beginning after December 15, 2024, including interim periods within those annual years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Foundation does not believe this new standard will have a significant impact on its financial statements.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

ASU No. 2023-02, *Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method, Topic 323 (Investments—Equity Method and Joint Ventures)* – This standard permits reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. Under the proportional amortization method, an entity amortizes the initial cost of the investment in proportion to the income tax credits and other income tax benefits received and recognizes the net amortization and income tax credits and other income tax benefits in the income statement as a component of income tax expense (benefit). This new standard is effective for financial statements issued for annual periods beginning after December 15, 2024, including interim periods within those annual years. Early adoption is permitted for both interim and annual financial statements. The Foundation does not believe this new standard will have a significant impact on its financial statements.

ASU No, 2023-08, *Accounting for and Disclosure of Crypto Assets, Subtopic 350-60 (Intangibles - Goodwill and Other - Crypto Assets)* - This standard requires reporting entities to subsequently measure assets that meet those criteria at fair value with changes recognized in net income each reporting period. The amendments in this Update also require that an entity present (1) crypto assets measured at fair value separately from other intangible assets in the balance sheet and (2) changes from the remeasurement of crypto assets separately from changes in the carrying amounts of other intangible assets in the income statement (or statement of activities for not-for-profit entities). This new standard is effective for financial statements issued for annual periods beginning after December 15, 2024, including interim period within those annual years. The Foundation does not believe this new standard will have a significant impact on its financial statements.

Subsequent Events

The Foundation has evaluated subsequent events through December 3, 2024 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2024 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, 2024, reduced by amounts not available for general expenditures:

Total financial assets	\$ 12,217,101
Less those unavailable for general expenditure within one year due to:	
Funds held for others	94,840
Purpose restrictions	2,671,201
Perpetual endowments	8,630,780
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Financial assets available to meet cash needs for general expenditures within one year	\$ 820,280
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Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Investments

Investments are presented in the financial statements in the aggregate at fair value. All investments are in an investment pool called Commonfund. Investments are composed of the following as of June 30, 2024:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Multi-strategy bond funds	\$ 5,926,490	\$ 2,849,147	\$ 3,077,343
Bond premiums and deferred funding (discounts)	1,717,152	1,780,175	(63,023)
Totals	\$ 7,643,642	\$ 4,629,322	\$ 3,014,320

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2024:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 10,159	\$ 125,645	\$ 135,804
Unrealized gains (losses)	-	512,828	512,828
Realized gains (losses)	291,389	341,401	632,790
Investment fees	-	(6,645)	(6,645)
Totals	\$ 301,548	\$ 973,229	\$ 1,274,777

Endowment Funds

The Foundation's endowment consists of approximately 59 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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate earnings on donor-restricted endowment funds:

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

Investment income generated by the Foundation's endowment funds are used to benefit each endowment's intended purpose and accordingly, investment losses are recognized in the Foundation's unrestricted net assets.

The endowment net asset composition by type of fund as of June 30, 2024 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 10,280,486	\$ 10,280,486

Changes in endowment net assets as of June 30, 2024 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 8,225,618	\$ 8,225,618
Investment return:			
Interest income	-	111,316	111,316
Net appreciation (realized and unrealized) on investments	-	1,145,618	1,145,618
Total investment return	-	1,256,934	1,256,934
Contributions	-	970,330	970,330
Appropriation of endowment assets for expenditure	-	(172,396)	(172,396)
	-	797,934	797,934
Totals	\$ -	\$ 10,280,486	\$ 10,280,486

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

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, 2024.

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, 2024:

Subject to expenditure for specified purpose:

Student scholarships, awards and College support	\$ 2,671,201
Endowment subject to spending policy and appropriation	8,630,780

Net assets with donor restrictions	\$ 11,301,981
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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.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2024 for scholarships, awards and College support totaled \$296,419.

The Foundation also reclassified \$112,952 of without donor restricted funds to with donor restrictions due to change in donor restrictions.

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, 2024, is as follows:

Total pledges receivable	\$	328,992
Less: discounts to net present value		-
Pledges receivable	\$	328,992
Amounts due in:		
Less than one year	\$	183,952
Due in more than one year		148,438
Less allowance for uncollectible pledges		(3,398)
Pledges receivable	\$	328,992

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	\$ 87,161
Add (deduct):	
Contributions	143,957
Program expenses	(136,278)
Change in funds held for others	7,679
Balance, end of year	\$ 94,840

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: 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, 2024, the Foundation's investments valued at NAV were as follows:

	Fair Value	Redemption Frequency	Redemption Notice
Multi-strategy equity fund	\$ 5,926,490	Monthly	5 days
Multi-strategy bond fund	1,717,152	Monthly	5 days
Total	\$ 7,643,642		

The Foundation does not have any unfunded commitments related to the above investments as of June 30, 2024.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: 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, 2023	\$ 5,309,324	\$ 1,828,135	\$ 7,137,459
Sales	(467,873)	(165,169)	(633,042)
Fees	(5,285)	(1,360)	(6,645)
Unrealized gains	1,090,324	55,546	1,145,870
Fair value as of June 30, 2024	\$ 5,926,490	\$ 1,717,152	\$ 7,643,642

Information regarding the fair value of assets and liabilities measured at fair value on a nonrecurring basis as of June 30, 2024:

	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	\$ 349,601	\$ -	\$ -	\$ 349,601
Goods	11,500	-	-	11,500
Total investments	\$ 361,101	\$ -	\$ -	\$ 361,101

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	\$ 349,601	Market Approach	Fair Value of Services Contributed to Foundation	N/A
Goods	11,500	Market Approach	Fair Value of Assets Contributed to Foundation	N/A
Totals	\$ 361,101	\$ -	\$ -	-

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: 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 \$349,601 for the year ended June 30, 2024 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$239,568 for scholarships and awards during the year ended June 30, 2024.

Contributed Nonfinancial Assets

Contributed nonfinancial assets as of June 30, 2024 consist of the following:

Services	\$	349,601
Goods		11,500
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Balance, end of year	\$	361,101
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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

Measurement Date June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion percentage of the collective net pension liability	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Proportion amount of the collective net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$ 61,474,307	\$ 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	\$ 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
Proportion of collective net pension liability associated with the College as a percentage of covered payroll	759.32 %	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	44.06 %	43.65 %	45.45 %	39.05 %	40.71 %	41.27 %	42.04 %	39.57 %	42.37 %	44.39 %

Sauk Valley Community College District #506

Schedule of Pension Contributions

Last Ten Fiscal Years

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Federal, trust, grant and other contribution	\$ 83,507	\$ 51,692	\$ 82,854	\$ 100,174	\$ 60,487	\$ 45,900	\$ 48,230	\$ 33,963	\$ 30,773	\$ 26,915
Contribution in relation to required contribution	83,507	51,692	82,854	100,174	60,487	45,900	48,230	33,963	30,773	26,915
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Employer covered payroll	\$ 8,894,862	\$ 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
Contribution as a percentage of covered payroll	0.94 %	0.64 %	1.04 %	1.30 %	0.86 %	0.67 %	0.73 %	0.51 %	0.45 %	0.38 %

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,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportion percentage of the collective net OPEB liability	0.49 %	0.50 %	0.47 %	0.43 %	0.42 %	0.42 %	0.43 %	0.40 %		
Proportion amount of the collective net OPEB liability	\$ 3,428,970	\$ 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	\$ 3,428,970	\$ 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	\$ 6,857,940	\$ 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	\$ 8,095,927	\$ 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	84.71 %	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	(17.87)%	(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 2018)

Fiscal Year Ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Statutorily required contribution	\$ 76,882	\$ 48,016	\$ 46,764	\$ 43,987	\$ 39,378	\$ 38,044	\$ 36,854	\$ 37,593	\$ 36,410	
Contribution in relation to the required statutorily	76,882	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			
District's covered payroll	\$ 8,894,862	\$ 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	0.86 %	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

Public Act 103-0080, effective June 9, 2023, created a disability benefit for police officers injured in the line of duty on or after January 1, 2022. This benefit was first reflected 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. Only the disability rates assumption changed for the June 30, 2023, actuarial valuations.

- Salary increases. The overall assumed rates of salary increase range from 3.00% to 12.75% based on years of service, with an the underlying wage inflation rate of 2.25%.
- Investment return. The investment return is assumed to be 6.50%. This reflects an assumed real rate of return to 4.25% and assumed price inflation of 2.25%.
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 6.50%.
- Normal retirement rates. Separate rates are assumed 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. Separate rates are assumed 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. Assumed rates maintain the pattern of decreasing termination rates as years of service increase.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2020 scale.
- Disability rates. Separate rates are assumed for members in academic positions and non-academic positions, as well as for males and females. New for the June 30, 2023, valuation, 50% of police officer disability incidence is assumed to be the line-of-duty related.
- Plan election. For non-academic members, assumed plan election rates are 75% for Tier 2 and 25% Retirement Savings Plan (RSP). For academic members, assumed plan election rates are 55% for Tier 2 and 45% for Retirement Savings Plan(RSP).

Note 3: Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2024.

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, 2021:

- Per capita claim costs for plan year end June 30, 2023, were updated based on projected claim sand enrollment experience through June 30, 2023, and updated premium rates through plan year end 2024;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2022, projected plan cost for play year end June 30, 2023, premium changes through plan year end 2023, and expectation of future trend increases after June 30, 2023;
- The discount rate was changed from 3.69 percent at June 30, 2022, to 3.86 percent at June 30, 2023.

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 - Certification of Per Capita Cost

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2024</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit), beginning of year	\$ 11,384,999	\$ 410,148	\$ 7,178,642	\$ 913,542
Revenues:				
Local tax revenue	6,513,402	787,362	397,951	2,002,526
ICCB Grants	1,730,166	175,381	-	-
All other State revenue	-	-	-	-
Federal revenue	656	-	-	-
Student tuition and fees	4,684,402	468,575	-	-
On-Behalf CIP	-	-	-	-
On-Behalf SURS	-	-	-	-
All other revenue	1,563,593	65,424	2,337,457	21,349
Total revenues	14,492,219	1,496,742	2,735,408	2,023,875
Expenditures:				
Instruction	5,606,450	-	210,345	-
Academic support	1,084,218	-	41,006	-
Student services	1,879,783	-	34,508	-
Public service/continuing education	938,654	-	30,750	-
Organized research	33,791	-	-	-
Auxiliary services	26,199	-	209,756	-
Operations and maintenance	667	1,608,382	348,807	-
Institutional support	3,340,046	(13,106)	4,345,990	1,927,993
Scholarships, grants, waivers	786,210	-	-	-
Total expenditures	13,696,018	1,595,276	5,221,162	1,927,993
Transfers in	68,679	-	4,824	-
Transfers out	(377,530)	(1,316)	(4,824)	-
	(308,851)	(1,316)	-	-
Fund balance (deficit), end of year	\$ 11,872,349	\$ 310,298	\$ 4,692,888	\$ 1,009,424

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2024</i>	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund
Fund balance (deficit), beginning of year	\$ 390,948	\$ 3,506	\$ 2,385,394	\$ 17,430
Revenues:				
Local tax revenue	-	-	-	58,434
ICCB Grants	-	743,584	-	-
All other State revenue	-	819,454	-	-
Federal revenue	-	4,716,873	-	-
Student tuition and fees	350,487	-	-	-
On-Behalf CIP	-	(1,243,893)	-	-
On-Behalf SURS	-	4,090,061	-	-
All other revenue	2,995,034	137,443	65,487	(116)
Total revenues	3,345,521	9,263,522	65,487	58,318
Expenditures:				
Instruction	-	1,793,665	-	-
Academic support	-	304,735	-	-
Student services	-	1,542,970	-	-
Public service/continuing education	-	424,193	-	-
Organized research	-	293,325	-	-
Auxiliary services	3,617,432	73,195	-	-
Operations and maintenance	-	247,162	-	-
Institutional support	-	826,544	-	68,500
Scholarships, grants, waivers	-	3,680,564	-	-
Total expenditures	3,617,432	9,186,353	-	68,500
Transfers in	375,000	48,289	1,316	-
Transfers out	(750)	(113,688)	-	-
	374,250	(65,399)	1,316	-
Fund balance (deficit), end of year	\$ 493,287	\$ 15,276	\$ 2,452,197	\$ 7,248

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2024</i>	Liability, Protection Settlement Fund	Total
Fund balance (deficit), beginning of year	\$ 1,190,695	\$ 23,875,304
Revenues:		
Local tax revenue	879,273	10,638,948
ICCB Grants	-	2,649,131
All other State revenue	-	819,454
Federal revenue	-	4,717,529
Student tuition and fees	-	5,503,464
On-Behalf CIP	-	(1,243,893)
On-Behalf SURS	-	4,090,061
All other revenue	71,908	7,257,579
Total revenues	951,181	34,432,273
Expenditures:		
Instruction	-	7,610,460
Academic support	26,534	1,456,493
Student services	-	3,457,261
Public service/continuing education	-	1,393,597
Organized research	-	327,116
Auxiliary services	10,479	3,937,061
Operations and maintenance	333,890	2,538,908
Institutional support	930,002	11,425,969
Scholarships, grants, waivers	-	4,466,774
Total expenditures	1,300,905	36,613,639
Transfers in	-	498,108
Transfers out	-	(498,108)
	-	-
Fund balance (deficit), end of year	\$ 840,971	\$ 21,693,938

Sauk Valley Community College District #506

Uniform Financial Statement #2

Summary of Capital Assets and Fixed Debt*

<i>Year Ended June 30, 2024</i>	Balance July 1, 2023	Additions	Deletions	Reclassification	Balance June 30, 2024
Capital assets:					
Land	\$ 162,651	\$ -	\$ -	\$ -	\$ 162,651
Construction in process	2,310,819	4,413,877	-	(2,696,819)	4,027,877
Equipment in process	100,000	138,233	-	(112,500)	125,733
Library collection - nonexpendable	20,411	14,158	-	-	34,569
Other fixed assets	6,905	-	-	-	6,905
Land improvements	4,271,006	-	-	-	4,271,006
Buildings and improvements	39,109,482	-	-	2,696,819	41,806,301
Equipment	9,434,461	590,119	106,600	112,500	10,030,480
Library collection - expendable	24,422	23,720	-	-	48,142
SBITA assets	1,326,769	197,815	197,984	-	1,326,600
Total capital assets	56,766,926	5,377,922	304,584	-	61,840,264
Accumulated depreciation and amortization					
	21,927,740	1,447,896	124,161	-	23,251,475
Total net capital assets	\$ 34,839,186	\$ 3,930,026	\$ 180,423	\$ -	\$ 38,588,789
Fixed debt:					
Bonds payable	\$ 9,015,000	\$ -	\$ 1,665,000	\$ -	\$ 7,350,000
Bond premium	313,730	-	132,663	-	181,067
SBITA liability	824,912	-	346,555	-	478,357
Total fixed debt	\$ 10,153,642	\$ -	\$ 2,144,218	\$ -	\$ 8,009,424

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2024.

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2024</i>	Education	Operations and Maintenance	Total
Revenues:			
Local government:			
Property taxes	\$ 5,672,171	\$ 683,629	\$ 6,355,800
Corporate personal property replacement tax	839,289	103,733	943,022
Other local government sources	1,942	-	1,942
Total local government	6,513,402	787,362	7,300,764
State government:			
ICCB Base operating grants	1,295,221	160,084	1,455,305
ICCB Equalization grants	123,763	15,297	139,060
ICCB Performance grant	5,350	-	5,350
ICCB Career & technical education	144,456	-	144,456
Other ICCB grants	161,376	-	161,376
Total state government	1,730,166	175,381	1,905,547
Federal government:			
Other	656	-	656
Total federal government	656	-	656
Student tuition and fees:			
Tuition	3,892,453	468,575	4,361,028
Student fees	791,949	-	791,949
Total tuition and fees	4,684,402	468,575	5,152,977
Other sources:			
Sales and service fees	943,032	-	943,032
Facilities revenue	-	49,067	49,067
Investment income	523,245	12,610	535,855
Other revenue	97,316	3,747	101,063
Total other sources	1,563,593	65,424	1,629,017
Total revenue	14,492,219	1,496,742	15,988,961
Less nonoperating items:			
Tuition chargeback	0	0	0
Adjusted revenue	\$ 14,492,219	\$ 1,496,742	\$ 15,988,961

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

<i>Year Ended June 30, 2024</i>	Education	Operations and Maintenance	Total
Operating expenditures:			
By program:			
Instruction	\$ 5,606,450	\$ -	\$ 5,606,450
Academic support	1,084,218	-	1,084,218
Student services	1,879,783	-	1,879,783
Public service	938,654	-	938,654
Organized Research	33,791	-	33,791
Auxiliary services	26,199	-	26,199
Operations and maintenance	667	1,608,382	1,609,049
Institutional support	3,340,046	(13,106)	3,326,940
Scholarships, student grants, and waivers	786,210	-	786,210
Total expenditures	13,696,018	1,595,276	15,291,294
Less nonoperating items:*			
Net transfers	308,851	1,316	310,167
Adjusted expenditures	\$ 14,004,869	\$ 1,596,592	\$ 15,601,461
By object:			
Salaries	8,859,146	702,342	9,561,488
Employee benefits	1,666,349	265,112	1,931,461
Contractual services	1,184,549	95,067	1,279,616
General materials and supplies	608,221	113,071	721,292
Travel, conference and meeting expense	362,482	619	363,101
Fixed charges	159,487	930	160,417
Utilities	3,102	418,135	421,237
Other	852,682	-	852,682
Total expenditures	13,696,018	1,595,276	15,291,294
Less nonoperating items:			
Net transfers	308,851	1,316	310,167
Adjusted expenditures	\$ 14,004,869	\$ 1,596,592	\$ 15,601,461

* 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, 2024

Revenue by source:

State government:

ICCB - Adult Education	\$ 174,315
ICCB - Other	569,269
Illinois Student Assistance Commission	461,319
On-behalf CIP	(1,243,893)
On-behalf SURS	4,090,061
Other	358,135

Total state government	4,409,206
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Federal government:

Department of Education	3,671,986
Department of Health & Human Services	880,208
Other	164,679

Total federal government	4,716,873
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Other sources:

Other revenue	137,443
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Total other sources	137,443
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Total revenues	\$ 9,263,522
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Expenditures by program:

Instruction	1,793,665
Academic support	304,735
Student services	1,542,970
Public service	424,193
Organized Research	293,325
Auxiliary services	73,195
Operations and maintenance	247,162
Institutional support	826,544
Scholarships, student grants, and waivers	3,680,564

Total expenditures by program	\$ 9,186,353
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Expenditures by object:

Salaries	1,043,555
Employee benefits	3,108,416
Contractual services	579,896
General materials and supplies	495,600
Travel, conference and meeting expense	69,052
Utilities	6,162
Capital outlay	225,920
Other	3,657,752

Total expenditures by object	\$ 9,186,353
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Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

Year Ended June 30, 2024

Instruction:

Instructional Programs	\$ 6,487,214
Support	912,901

Total instruction	7,400,115
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Academic support:

Library Center	315,635
Academic Computing Support	94,496
Academic Administration and Planning	657,217
Other Academic Support	348,139

Total academic support	1,415,487
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Student services:

Admissions & Records	401,178
Counseling & Career Guidance	1,495,547
Financial Aid Administration	322,429
Other Student Services	1,203,599

Total student services	3,422,753
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Public service/continuing education:

Community Education	168,504
Customized Training	591,870
Community Services	65,864
Other Public Services	536,609

Total public service/continuing education	1,362,847
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Organized Research	327,116
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Auxiliary	3,727,305
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Operations and maintenance of plant:

Maintenance	376,742
Custodial Services	510,661
Grounds	172,421
Campus Security	359,020
Plant Utilities	421,135
Administration	128,292
Other Operations and Maintenance	221,830

Total operations and maintenance of plant	2,190,101
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Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity (Continued)

Year Ended June 30, 2024

Institutional support:

Executive Management	316,145
Fiscal Operations	523,446
Community Relations	947,994
Administrative Support Services	264,614
Board of Trustees	22,143
General Institution	1,045,478
Institutional Research	99,738
Administrative Data Processing	1,260,016
Other Institutional Support	672,412

Total institutional support	5,151,986
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Scholarships, Grants, Waivers	4,466,774
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Total current funds expenditures	\$ 29,464,484
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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

Fiscal Year 2025 Certification of Per Capital Cost For Fiscal Year Ended June 30, 2024

All fiscal year 2024 noncapital audited operating expenditures from the following funds:

1. Education Fund	13,443,308
2. Operations and Maintenance Fund	1,595,276
3. Operations and Maintenance Fund - Restricted	-
4. Bond and Interest Fund	291,950
5. Public Building Commission Rental Fund	-
6. Restricted Purposes Fund	5,980,497
7. Audit Fund	68,500
8. Liability, Protection, and Settlement Fund	1,283,371
9. Auxiliary Enterprises Fund (subsidy only)	<u>-</u>
10. Total noncapital expenditures (sum of lines 1-9)	<u>\$ 22,662,902</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 1,238,335</u>
12. Total costs included (line 10 plus line 11)	<u>\$ 23,901,237</u>
13. Total certified semester credit hours for FY 2024	<u>30,132</u>
14. Per capita cost (line 12 divided by line 13)	<u>\$ 793.22</u>

Approved: 
Chief Financial Officer

12/28/2024
Date


President

12/28/2024
Date

Other Information

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2024</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 2,921,284	\$ 358,307	\$ 5,740,753	\$ 682,059
Certificates of deposit	500,000	-	-	-
Investments	6,269,903	-	305,908	-
Property tax receivable	4,128,282	505,745	-	1,426,290
Student tuition receivables, net of allowance	320,250	(18,200)	-	-
Other receivables	298,815	24,422	3,098	-
Advances to other funds	1,664,429	-	-	-
Inventory	-	-	-	-
Prepaid expenses	9,000	-	-	-
Capital assets	-	-	-	-
Total assets	16,111,963	870,274	6,049,759	2,108,349
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 16,111,963	\$ 870,274	\$ 6,049,759	\$ 2,108,349
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 729,637	\$ 110,094	\$ 792,716	\$ 95,235
Advances from other funds	-	-	564,155	-
Unearned tuition revenue	273,139	23,099	-	-
Accrued compensated absences	331,726	70,888	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	1,334,502	204,081	1,356,871	95,235
Deferred inflows of resources				
Deferred property taxes	2,905,112	355,895	-	1,003,690
Deferred grant revenue	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	2,905,112	355,895	-	1,003,690
Fund balances (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	4,692,888	1,009,424
Unrestricted	11,872,349	310,298	-	-
Total fund balances	11,872,349	310,298	4,692,888	1,009,424
Total liabilities, deferred inflows or resources and fund balances	\$ 16,111,963	\$ 870,274	\$ 6,049,759	\$ 2,108,349

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2024</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 584,461	\$ (34,617)	\$ 347,538	\$ 1,209
Certificates of deposit	-	-	2,000,000	-
Investments	-	-	104,659	-
Property tax receivable	-	-	-	45,700
Student tuition receivables, net of allowance	-	-	-	-
Other receivables	(2,538)	982,677	-	-
Advances to other funds	-	-	-	-
Inventory	3,380	-	-	-
Prepaid expenses	-	-	-	-
Capital assets	-	-	-	-
Total assets	585,303	948,060	2,452,197	46,909
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 585,303	\$ 948,060	\$ 2,452,197	\$ 46,909
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 61,289	\$ 100,767	\$ -	\$ 7,500
Advances from other funds	-	653,166	-	-
Unearned tuition revenue	17,942	-	-	-
Accrued compensated absences	12,785	54,200	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	92,016	808,133	-	7,500
Deferred inflows of resources				
Deferred property taxes	-	-	-	32,161
Deferred grant revenue	-	124,651	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	-	124,651	-	32,161
Fund balances (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	2,452,197	7,248
Unrestricted	493,287	15,276	-	-
Total fund balances	493,287	15,276	2,452,197	7,248
Total liabilities, deferred inflows or resources and fund balances	\$ 585,303	\$ 948,060	\$ 2,452,197	\$ 46,909

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

As of June 30, 2024

	Tort	Totals
Assets and Deferred Outflow of Resources		
Cash and cash equivalents	\$ 1,109,005	\$ 11,709,999
Certificates of deposit	-	2,500,000
Investments	-	6,680,470
Property tax receivable	925,324	7,031,341
Student tuition receivables, net of allowance	-	302,050
Other receivables	12,505	1,318,979
Advances to other funds	-	1,664,429
Inventory	-	3,380
Prepaid expenses	5,876	14,876
Capital assets	-	-
Total assets	2,052,710	31,225,524
Deferred outflow of resources:		
SURS pension contribution	-	-
Other postemployment benefits - CIP	-	-
Total deferred outflow of resources	-	-
Total assets and deferred outflow of resources	\$ 2,052,710	\$ 31,225,524
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 73,656	\$ 1,970,894
Advances from other funds	447,108	1,664,429
Unearned tuition revenue	-	314,180
Accrued compensated absences	39,817	509,416
Subscription liability	-	-
Bonds payable, net	-	-
Net OPEB liability	-	-
Total liabilities	560,581	4,458,919
Deferred inflows of resources		
Deferred property taxes	651,158	4,948,016
Deferred grant revenue	-	124,651
Other postemployment benefits - CIP	-	-
Total deferred inflows of resources	651,158	5,072,667
Fund balances (deficit):		
Net investment in capital assets	-	-
Restricted	-	8,161,757
Unrestricted	840,971	13,532,181
Total fund balances	840,971	\$ 21,693,938
Total liabilities, deferred inflows or resources and fund balances	\$ 2,052,710	\$ 31,225,524

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

	GASB				
	General Fixed Assets	General Long-Term Debt	Other Adjustments	Adjusted Total	
As of June 30, 2024					
Assets and Deferred Outflow of Resources					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	11,709,999
Certificates of deposit	-	-	-	-	2,500,000
Investments	-	-	-	-	6,680,470
Property tax receivable	-	-	-	-	7,031,341
Student tuition receivables, net of allowance	-	-	-	-	302,050
Other receivables	-	-	-	-	1,318,979
Advances to other funds	-	-	(1,664,429)	-	-
Inventory	-	-	-	-	3,380
Prepaid expenses	-	-	-	-	14,876
Capital assets	37,763,076	825,713	-	-	38,588,789
Total assets	37,763,076	\$ 825,713	\$ (1,664,429)	-	68,149,884
Deferred outflow of resources:					
SURS pension contribution	-	83,507	-	-	83,507
Other postemployment benefits - CIP	-	967,788	-	-	967,788
Total deferred outflow of resources	-	1,051,295	-	-	1,051,295
Total assets and deferred outflow of resources					
	\$ 37,763,076	\$ 1,877,008	\$ (1,664,429)	\$ -	69,201,179
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ 6,634	\$ -	\$ -	1,977,528
Advances from other funds	-	-	(1,664,429)	-	-
Unearned tuition revenue	-	-	-	-	314,180
Accrued compensated absences	-	-	-	-	509,416
Subscription liability	-	478,357	-	-	478,357
Bonds payable, net	-	7,531,067	-	-	7,531,067
Net OPEB liability	-	3,428,970	-	-	3,428,970
Total liabilities	-	11,445,028	(1,664,429)	-	14,239,518
Deferred inflows of resources					
Deferred property taxes	-	-	-	-	4,948,016
Deferred grant revenue	-	-	-	-	124,651
Other postemployment benefits - CIP	-	4,657,532	-	-	4,657,532
Total deferred inflows of resources	-	4,657,532	-	-	9,730,199
Fund balances (deficit):					
Net investment in capital assets	37,763,076	(2,730,245)	-	-	35,032,831
Restricted	-	(4,453,469)	-	-	3,708,288
Unrestricted	-	(7,041,838)	-	-	6,490,343
Total fund balances	37,763,076	(14,225,552)	-	\$ -	45,231,462
Total liabilities, deferred inflows or resources and fund balances					
	\$ 37,763,076	\$ 1,877,008	\$ (1,664,429)	\$ -	69,201,179

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, 2024</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Revenues:				
Local government sources	\$ 6,513,402	\$ 787,362	\$ 397,951	\$ 2,002,526
State governmental sources	1,730,166	175,381	-	-
State on-behalf payments	-	-	-	-
Federal government sources	656	-	-	-
Student tuition and fees	4,684,402	468,575	-	-
Sales and service fees	943,032	-	-	-
Facilities revenue	-	49,067	-	-
Investment income	523,245	12,610	353,036	21,349
Capital contributions	-	-	1,984,421	-
Other revenue	97,316	3,747	-	-
Total revenues	14,492,219	1,496,742	2,735,408	2,023,875
Expenditures/expenses:				
Current:				
Instruction	5,606,450	-	210,345	-
Academic support	1,084,218	-	41,006	-
Student services	1,879,783	-	34,508	-
Public service	938,654	-	30,750	-
Organized Research	33,791	-	-	-
Auxiliary services	26,199	-	209,756	-
Operations and maintenance	667	1,608,382	348,807	-
Institutional support	3,340,046	(13,106)	4,345,990	1,140
Scholarships, student grants, and waivers	786,210	-	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	1,665,000
Interest, service charges, and issuance costs	-	-	-	261,853
Total expenditures/expenses	13,696,018	1,595,276	5,221,162	1,927,993
Excess (deficiency) of revenues over expenditures	796,201	(98,534)	(2,485,754)	95,882
Other financing sources (uses)				
Gain (loss) on disposal of assets	-	-	-	-
Transfers in	68,679	-	(4,824)	-
Transfers out	(377,530)	(1,316)	4,824	-
Total other financing sources (uses)	(308,851)	(1,316)	-	-
Net change in fund balance/net position	487,350	(99,850)	(2,485,754)	95,882
Fund balance/net position (deficit), beginning of year	11,384,999	410,148	7,178,642	913,542
Fund balance/net position (deficit), end of year	\$ 11,872,349	\$ 310,298	\$ 4,692,888	\$ 1,009,424

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, 2024</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Revenues:				
Local government sources	\$ -	\$ -	\$ -	58,434
State governmental sources	-	1,563,038	-	-
State on-behalf payments	-	2,846,168	-	-
Federal government sources	-	4,716,873	-	-
Student tuition and fees	350,487	-	-	-
Sales and service fees	355,858	-	-	-
Facilities revenue	14,667	-	-	-
Investment income	13,297	-	65,487	(116)
Capital contributions	-	-	-	-
Other revenue	2,611,212	137,443	-	-
Total revenues	3,345,521	9,263,522	65,487	58,318
Expenditures/expenses:				
Current:				
Instruction	-	1,793,665	-	-
Academic support	-	304,735	-	-
Student services	-	1,542,970	-	-
Public service	-	424,193	-	-
Organized Research	-	293,325	-	-
Auxiliary services	3,617,432	73,195	-	-
Operations and maintenance	-	247,162	-	-
Institutional support	-	826,544	-	68,500
Scholarships, student grants, and waivers	-	3,680,564	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest, service charges, and issuance costs	-	-	-	-
Total expenditures/expenses	3,617,432	9,186,353	-	68,500
Excess (deficiency) of revenues over expenditures	(271,911)	77,169	65,487	(10,182)
Other financing sources (uses)				
Gain (loss) on disposal of assets	-	-	-	-
Transfers in	375,000	48,289	1,316	-
Transfers out	(750)	(113,688)	-	-
Total other financing sources (uses)	374,250	(65,399)	1,316	-
Net change in fund balance/net position	102,339	11,770	66,803	(10,182)
Fund balance/net position (deficit), beginning of year	390,948	3,506	2,385,394	17,430
Fund balance/net position (deficit), end of year	\$ 493,287	\$ 15,276	\$ 2,452,197	\$ 7,248

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, 2024</i>	Tort	Totals
Revenues:		
Local government sources	\$ 879,273	\$ 10,638,948
State governmental sources	-	3,468,585
State on-behalf payments	-	2,846,168
Federal government sources	-	4,717,529
Student tuition and fees	-	5,503,464
Sales and service fees	-	1,298,890
Facilities revenue	-	63,734
Investment income	71,908	1,060,816
Capital contributions	-	1,984,421
Other revenue	-	2,849,718
Total revenues	951,181	34,432,273
Expenditures/expenses:		
Current:		
Instruction	-	7,610,460
Academic support	26,534	1,456,493
Student services	-	3,457,261
Public service	-	1,393,597
Organized Research	-	327,116
Auxiliary services	10,479	3,937,061
Operations and maintenance	333,890	2,538,908
Institutional support	930,002	9,499,116
Scholarships, student grants, and waivers	-	4,466,774
Depreciation and amortization expense	-	-
Debt service:		
Principal	-	1,665,000
Interest, service charges, and issuance costs	-	261,853
Total expenditures/expenses	1,300,905	36,613,639
Excess (deficiency) of revenues over expenditures	(349,724)	(2,181,366)
Other financing sources (uses)		
Gain (loss) on disposal of assets	-	-
Transfers in	-	498,108
Transfers out	-	(498,108)
Total other financing sources (uses)	-	-
Net change in fund balance/net position	(349,724)	(2,181,366)
Fund balance/net position (deficit), beginning of year	1,190,695	23,875,304
Fund balance/net position (deficit), end of year	\$ 840,971	\$ 21,693,938

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, 2024	GASB			Adjusted Total
	General Fixed Assets	General Long-Term Debt	Other Adjustments	
Revenues:				
Local government sources	\$ -	\$ -	\$ -	\$ 10,638,948
State governmental sources	-	-	-	3,468,585
State on-behalf payments	-	-	-	2,846,168
Federal government sources	-	-	-	4,717,529
Student tuition and fees	-	-	(2,415,033)	3,088,431
Sales and service fees	-	-	-	1,298,890
Facilities revenue	-	-	-	63,734
Investment income	-	-	-	1,060,816
Capital contributions	-	-	-	1,984,421
Other revenue	-	-	(2,610,613)	239,105
Total revenues	-	-	(5,025,646)	29,406,627
Expenditures/expenses:				
Current:				
Instruction	(341,549)	(476,492)	-	6,792,419
Academic support	(37,878)	(82,738)	-	1,335,877
Student services	-	(277,379)	-	3,179,882
Public service	-	(56,453)	-	1,337,144
Organized Research	-	(5,556)	-	321,560
Auxiliary services	(185,764)	(28,826)	(2,610,613)	1,111,858
Operations and maintenance	(270,688)	(81,030)	-	2,187,190
Institutional support	(4,239,228)	(696,107)	-	4,563,781
Scholarships, student grants, and waivers	-	-	(2,415,033)	2,051,741
Depreciation and amortization expense	1,179,100	268,794	-	1,447,894
Debt service:				
Principal	-	(1,665,000)	-	-
Interest, service charges, and issuance costs	-	(118,961)	-	142,892
Total expenditures/expenses	(3,896,007)	(3,219,748)	(5,025,646)	24,472,238
Excess (deficiency) of revenues over expenditures	3,896,007	3,219,748	-	4,934,389
Other financing sources (uses)				
Gain (loss) on disposal of assets	42,817	(118,694)	-	(75,877)
Transfers in	-	-	-	498,108
Transfers out	-	-	-	(498,108)
Total other financing sources (uses)	42,817	(118,694)	-	(75,877)
Net change in fund balance/net position	3,938,824	3,101,054	-	4,858,512
Fund balance/net position (deficit), beginning of year	33,824,252	(17,326,606)	-	40,372,950
Fund balance/net position (deficit), end of year	\$ 37,763,076	\$ (14,225,552)	\$ -	\$ 45,231,462

Sauk Valley Community College District #506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years	2023	2022	2021
Assessed Valuations:			
Bureau County	\$ 186,730,443	\$ 165,382,528	\$ 155,017,478
Carroll County	870,317,301	790,214,555	103,807,967
Henry County	5,685,168	5,222,792	4,840,394
Lee County	175,183,221	160,762,305	734,738,605
Ogle County	120,297,306	109,451,843	149,224,571
Whiteside County	1,022,069,935	958,432,508	904,820,038
Total assessed valuations	\$ 2,380,283,374	\$ 2,189,466,531	\$ 2,052,449,053
Tax Rate (per \$100 assessed valuation):			
Bond and Interest Fund	0.0844	0.0917	0.0915
Audit Fund	0.0027	0.0024	0.0024
Liability, Protection, and Settlement	0.0472	0.0131	0.0044
Social Security	0.0075	0.0078	0.0078
Prior Year Adjustment	-	-	(0.0005)
Operations and Maintenance Accounts	0.0299	0.0300	0.0300
Operations and Maintenance Accounts - Restricted	-	0.0365	0.0439
Educational Accounts	0.2441	0.2450	0.2444
Additional tax	-	0.0083	0.0157
Total tax rate	0.4158	0.4348	0.4396
Tax Extensions:			
Bond and Interest Fund	\$ 2,007,379	\$ 2,010,690	\$ 1,876,462
Audit Fund	64,322	52,673	49,437
Liability, Protection and Settlement	1,123,644	286,739	90,277
Social Security	178,672	170,675	160,112
Prior Year Adjustment	-	(263)	(13,521)
Operations and Maintenance	711,789	656,840	615,629
Operations, Maintenance Accounts - Restricted	-	801,107	910,458
Educational Accounts	5,810,223	5,364,193	5,018,739
Additional tax	-	181,726	322,204
Total tax extensions	\$ 9,896,029	\$ 9,524,380	\$ 9,029,797
Tax Collections to June 30:			
Bond and Interest Fund	\$ 581,089	\$ 2,003,955	\$ 1,872,930
Audit Fund	18,622	52,603	49,334
Liability, Protection, and Settlement	325,271	286,343	90,104
Social Security	51,722	170,432	159,802
Prior Year Adjustment	-	(262)	(13,497)
Operations and Maintenance Accounts	206,044	656,080	614,512
Operations and Maintenance Accounts - Restricted	-	798,411	908,752
Educational Accounts	1,681,941	5,358,012	5,007,483
Additional tax	-	181,513	321,624
Total tax collections	\$ 2,864,689	\$ 9,507,087	\$ 9,011,044
Percent of extensions collected	28.95 %	99.82 %	99.79 %

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, 2024, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Sauk Valley Community College District #506 as of June 30, 2024, 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, 2024, 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
December 28, 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, 2024, 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 December 28, 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".

Wipfli LLP

Sterling, Illinois
December 28, 2024

Sauk Valley Community College District #506

Balance Sheet - State Adult Education and Family Literacy Funds

As of June 30, 2024		State Basic		Performance		Total	
Assets							
Cash and cash equivalents		\$	5,824	\$	2,907	\$	8,731
Receivables			-		-		-
Total assets		\$	5,824	\$	2,907	\$	8,731
Liabilities and Fund Balance							
Liabilities:							
Accounts payable		\$	5,824	\$	2,907	\$	8,731
Accrued liabilities			-		-		-
Total liabilities			5,824		2,907		8,731
Fund balance			-		-		-
Total liabilities and fund balances		\$	5,824	\$	2,907	\$	8,731

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, 2024</i>	State Basic	Performance	Total
Revenues:			
State sources	\$ 128,190	\$ 46,125	\$ 174,315
Total revenues	128,190	46,125	174,315
Expenditures:			
Personnel services	98,478	38,957	137,435
Fringe benefits	14,882	1,054	15,936
Travel	1,984	1,380	3,364
Supplies	12,846	4,734	17,580
Total expenditures	128,190	46,125	174,315
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, 2024. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2024 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 Credit Hour Data and Other Bases Upon Which Claims Are Filed of Sauk Valley Community College District #506 during the period July 1, 2023 through June 30, 2024. 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 Credit Hour 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".

Wipfli LLP

Sterling, Illinois
December 28, 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, 2024

<u>Credit Hour Categories</u>	Total Reimbursable Semester Credit Hours by Term							
	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	1,436.0	0.0	8,529.0	5.0	8,570.0	0.0	18,535.0	5.0
Business Occupational	153.0	0.0	1,014.0	0.0	845.0	0.0	2,012.0	0.0
Technical Occupational	138.0	0.0	1,695.0	0.0	1,534.0	0.0	3,367.0	0.0
Health Occupational	375.5	0.0	2,205.0	0.0	1,992.0	0.0	4,572.5	0.0
Remedial/Developmental	72.0	0.0	429.0	0.0	297.0	0.0	798.0	0.0
Adult Education	0.0	82.0	0.0	408.0	0.0	352.5	0.0	842.5
	2,174.5	82.0	13,872.0	413.0	13,238.0	352.5	29,284.5	847.5

	In-District (All terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	26,226.0	822.5	5,048.0	0.0	6.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 219.0

District Equalized Assessed Valuation: \$2,380,283,374

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

Signature: 
President

Signature: 
Vice President of Business 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, 2024

Total Reimbursable Semester Credit Hours

<u>Credit Hour Categories</u>	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
Baccalaureate	18,535.0	18,535.0	0.0	5.0	5.0	0.0
Business Occupational	2,012.0	2,012.0	0.0	0.0	0.0	0.0
Technical Occupational	3,367.0	3,367.0	0.0	0.0	0.0	0.0
Health Occupational	4,572.5	4,572.5	0.0	0.0	0.0	0.0
Remedial/Developmental	798.0	798.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	842.5	842.5	0.0
Total	29,284.5	29,284.5	0.0	847.5	847.5	0.0

	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
In-District Credit Hours:	26,226.0	26,226.0	0.0	822.5	822.5	0.0
Dual Credit Hours:	5,048.0	5,048.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	6.0	6.0	0.0	0.0	0.0	0.0

Total Correctional Semester Credit Hours

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

Sauk Valley Community College District #506

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

Note 1: Residency Verification Process

Procedures for Verifying and Classifying Residency

In-District Students

An in-district student is one whose legal residence is within the boundaries of the College. All students are required to certify on the application that the address given is correct. A student is considered a resident of District 506 if one of the following criteria is met for at least 30 days prior to beginning of the term.

- The student resides with his/her parents within District 506.
- The student is an emancipated minor, completely self-supporting and resides within District 506.
- The student is 18 years or older, self-supporting, and maintains a residence within District 506.
- The student works full-time *(as defined by IRS regulations) within District 506 and can show proof of his/her employment.

Students that move into the district for reasons other than attending Sauk Valley Community College shall be exempt from the 30-day requirement if they demonstrate a verifiable interest in establishing permanent residency. Verification will consist of employment documentation, home purchase document, and/or other legal documents. Special cases regarding legal residency of students shall be considered individually.

Out-of-District Students

An out-of-district student is any person whose legal residence is outside the boundaries of SVCC District 506, but in the State of Illinois.

Out-of-district residents who wish to attend Sauk and pay tuition and fees at the in-district rate must file the "Comprehensive Agreement Regarding the Expansion of Educational Resources" form with his/her community college district and receive authorization. The student will then be enrolled on the same tuition basis as the in-district resident. These forms can be obtained from the student's community college district and must be filed with the SVCC Admissions and Records Office prior to the semester when the out-of-district student wishes to begin attending Sauk.

An out-of-district resident who does not have a "Comprehensive Agreement Regarding the Expansion of Educational Resources" authorization will be charged the out-of-district rate.

Out-of-district charges are subject to changes based on fiscal year audits ending each June 30th.

Out-of-State Students

Anyone who is a resident of another state at the time of application will be considered an out-of-state applicant. Out-of-state students will be charged the current rate of tuition for out-of-state students.

Online Students

All students will be charged the current online tuition rate for online courses.

Returned mail to the College creates cause to question residency. If an address appears to be out of district, the student will be coded as out-of-district and must display proof of residency in order to gain in-district status. Proof of residency may include a driver's license, voter's registration card, property tax bill, or an apartment lease. Residents of states other than Illinois are classified as out-of-state. Many of the county tax records are available online and are checked by the registrar when needed.

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 of Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 28, 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 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 script is cursive and fluid, with the letters "W", "i", "p", "f", "l", and "i" being particularly prominent and connected.

Wipfli LLP

Sterling, Illinois
December 28, 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, 2024. 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, 2024.

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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

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

Wipfli LLP

Sterling, Illinois
December 28, 2024

Sauk Valley Community College District #506

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
Department of the Treasury				
Passed through the Illinois Community College Board:				
COVID-19 Coronavirus State and Local Fiscal Recovery:				
College Bridge Program	21.027	CB-50601-22	\$220,000	\$0
Small Business Administration:				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Small Business Development Centers	59.037	22-565191	\$35,036	\$0
Small Business Development Centers	59.037	23-185191	47,480	0
Small Business Development Centers	59.037	24-561191	6,144	0
Total ALN 59.037			\$88,660	\$0
U.S. Department of Education:				
Pass-through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Basic	84.002	AE-50601-24	\$113,908	\$0
Direct awards:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants (m)	84.007		114,612	0
Federal Work Study Program (m)	84.033		97,736	0
Federal Pell Grant Program (m)	84.063		2,281,070	0
Federal Pell Grant Program - admin (m)	84.063		2,755	0
Federal Direct Loan Program (m)	84.268		604,297	0
Total student financial assistance cluster			3,100,470	0
Direct award:				
Higher Education Institutional Aid	84.031A		500,333	0
Direct award:				
TRIO Cluster:				
TRIO - Student Support Services	84.042A		393,635	0
Passed through the Illinois Community College Board:				
Career and Technical Education - Basic Grants to States				
Perkins Postsecondary Grants	84.048	CTE-506-24	167,233	0
Passed through the Illinois Community College Board:				
COVID-19 Education Stabilization Fund:				
GEER	84.425C	GEERII-50622	702	0
Total ALN 84.425			702	0
Total U.S. Department of Education			\$4,276,281	\$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, 2024

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 Fund Cluster:				
Passed through the Illinois Community College Board:				
Early Childhood Access Consortium for Equity (m)	93.575	ECE-50601-22	\$417,639	\$0
Passed through the Illinois Student Assistance Commission:				
Early Childhood Access Consortium for Equity (m)	93.575	444-80-2814	462,569	0
Total ALN 93.575			\$880,208	\$0
Corporation for National and Community Service:				
Passed through the Illinois Department of Human Services:				
AmeriCorps - Formula Program	94.006	FCSCY006631	23,910	0
Total federal awards expended			\$5,489,059	\$0

(m) Denotes major program

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, 2024

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, 2024. 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, 2024, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$604,297.

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, 2024.

Note 6: Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2024.

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

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 Assistance Cluster
93.575	Child Care and Development Fund 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 (Continued)

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

2024-001 Special Test and Provisions - Enrollment Reporting

Federal Program Information:

Funding agency: US Department of Education
Title: Student Financial Aid Cluster
AL number: 84.007, 84.033, 84.063, 84.268
Award year: 2024

Criteria or Specific Requirement: The College must accurately report the student's enrollment status to the NSLDS.

Condition: The examination disclosed 4 students, out of 10 student files who had an enrollment status change tested, in which their enrollment status was inaccurately reported.

Student A's LDA according to the institutional records is 2/28/24, and the effective date of withdraw reported to NSLDS is 3/25/24.

Student B's LDA according to the institutional records is 9/14/23, and the effective date of withdraw reported to NSLDS is 9/18/23.

Student C's LDA according to the institutional records is 8/31/23, and the effective date of withdraw reported to NSLDS is 9/19/23.

Student D's LDA according to the institutional records is 11/28/23, and the effective date of withdraw reported to NSLDS is 12/8/23.

Context: In planning and performing our audit procedures, we obtained an understanding of the design and implementation of internal controls related to the College's student financial aid grants. Additionally, we performed substantive audit procedures to obtain audit evidence verifying the completeness, validity, and accuracy of the student financial aid grants.

Questioned Costs: \$0

Effect: The student statuses were not accurately reflected in the NSLDS.

Cause: The institution identified that they reported the information on the Student Clearinghouse to update the NSLDS, but there was a breakdown in communication between the Clearinghouse and NSLDS in updating the information according to the data provided by the institution.

Repeat: No

Auditor's Recommendation: We recommend the College implement procedures to spot check the status changes and dates from the NSLDS website to the college's records to ensure it is being accurately provided by the institution.

View of Responsible Officials: Management acknowledges the finding and has prepared a corrective action plan.

Sauk Valley Community College District #506

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2024

June 30, 2023

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None

June 30, 2022

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

None



Corrective Action Plan for Current Year Findings

Finding 2024-001: Special Tests & Provisions – Enrollment Reporting – NSLDS Inaccurately Reported

Corrective Action Plan:

The audit identified discrepancies between the enrollment information reported to the Clearinghouse and the data reflected in NSLDS, affecting 4 of the 10 student files reviewed by the auditors. The root cause was determined to be a communication breakdown between the Clearinghouse and NSLDS systems, resulting in the transfer of inaccurate data. A corrective action plan has been developed to strengthen internal controls and ensure the accuracy of enrollment reporting.

To enhance accuracy, the Registrar and the Director of Financial Assistance will conduct a random review of enrollment reporting data submitted through the National Student Clearinghouse and reflected in NSLDS at regular intervals during each semester and following the confirmation of degrees. This review process will include cross-referencing the last date of attendance and effective withdrawal dates recorded in institutional systems against the corresponding data in the Clearinghouse and NSLDS. Any discrepancies identified during these reviews will be documented, and necessary corrections will be promptly submitted to the Clearinghouse.

Person(s) Responsible:

Joe Strabala-Bright, Dean of Student Services; Meagan Rivera, Registrar; Jennifer Schultz, Director of Financial Assistance and Benefits Navigator

Timing for Implementation:

The corrective action plan will be initiated immediately. The first round of spot checks will be completed within one month, with ongoing monthly checks thereafter.

Dr. David Hellmich, *President*

Kent Sorenson, *Vice President of Business Services*

Sauk Valley Community College is dedicated to teaching and scholarship while engaging the community in lifelong learning, public service, and economic development.

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