

SPOON RIVER COLLEGE DISTRICT NO. 534
Canton, Illinois
Financial Report
June 30, 2015 and 2014
With Supplementary Information

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
of Spoon River College District No. 534

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Spoon River College District No. 534 as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spoon River College District No. 534 as of June 30, 2015 and 2014, and the changes in financial position and its

cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 7 through 12 and pension funding information on pages 33 and 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The accompanying supplementary information, as listed in the table of contents, 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the supplemental information as listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2015, on our consideration of Spoon River College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015

Management's Discussion and Analysis

This section of Spoon River College's financial statements presents management's discussion and analysis of the College's financial activities for the fiscal year ended June 30, 2015. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's basic financial statements (pages 13 - 16) and the footnotes (pages 17 - 31). Responsibility for the completeness and fairness of this information rests with the College.

Overview of the Financial Statements

The financial statements focus on the College as a whole versus the traditional presentation by fund types. The College financial statements (see pages 13 - 16) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statement of Net Position is designed to be similar to bottom-line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities which are financed mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

Financial Highlights

For the year ended June 30, 2015, the College recorded total operating revenues of \$5,593,235 and total operating expenses of \$17,280,201. The difference produced an operating loss of \$11,686,966. Net nonoperating revenue of \$12,893,989 and capital contributions of \$2,377,326 offset this loss and resulted in an overall increase in net position of \$3,584,349.

Nonoperating revenue included local property taxes of \$4,841,912, state appropriations of \$7,638,394, federal grants and local contracts of \$3,358,157, investment income of \$11,754 and other net expense of \$578,902.

Operating revenue accounted for 26% of the College's total revenue, while nonoperating revenues accounted for the other 74% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$4,336,353, auxiliary enterprise revenues totaling \$1,229,715, and other miscellaneous revenue of \$27,167.

Comparison of Net Position - Fiscal Years 2015 and 2014

	<u>2015</u>	<u>2014</u>	Increase <u>(Decrease)</u>
Net Position:			
Net investment in capital assets	\$ 3,589,932	1,354,338	2,235,594
Restricted	2,772,765	93,536	2,679,229
Unrestricted	<u>286,964</u>	<u>1,617,438</u>	<u>(1,330,474)</u>
	<u>\$ 6,649,661</u>	<u>3,065,312</u>	<u>3,584,349</u>

Financial Analysis of the College as a Whole

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Net Position				
Current assets	\$ 16,804,721	16,622,210	182,511	1.10
Noncurrent assets:				
Capital assets, net of depreciation	10,715,573	8,454,338	2,261,235	26.75
Deferred outflows of resources	10,381	-	10,381	100.00
Total assets	<u>27,530,675</u>	<u>25,076,548</u>	<u>2,454,127</u>	<u>9.79</u>
Current liabilities	4,111,361	4,093,702	17,659	0.43
Noncurrent liabilities	11,792,163	13,079,747	(1,287,584)	(9.84)
Total liabilities	<u>15,903,524</u>	<u>17,173,449</u>	<u>(1,269,925)</u>	<u>(7.39)</u>
Deferred inflows of resources	<u>4,977,490</u>	<u>4,837,787</u>	<u>139,703</u>	<u>2.89</u>
Total liabilities and deferred inflows of resources	<u>20,881,014</u>	<u>22,011,236</u>	<u>(1,130,222)</u>	<u>(5.13)</u>
Net position:				
Invested in capital assets	3,589,932	1,354,338	2,235,594	165.07
Restricted	2,772,765	93,536	2,679,229	2,864.38
Unrestricted	286,964	1,617,438	(1,330,474)	(82.26)
	<u>\$ 6,649,661</u>	<u>3,065,312</u>	<u>3,584,349</u>	<u>116.93</u>

This schedule is prepared from the College's statements of net position (page 13) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Total net position at June 30, 2015, increased to \$6,649,661 from \$3,065,312 in fiscal year 2014.

Total current assets and current liabilities did not change significantly.

Noncurrent liabilities decreased \$1,287,584 as a result of bond payments and the increase in current portion of bonds payable. See note 4 on pages 26 and 27 of the financial statements for more information regarding the changes in debt outstanding and required future principal and interest payments.

Deferred inflows increased by \$139,703 from the prior year. The increase is attributed to normal increases in property tax assessments.

The change in capital assets is explained on page 12 after the Analysis of Net Position chart.

Operating Results for the Years Ended June 30, 2015 and 2014

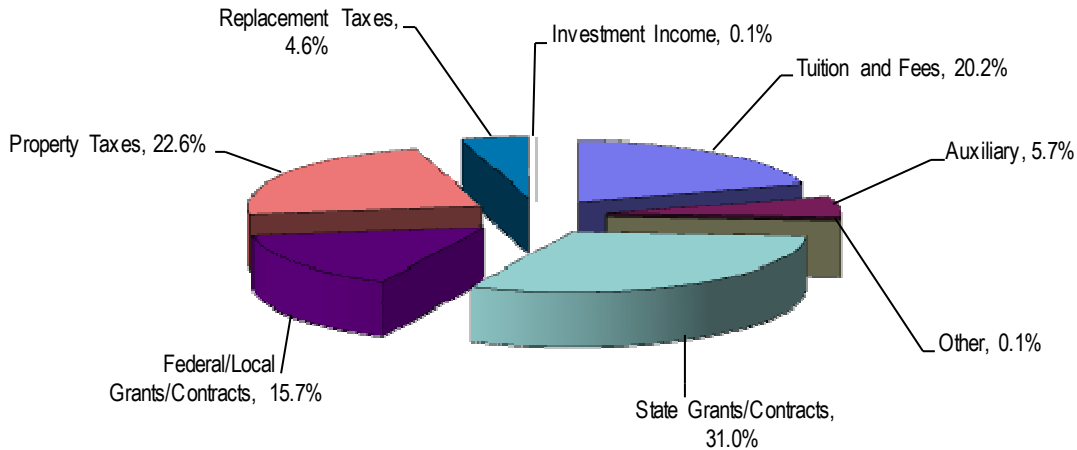
	<u>2015</u>	<u>2014</u>	Increase (Decrease)	Percent Change
Operating revenue				
Tuition and fees	\$ 4,336,353	4,097,228	239,125	5.8
Auxiliary	1,229,715	1,207,833	21,882	1.8
Other	27,167	14,130	13,037	92.3
Total operating revenue	<u>5,593,235</u>	<u>5,319,191</u>	<u>274,044</u>	<u>5.2</u>
Less operating expenses	<u>17,280,201</u>	<u>17,238,414</u>	<u>41,787</u>	<u>0.2</u>
Operating loss	<u>(11,686,966)</u>	<u>(11,919,223)</u>	<u>(232,257)</u>	<u>(1.9)</u>
Nonoperating revenues and expenses				
State grants and contracts	4,279,737	4,015,335	264,402	6.6
Federal and local grants and contracts	3,358,157	3,052,179	305,978	10.0
Property taxes	4,841,912	4,503,459	338,453	7.5
Replacement taxes	981,331	912,474	68,857	7.5
Investment income	11,754	33,285	(21,531)	(64.7)
Interest expense and debt issue costs	(578,902)	(746,833)	167,931	(22.5)
Net nonoperating revenue	<u>12,893,989</u>	<u>11,769,899</u>	<u>1,124,090</u>	<u>9.6</u>
Capital grants and gifts	<u>2,377,326</u>	<u>17,048</u>	<u>2,360,278</u>	<u>13,844.9</u>
Increase (decrease) in net position	3,584,349	(132,276)	3,716,625	2,809.8
Net position, beginning of year	<u>3,065,312</u>	<u>3,197,588</u>	<u>(132,276)</u>	<u>(4.1)</u>
Net position, end of year	<u>\$ 6,649,661</u>	<u>3,065,312</u>	<u>3,584,349</u>	<u>116.9</u>
Total revenues	<u>\$ 21,443,452</u>	<u>17,852,971</u>	<u>3,590,481</u>	<u>20.1</u>

Operating revenues increased approximately \$274,000. Tuition and fees increased approximately \$239,000. The tuition and fee rate increased \$10.00 per credit hour or 10.00%. This increase was partially offset by a decrease in credit hours of approximately 400 or 1.00%. Other operating revenues did not change significantly.

Net nonoperating revenues increased \$1,124,090. State grants and contracts increased primarily as a result of an increase of \$417,407 in state on behalf contributions to the State Universities Retirement System as described in note 5 on pages 27 through 30. This increase was partially offset by a decrease in ICCB and other state grants of \$153,005. Federal and local grants and contracts increased \$305,978 primarily as a result of an increase in the amount of financial aid awarded. Investment income decreased as a result of lower interest rates. Property taxes increased primarily as a result of an increase in assessed valuation. Other nonoperating revenues did not change significantly. Interest expense decreased as a result of bond principal payments. Fiscal year 2014 included \$107,666 in bond issue costs.

Operating expenses increased \$41,787. Institutional support increased as a result of the increase in state on behalf contributions as explained on the previous page. Depreciation expense decreased \$69,819 as a result of a significant amount of building costs and renovations becoming fully depreciated in 2014. Scholarships and grants increased as a result of an increase in financial aid. Other operating expenses did not change significantly.

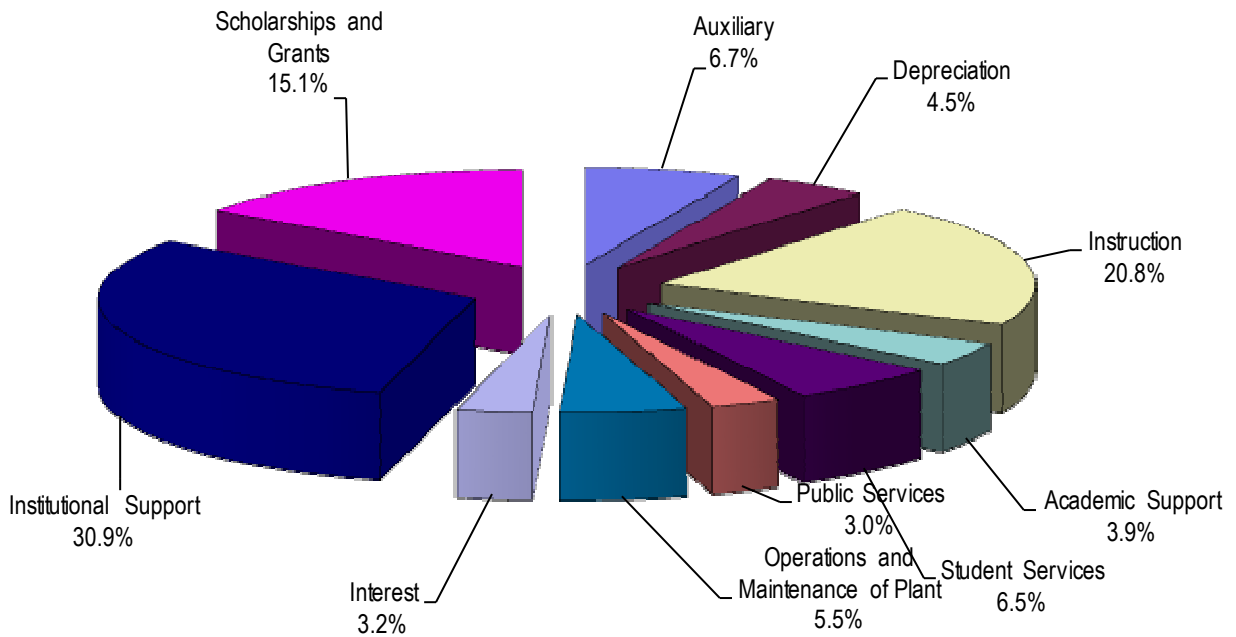
The following is a graphic illustration of revenues by source:



Operating and Nonoperating Expenses:

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating expenses:				
Instruction	\$ 3,706,426	3,685,788	20,638	0.6
Academic support	695,718	740,103	(44,385)	(6.0)
Student services	1,161,193	1,215,219	(54,026)	(4.4)
Public service/continuing education	539,444	638,873	(99,429)	(15.6)
Operations and maintenance of plant	979,429	1,047,931	(68,502)	(6.5)
Institutional support	5,510,904	5,264,304	246,600	4.7
Scholarships and grants	2,699,180	2,424,827	274,353	11.3
Auxiliary enterprises	1,192,503	1,356,146	(163,643)	(12.1)
Depreciation	795,404	865,223	(69,819)	(8.1)
Total operating expenses	<u>17,280,201</u>	<u>17,238,414</u>	<u>41,787</u>	<u>0.2</u>
Nonoperating expenses	<u>578,902</u>	<u>746,833</u>	<u>(167,931)</u>	<u>(22.5)</u>
Total expenses	<u>\$ 17,859,103</u>	<u>17,985,247</u>	<u>(126,144)</u>	<u>(0.7)</u>

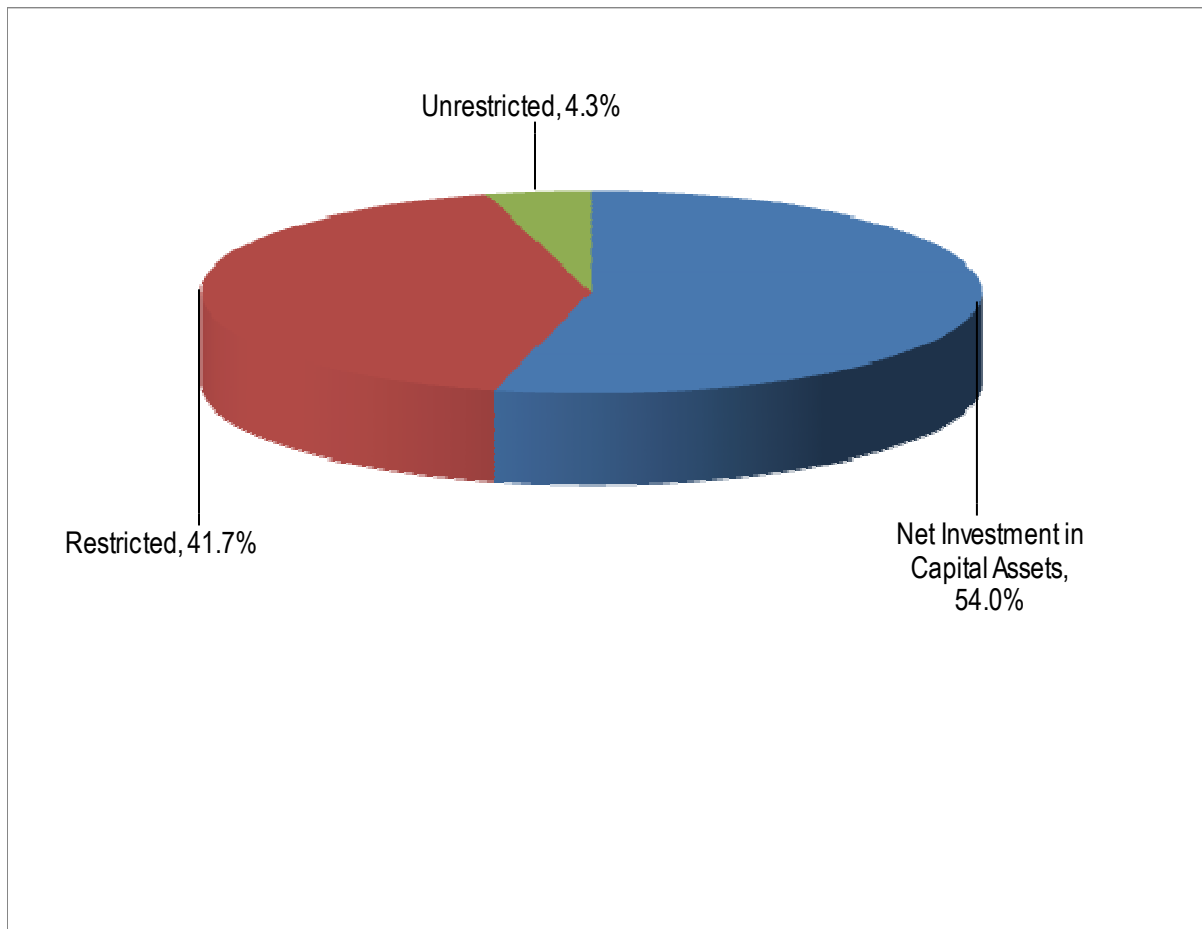
The following is a graphic illustration of expenses:



Operating expenses increased \$41,787 or less than 1% from fiscal year 2014. The increase is explained in the operating results section at the top of page 10.

	<u>2015</u>	<u>2014</u>	<u>Increase (Decrease)</u>
Net Position:			
Net investment in capital assets	\$ 3,589,932	1,354,338	2,235,594
Restricted	2,772,765	93,536	2,679,229
Unrestricted	<u>286,964</u>	<u>1,617,438</u>	<u>(1,330,474)</u>
	<u>\$ 6,649,661</u>	<u>3,065,312</u>	<u>3,584,349</u>

The following is a graphic illustration of net position:



Capital Assets, Net	<u>2015</u>	<u>2014</u>	Increase (Decrease)
Capital Assets			
Land and improvements	\$ 869,115	869,115	-
Buildings	20,083,695	19,789,070	294,625
Equipment	779,831	767,331	12,500
Computer technology	2,934,638	2,837,263	97,375
Construction in progress	<u>2,669,187</u>	<u>17,048</u>	<u>2,652,139</u>
Total	27,336,466	24,279,827	3,056,639
Less accumulated depreciation	<u>(16,620,893)</u>	<u>(15,825,489)</u>	<u>(795,404)</u>
Net capital assets	<u>\$ 10,715,573</u>	<u>8,454,338</u>	<u>2,261,235</u>

As of June 30, 2015, the College had \$27,336,466 invested in capital assets, \$16,620,893 in accumulated depreciation resulting in \$10,715,573 in net capital assets. Construction in progress represents costs incurred to construct a new multi-purpose facility at the Canton campus. Total costs are estimated to be \$7,177,100 of which \$4,027,100 will be paid by a capital grant from the Illinois Capital Development Board. See note 3 on page 24 for more information regarding capital assets.

SPOON RIVER COLLEGE DISTRICT NO. 534
Statements of Net Position

June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,672,589	3,813,651
Investments	5,340,358	5,030,173
Receivables:		
Property taxes	3,247,283	4,532,373
Replacement taxes	161,091	154,894
Government claims	566,434	603,034
Student tuition and fees	1,983,006	1,948,685
Other	473,478	227,565
Inventories	289,184	248,136
Prepaid expenses	71,298	63,699
Total current assets	<u>16,804,721</u>	<u>16,622,210</u>
Noncurrent assets:		
Fixed assets	27,336,466	24,279,827
Less accumulated depreciation	<u>(16,620,893)</u>	<u>(15,825,489)</u>
Total noncurrent assets	<u>10,715,573</u>	<u>8,454,338</u>
Deferred Outflows of Resources		
Federal trust pension contributions	<u>10,381</u>	-
Total deferred outflows of resources	<u>10,381</u>	-
Total assets and deferred outflows of resources	<u>\$ 27,530,675</u>	<u>25,076,548</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 176,660	197,093
Accrued expenses	640,208	730,525
Unearned revenue	2,019,493	2,006,084
Bonds payable	<u>1,275,000</u>	<u>1,160,000</u>
Total current liabilities	<u>4,111,361</u>	<u>4,093,702</u>
Noncurrent liabilities:		
Bonds payable	<u>11,792,163</u>	<u>13,079,747</u>
Total noncurrent liabilities	<u>11,792,163</u>	<u>13,079,747</u>
Total liabilities	<u>15,903,524</u>	<u>17,173,449</u>
Deferred Inflows of Resources		
Unearned property tax revenue	<u>4,977,490</u>	<u>4,837,787</u>
Total deferred inflows of resources	<u>4,977,490</u>	<u>4,837,787</u>
Total liabilities and deferred inflows of resources	<u>20,881,014</u>	<u>22,011,236</u>
Net Position		
Net Investment in capital assets	3,589,932	1,354,338
Restricted for:		
Expendable:		
Capital projects	2,767,086	93,536
Debt service	5,679	-
Unrestricted	<u>286,964</u>	<u>1,617,438</u>
Total net position	<u>\$ 6,649,661</u>	<u>3,065,312</u>

The accompanying notes to the financial statement are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Revenues		
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$481,975 in 2015 and \$473,306 in 2014	\$ 4,336,353	4,097,228
Auxiliary enterprises revenue	1,229,715	1,207,833
Other operating revenues	27,167	14,130
Total operating revenues	<u>5,593,235</u>	<u>5,319,191</u>
Expenses		
Operating expenses:		
Instruction	3,706,426	3,685,788
Academic support	695,718	740,103
Student services	1,161,193	1,215,219
Public service/continuing education	539,444	638,873
Operations and maintenance of plant	979,429	1,047,931
Institutional support	5,510,904	5,264,304
Scholarships and student grants	2,699,180	2,424,827
Auxiliary enterprises	1,192,503	1,356,146
Depreciation	795,404	865,223
Total operating expenses	<u>17,280,201</u>	<u>17,238,414</u>
Operating loss	<u>(11,686,966)</u>	<u>(11,919,223)</u>
Nonoperating revenues (expenses):		
State grants and contracts	4,279,737	4,015,335
Property taxes	4,841,912	4,503,459
Corporate personal property replacement tax	981,331	912,474
Federal grants and contracts	3,308,561	2,999,102
Local grants and contracts	49,596	53,077
Investment income	11,754	33,285
Debt issue costs	-	(107,666)
Interest expense	(578,902)	(639,167)
Total nonoperating revenues	<u>12,893,989</u>	<u>11,769,899</u>
Net income (loss) before capital contributions	1,207,023	(149,324)
Capital contributions		
Capital grants and gifts	<u>2,377,326</u>	<u>17,048</u>
Increase (decrease) in net position	3,584,349	(132,276)
Net position - beginning of year	<u>3,065,312</u>	<u>3,197,588</u>
Net position - end of year	<u>\$ 6,649,661</u>	<u>3,065,312</u>

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 4,302,044	4,089,070
Payments to suppliers	(7,600,085)	(7,501,421)
Payments to employees	(6,371,445)	(6,598,373)
Auxiliary enterprises charges	1,227,758	1,192,806
Other	27,167	14,130
Net cash used by operating activities	<u>(8,414,561)</u>	<u>(8,803,788)</u>
Cash Flows from Noncapital Financing Activities		
Local property taxes	6,266,705	4,178,287
Replacement tax	975,134	931,642
Grants and contracts	4,834,643	5,015,557
Net cash provided by noncapital financing activities	<u>12,076,482</u>	<u>10,125,486</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(679,313)	(294,198)
Debt proceeds	-	4,300,000
Principal paid on capital debt	(1,160,000)	(1,125,000)
Interest paid on capital debt	(665,239)	(555,690)
Net cash provided (used) by capital and related financing activities	<u>(2,504,552)</u>	<u>2,325,112</u>
Cash Flows from Investing Activities		
Decrease in investments	(310,185)	(892,888)
Interest on investments	11,754	33,285
Net cash (used) by investing activities	<u>(298,431)</u>	<u>(859,603)</u>
Net increase in cash and cash equivalents	858,938	2,787,207
Cash and cash equivalents, beginning of year	<u>3,813,651</u>	<u>1,026,444</u>
Cash and cash equivalents, end of year	<u>\$ 4,672,589</u>	<u>3,813,651</u>

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534**Statements of Cash Flows****For the years ended June 30, 2015 and 2014**

**Reconciliation of net operating revenues (expenses)
to net cash used by operating activities:**

	<u>2015</u>	<u>2014</u>
Operating loss	\$ (11,686,966)	(11,919,223)
Adjustments to reconcile operating loss to net cash used by operating activities:		
State on-behalf payments for fringe benefits	2,609,292	2,191,885
Depreciation	795,404	865,223
Changes in net assets:		
Receivables, net	(37,635)	(8,623)
Prepaid expenses	(7,599)	(3,019)
Inventories	(41,048)	40,980
Deferred outflows	(10,381)	-
Accounts payable	(20,433)	(13,678)
Accrued expenses	(16,564)	57,229
Unearned revenue	1,369	(14,562)
Net cash used by operating activities	\$ <u>(8,414,561)</u>	<u>(8,803,788)</u>
Noncash investing, capital and financing activities:		
Acquisition of capital assets with state capital contributions	\$ <u>2,377,326</u>	<u>17,048</u>
Bond issue costs	\$ <u>-</u>	<u>107,666</u>
General Obligation and bond premium	\$ <u>-</u>	<u>4,407,666</u>
Debt certificates	\$ <u>-</u>	<u>(4,300,000)</u>

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

Spoon River College is a two-year community college and is part of the Illinois Community College System which is regulated by the Illinois Community College Board. The College's district covers five counties in west-central Illinois.

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 as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

Reporting Entity

As defined by GASB Statement 14, "The Financial Reporting Entity," and amended by GASB Statement 39, "Determining Whether Certain Organizations are Component Units," the College is not financially accountable for any other entity nor are there any other entities for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete.

In addition, based upon the above criteria, the College is not aware of any entity which would be financially accountable for the College which would result in the College being considered a component entity.

Basis of Accounting

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-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; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the college on a reimbursement basis.

Classification of Revenues

Operating revenue includes activities that have the characteristics of exchange transactions, such as (1) student tuition and fees and (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Nonoperating revenue includes activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, (3) most federal, state, and local grants and contracts and federal appropriations, and (4) gifts and contributions.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

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 District. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee's resolution, property tax levies for 2013 and 2012 are to be recognized as revenue in fiscal years 2015 and 2014, respectively.

The Fulton County Supervisor of Assessments prepares the property tax assessment rolls with the property tax liens as of January 1 of each year. Levies are set prior to the lien by the last Tuesday of December. The 2014 levy was passed by the Board on December 17, 2014.

The collection date for property tax receipts is thirty days after the property tax bills are mailed to property owners for the first installment, generally June 1 of each year. The second installment, being one-half of the total tax levy, is due September 1 of each year.

Property taxes collected are distributed to the College thirty days after receipt by the County, generally July, August, and September. Any unpaid property tax levies are sold at a tax sale the last week of October, and final distribution is made by the end of November of each year.

Following are the tax rate limits permitted by the School Code and by local referendum and the actual rates levied per \$100 of assessed valuation:

	<u>Limit</u>	<u>Actual</u>	
		<u>2015 Levy</u>	<u>2014 Levy</u>
Education	.2000	.2000	.2000
AV ADD Education	.0143	.0181	.0143
Operations, Building, and Maintenance	.0500	.0500	.0500
Bond and Interest	Unlimited	.2186	.2265
Audit	.0050	.0046	.0039
Liability, Protection, and Settlement	Unlimited	.0783	.0773
Fire Prevention/Safety/Energy	.0500	.0130	.0110
Social Security	Unlimited	.0181	.0171
		<u>.6007</u>	<u>.6001</u>

By referendum, the Education levy can be raised at a rate of .1250 per referendum to a maximum of .7500. The Building levy can be raised at a rate of .0500 per referendum to a maximum of .1000.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets include property, plant, and equipment and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial cost of \$5,000 or more for equipment and \$100,000 or more for building remodeling and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Building remodeling	10
Land improvements	10
Equipment	5
Computer technology	3
Vehicles	4

Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, checking, and money market accounts.

Investments

Investments, which consist of certificates of deposit, Illinois School District Liquid Asset Fund and Illinois Funds, are stated at cost, which approximates market.

Receivables

Accounts receivable include uncollateralized student obligations, which generally require payment by the first day of class unless a payment plan through a third party has been established. Accounts receivable are stated at the invoice amount.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of amounts that will not be collected. The allowance for doubtful accounts is based on management's assessment of the collectability of specific student accounts and the aging of accounts receivable. If the actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due could be adversely affected.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

Unearned Tuition and Fee Revenue

Tuition and fee revenues received and related to the period after June 30, 2015, have been recorded as unearned.

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. 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 appropriation, 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.

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 Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Nonprofit Organizations, and the Compliance Supplement.

On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the state of Illinois to the State Universities Retirement Systems on behalf of the College's employees. In fiscal years 2015 and 2014, the state made contributions of \$2,609,292 and \$2,191,885, respectively.

Pensions

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

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 1. Summary of Significant Accounting Policies (continued)

is the only entity with a legal obligation to make contributions directly to a pension plan. The State of Illinois is considered a non-employer contributing entity. Participating employers are considered employer contributing entities.

Compensated Absences

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacations days from year to year. At June 30, 2015 and 2014, the College had recorded a vacation liability of \$273,341 and \$273,341, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Fiscal year 2015 pension contributions related to federal/trust/grant/other contributions are recorded as deferred outflows. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has only one type of item, which qualifies for reporting in this category, unearned property tax revenue, which is recognized in the period it is intended to finance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through September 16, 2015, which is the date the financial statements were available to be issued. No items requiring disclosure were identified.

NOTE 2. Deposits and Investments

The Illinois Public Community College Act and the Illinois Investment of the Public Funds Act allow funds belonging to the College to be invested. College policy delegates this authority to the Treasurer of the Board of Trustees as permitted by Illinois law.

Funds may be invested in the following types of securities within certain limitations: United States government securities, securities backed by the full faith and credit of the United States, bank certificates of deposit, commercial paper, money market mutual funds, savings and loan securities, the Illinois Funds (Money Market), and repurchase agreements.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 2. Deposits and Investments (continued)

The carrying amount of the College's demand deposits and money market accounts at June 30, 2015 and 2014, were \$3,007,048 and \$355,335, respectively, which excludes amounts maintained for cashier's change funds and petty cash totaling \$27,046 and \$32,784, respectively. Actual bank statement balances at June 30, 2015 and 2014 were \$3,207,723 and \$494,718, respectively. The difference between carrying amounts and bank balances represent primarily checks which have not cleared the bank.

The following details the College's cash and short-term investments as of June 30, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Demand Deposits	\$ 3,007,048	355,335
Money Market Funds (Cash Equivalents)	1,638,495	3,425,532
Illinois Funds	489,017	89,317
Illinois School Dist. Liquid Asset Fund	1,164,941	1,797,093
Bank Certificates of Deposit	3,686,400	3,143,763
Cash on hand	27,046	32,784
	<hr/>	<hr/>
Total cash and short-term investments	\$ 10,012,947	8,843,824
	<hr/> <hr/>	<hr/> <hr/>

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to them. The District's investment policy requires all amounts deposited with financial institutions in excess of any insurance limit to be collateralized by eligible securities. As of June 30, 2015, all of the College's bank deposits were insured or collateralized.

Investments

As of June 30, 2015, the College had the following investments:

	<u>Fair</u>	<u>Investment</u>	
	<u>Value</u>	<u>Maturities</u>	<u>Rating</u>
		<u>by Year</u>	
Illinois School District Liquid			
Asset Fund - CD's	\$ 3,686,400	Less than 1	N/A
Goldman Sachs Financial			
Square Prime Obligation Fund	1,638,495	N/A	AAAm (S&P)
Illinois Funds	489,017	Less than 1	AAAm (S&P)
	<hr/>		
	\$ 5,813,912		
	<hr/> <hr/>		

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the College's investment in the funds is the same as the value of the pool shares. The Pool is audited

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 2. Deposits and Investments (continued)

annually by an outside independent auditor, and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The College's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the College and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

The Illinois School District Liquid Asset Fund (also known as ISDLAF+) is an external investment pool created in cooperation by the Illinois Association of School Boards, the Illinois Association of School Business Officials and the Illinois Association of School Administrators. The Multi-Class Series invests in money market instruments having a maximum remaining maturity of one year except that U.S. government obligations may have remaining maturities of up to two years. The pool maintains a Standard and Poor's AAAm rating. ISDLAF+ also provides a fixed income investment program that allows investors to purchase investment instruments including certificates of deposit of banks and thrift institutions ("CDs"), commercial paper and bankers' acceptances. CDs purchased under this program are fully FDIC insured.

Goldman Sachs Financial Square Prime Obligations Fund represents a money market portfolio that comprises U.S. short-term debt obligations. The College utilizes the fund as a sweep account where excess bank deposits are transferred daily in and out of the fund. The fund is classified in the statement of net position as cash equivalents.

Concentration of Credit Risk

The College places no limit on the amount the College may invest with any one issuer. All of the College's investments are with The Illinois School District Liquid Asset Fund or the Illinois Funds.

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rates, the College has invested in funds with maturities of less than one year.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 3. Capital Assets

The following tables present the changes in the various capital asset categories for fiscal years 2015 and 2014:

Capital Assets - Fiscal Year 2015

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
Land	\$ 759,038	-	-	759,038
Land improvements	110,077	-	-	110,077
Buildings	19,789,070	294,625	-	20,083,695
Equipment	767,331	12,500	-	779,831
Computer technology	2,837,263	97,375	-	2,934,638
Construction in progress	17,048	2,652,139	-	2,669,187
	<u>24,279,827</u>	<u>3,056,639</u>	<u>-</u>	<u>27,336,466</u>
Less accumulated depreciation				
Land improvements	105,296	512	-	105,808
Buildings	13,011,013	466,911	-	13,477,924
Equipment	512,124	68,327	-	580,451
Computer technology	2,197,056	259,654	-	2,456,710
Total accumulated depreciation	<u>15,825,489</u>	<u>795,404</u>	<u>-</u>	<u>16,620,893</u>
Net capital assets	<u>\$ 8,454,338</u>	<u>2,261,235</u>	<u>-</u>	<u>10,715,573</u>

Construction in progress represents costs incurred to construct a new multi-purpose facility at the Canton campus. Total costs are estimated to be \$7,177,100 of which \$4,027,100 will be paid by a capital grant from the Illinois Capital Development Board. Costs paid by the Capital Development Board as of June 30, 2015 total \$2,282,289.

The College deposited \$3,150,000 in a trust account for its share of project costs. Disbursements from this account are authorized by the Illinois Capital Development Board. The balance of this account as of June 30, 2015 was \$2,774,730.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 3. Capital Assets (continued)

Capital Assets - Fiscal Year 2014

	Balance June 30, 2013	Additions	Deletions	Balance June 30, 2014
Land	\$ 759,038	-	-	759,038
Land improvements	104,954	5,123	-	110,077
Buildings	19,714,863	74,207	-	19,789,070
Equipment	718,464	66,788	17,921	767,331
Computer technology	2,689,183	148,080	-	2,837,263
Construction in progress	-	17,048	-	17,048
	<u>23,986,502</u>	<u>311,246</u>	<u>17,921</u>	<u>24,279,827</u>
Total cost				
Less accumulated depreciation				
Land and improvements	104,954	342	-	105,296
Buildings	12,472,031	538,982	-	13,011,013
Equipment	466,591	63,454	17,921	512,124
Computer technology	1,934,611	262,445	-	2,197,056
Total accumulated depreciation	<u>14,978,187</u>	<u>865,223</u>	<u>17,921</u>	<u>15,825,489</u>
Net capital assets	<u>\$ 9,008,315</u>	<u>(553,977)</u>	<u>-</u>	<u>8,454,338</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 4. Changes in General Long-term Debt

	Balance <u>July 1, 2014</u>	Bonds <u>Issued</u>	Bonds <u>Retired</u>	Balance <u>June 30, 2015</u>
Community College Bonds Series 2006	\$ 745,000	-	235,000	510,000
Community College Bonds Series 2008	6,355,000	-	215,000	6,140,000
Community College Bonds Series 2010	2,740,000	-	335,000	2,405,000
Community College Bonds Series 2013	<u>4,300,000</u>	<u>-</u>	<u>375,000</u>	<u>3,925,000</u>
	<u>\$ 14,140,000</u>	<u>-</u>	<u>1,160,000</u>	12,980,000
		Bond premium		<u>87,163</u>
		Total bonds outstanding		<u>\$ 13,067,163</u>

In May 2008, the College issued General Obligation Debt Certificates, Series 2008, totaling \$5,200,000. The certificates were due serially beginning in 2014 through 2023. In July 2008, the College issued \$6,370,000 in funding bonds and used \$5,200,000 of the proceeds to redeem the Debt Certificates. The balance of the bond proceeds was used to defease \$75,000 of Community College Bonds Series 2003 and \$875,000 of Community College Bonds Series 2005B. All issuance costs of the transaction (\$180,817) were paid from the bond proceeds. The net proceeds were deposited with an escrow agent and used to purchase U.S. government securities. These securities are to be used to provide for future debt service on the defeased bonds.

In 2004, the College issued \$4,480,000 of General Obligation Community College Bonds, Series 2003 dated July 1, 2003, due serially beginning December 1, 2004, through December 1, 2013, at interest rates ranging from 3.20% to 3.50%. Proceeds of \$950,000 were used to repay General Obligation Debt Certificates. The balance of \$3,220,000 was used to defease Community College Bonds, Series 1998. All issuance costs of the transaction (\$54,978) were paid from the bond proceeds. The net proceeds were deposited with an escrow agent and used to purchase U.S. government securities. These securities were to be used to provide for debt service on the 1998 bonds as the principal and interest payments became due. The bonds were retired during 2008.

On May 25, 2010 the College issued General Obligation Debt Certificates, Series 2010, in the amount of \$3,500,000. The certificates were due serially beginning in 2011 through 2020. On July 7, 2010 the College issued \$3,500,000 in taxable funding bonds and used the proceeds to redeem the General Obligation Debt Certificates.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 4. Changes in General Long-term Debt (continued)

On September 1, 2013 the College issued General Obligation Debt Certificates, Series 2013, in the amount of \$4,300,000. The certificates were due serially beginning in 2014 through 2028. On December 1, 2013 the College issued \$4,300,000 in funding bonds and used the proceeds to redeem the General Obligation Debt Certificates.

At June 30, 2015, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,275,000	549,599	1,824,599
2017	1,385,000	492,421	1,877,421
2018	1,465,000	428,842	1,893,842
2019	1,300,000	360,852	1,660,852
2020	1,385,000	289,180	1,674,180
2021	1,470,000	218,594	1,688,594
2022	1,505,000	156,955	1,661,955
2023	1,570,000	98,488	1,668,488
2024	1,625,000	34,125	1,659,125
	<u>\$ 12,980,000</u>	<u>2,629,056</u>	<u>15,609,056</u>

NOTE 5. Defined Benefit Pension Plans

Plan Description

Spoon River College District No. 534 contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the state of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org.

Benefits Provided

A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2014 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 5. Defined Benefit Pension Plans (continued)

Contributions

The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2014 and 2015 respectively, was 11.91% and 11.71% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15.139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15.155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period).

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

Net Pension Liability

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

Employer Proportionate Share of Net Pension Liability.

The amount of the proportionate share of the net pension liability to be recognized for Spoon River College is \$0. The proportionate share of the State’s net pension liability associated with Spoon River College is \$34,007,812 or .1561%. This amount is not recognized in the financial statements. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

Pension Expense

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

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense is 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 expense is the actual reported pensionable earnings made to SURS during fiscal year 2014. As a result, Spoon River College recognized on-behalf revenue and pension expense of \$2,581,636 for the fiscal year ended June 30, 2015.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 5. Defined Benefit Pension Plans (continued)

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

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

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

Employer Deferral of Fiscal Year 2015 Pension Expense

Spoon River College paid \$10,381 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

Assumptions and other Inputs

Actuarial assumptions

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's consultant(s) and actuary(s). For each major asset class that is

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 5. Defined Benefit Pension Plans (continued)

included in the pension plan's target asset allocation as of June 30, 2014, these best estimates are summarized in the following table:

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

Discount Rate

A single discount rate of 7.090% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and a municipal bond rate of 4.290% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2065. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2065, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.09%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

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

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 6. Lease Commitments

The College leases facilities and equipment under noncancelable operating leases with terms over one year. Future minimum rentals under the leases at June 30, 2015, are as follows:

Year Ending June 30,	Facilities	Equipment	Total
2016	\$ 19,800	10,957	30,757
2017	19,800	8,029	27,829
2018	16,500	2,173	18,673
2019	-	2,173	2,173
2020	-	543	543
	<u>\$ 56,100</u>	<u>23,875</u>	<u>79,975</u>

NOTE 7. Risk of Loss

The District is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The District purchases commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

REQUIRED SUPPLEMENTARY INFORMATION

(Unaudited)

SPOON RIVER COLLEGE DISTRICT NO. 534

Required Supplementary Information

Pension Funding Schedule

Year ended June 30, 2015

	<u>FY 2014</u>
Proportion Percentage of the Collective Net Pension Liability	<u>0%</u>
Proportion Amount of the Collective Net Pension Liability	<u>0%</u>
Portion of Nonemployer Contributing Entities' Total Proportion of Collective Net Pension Liability Associated with the College	<u>\$ 34,007,812</u>
College Covered-Employee Payroll	<u>\$ 5,710,878</u>
Proportion of Collective net Pension Liability Associated with the College as a percentage of Covered-Employee Payroll	<u>595.49%</u>
SURS Plan Net Position as a Percentage of Total Pension Liability	<u>44.39%</u>
Federal, Trust, Grant and Other contribution	\$ 10,381
Contribution in relation to required contribution	<u>10,381</u>
Contribution deficiency (excess)	<u>\$ -</u>
College Covered-Employee Payroll	<u>\$ 354,584</u>
Contribution as a Percentage of Covered-Employee payroll	<u>2.93%</u>

Additional Information

	<u>FY 2014</u>	<u>FY 2015</u>
On-Behalf Payments for Community College Health Insurance Program	<u>\$ 28,053</u>	<u>27,656</u>

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

Spoon River College District No.534
Notes to Required Supplementary Information

June 30, 2015

Changes of Benefit Terms

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

Changes of Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every five years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015. There are no changes of assumptions that affect measurement of the total collective pension liability since the prior measurement date.

SUPPLEMENTAL FINANCIAL STATEMENTS

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Balance Sheet

Governmental Fund Types - General

June 30, 2015

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Assets</u>			
Cash	\$ 1,725,281	-	1,725,281
Investments	4,727,446	-	4,727,446
Receivables:			
Property taxes	1,186,776	272,072	1,458,848
Corporate personal property replacement taxes	107,931	53,160	161,091
Government claims	220,389	50,388	270,777
Student tuition and fees	1,983,006	-	1,983,006
Other	437,865	127	437,992
Prepaid expenses	71,298	-	71,298
Cash interfund	-	-	-
Total assets	\$ 10,459,992	375,747	10,835,739
<u>Liabilities and Fund Balance</u>			
Accounts payable	\$ 176,660	-	176,660
Accrued payroll and vacation pay	437,588	22,850	460,438
Unearned revenue	4,162,044	417,036	4,579,080
Cash interfund	994,663	(174,114)	820,549
Due to other funds	-	-	-
General obligation debt certificates	-	-	-
Total liabilities	5,770,955	265,772	6,036,727
Fund balance:			
Reserve for encumbrances	-	-	-
Reserve for working cash	479,707	-	479,707
Unreserved	4,209,330	109,975	4,319,305
Total fund balance	4,689,037	109,975	4,799,012
Total liabilities and fund balance	\$ 10,459,992	375,747	10,835,739

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Fund Types - General

Year ended June 30, 2015

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Revenues</u>			
Local governmental sources:			
Current property taxes	\$ 1,729,110	403,425	2,132,535
Corporate personal property replacement taxes	657,492	323,839	981,331
Chargeback revenues	-	-	-
	<u>2,386,602</u>	<u>727,264</u>	<u>3,113,866</u>
State government sources:			
ICCB state grants	1,042,787	341,646	1,384,433
Illinois State Board of Education - Vocational Education	-	-	-
	<u>1,042,787</u>	<u>341,646</u>	<u>1,384,433</u>
Federal government sources:			
Administrative allowance	3,660	-	3,660
Other federal government sources	-	-	-
	<u>3,660</u>	<u>-</u>	<u>3,660</u>
Other sources:			
Student tuition and fees	4,818,328	-	4,818,328
Facilities revenue	-	13,277	13,277
Interest income	6,315	51	6,366
Miscellaneous	6,724	7,166	13,890
	<u>4,831,367</u>	<u>20,494</u>	<u>4,851,861</u>
 Total revenues	 <u>8,264,416</u>	 <u>1,089,404</u>	 <u>9,353,820</u>

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Fund Types - General

Year ended June 30, 2015

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Expenditures</u>			
Instruction	3,333,840	-	3,333,840
Academic support	692,526	-	692,526
Student services	892,098	-	892,098
Public service	450,422	-	450,422
Operations and maintenance of plant	-	979,429	979,429
Institutional support	2,285,243	-	2,285,243
Scholarships, student grants, and waivers	328,795	-	328,795
 Total expenditures	 <u>7,982,924</u>	 <u>979,429</u>	 <u>8,962,353</u>
 Excess of revenues over expenditures	 281,492	 109,975	 391,467
<u>Other Financing Sources (Uses)</u>			
Bond proceeds	-	-	-
Transfers	(3,150,000)	-	(3,150,000)
 Total other financing sources (uses)	 <u>(3,150,000)</u>	 <u>-</u>	 <u>(3,150,000)</u>
 Excess (deficiency) of revenues over expenditures and other financing sources	 (2,868,508)	 109,975	 (2,758,533)
 Fund balance, July 1, 2014	 <u>7,557,545</u>	 <u>-</u>	 <u>7,557,545</u>
 Fund balance, June 30, 2015	 <u>\$ 4,689,037</u>	 <u>109,975</u>	 <u>4,799,012</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combining Balance Sheet
Governmental Fund Types - Special Revenue

June 30, 2015

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<u>Assets</u>				
Cash	\$ 125,914	65,709	822,044	1,013,667
Investments	-	-	579,179	579,179
Receivables:				
Property taxes	-	24,486	522,378	546,864
Government claims	295,657	-	-	295,657
Other	10,792	-	-	10,792
Due from other funds	-	-	-	-
Total assets	\$ 432,363	90,195	1,923,601	2,446,159
<u>Liabilities and Fund Balance</u>				
Accounts payable	\$ -	-	-	-
Accrued payroll and vacation pay	10,218	-	5,444	15,662
Unearned revenue	18,393	37,533	800,709	856,635
Cash interfund	401,130	-	-	401,130
Due to other funds	-	-	-	-
Total liabilities	429,741	37,533	806,153	1,273,427
Fund balance:				
Reserve for encumbrances	-	-	-	-
Unreserved	2,622	52,662	1,117,448	1,172,732
Total fund balance	2,622	52,662	1,117,448	1,172,732
Total liabilities and fund balance	\$ 432,363	90,195	1,923,601	2,446,159

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Fund Types - Special Revenue

Year ended June 30, 2015

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenues				
State government sources:				
ICCB state grants	\$ 192,186	-	-	192,186
Department of Corrections	-	-	-	-
IDHS - Teen Parent	-	-	-	-
Illinois Secretary of State	45,260	-	-	45,260
DCEO	48,566	-	-	48,566
Other state sources	-	-	-	-
	<u>286,012</u>	<u>-</u>	<u>-</u>	<u>286,012</u>
Federal government sources:				
Received through ICCB:				
Adult Education	145,093	-	-	145,093
Other	-	-	-	-
U.S. Department of Education:				
Pell Grant Program	2,844,541	-	-	2,844,541
College Work Study	33,706	-	-	33,706
Supplemental Educational Opportunity Grant	46,172	-	-	46,172
Student Support Services	235,389	-	-	235,389
Title III	-	-	-	-
Academic Competitiveness	-	-	-	-
Other federal grants	-	-	-	-
	<u>3,304,901</u>	<u>-</u>	<u>-</u>	<u>3,304,901</u>
Other sources:				
Tech Prep Grant	-	-	-	-
WIU-SBDC	-	-	-	-
Dollar General Literacy	5,000	-	-	5,000
Seniors leading seniors	-	-	-	-
Career Link Transition	38,762	-	-	38,762
Other	5,834	-	-	5,834
Property taxes	-	31,473	761,682	793,155
Interest	-	4	884	888
	<u>49,596</u>	<u>31,477</u>	<u>762,566</u>	<u>843,639</u>
Total revenues	<u>3,640,509</u>	<u>31,477</u>	<u>762,566</u>	<u>4,434,552</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types - Special Revenue

Year ended June 30, 2015

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<u>Expenditures</u>				
Instruction	385,845	-	-	385,845
Academic support	3,192	-	-	3,192
Student services	269,095	-	-	269,095
Public service/continuing education	89,022	-	-	89,022
Institutional support	-	29,900	706,725	736,625
Scholarships, student grants, and waivers	2,890,713	-	-	2,890,713
Total expenditures	3,637,867	29,900	706,725	4,374,492
 Excess of revenues over expenditures	 2,642	 1,577	 55,841	 60,060
<u>Other Financing Sources (Uses)</u>				
Net transfers between funds	-	-	-	-
 Excess of revenues and other financing sources over expenditures and other financing uses	 2,642	 1,577	 55,841	 60,060
 Fund balance (deficit), July 1, 2014	 (20)	 51,085	 1,061,607	 1,112,672
 Fund balance, June 30, 2015	 \$ 2,622	 52,662	 1,117,448	 1,172,732

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Balance Sheet

Governmental Fund Types - Debt Service

June 30, 2015

	2006 Community College Bonds	2008 Community College Bonds	2010 Community College Bonds	2013 Community College Bonds	Total
<u>Assets</u>					
Cash	\$ 92,377	186,180	161,914	189,772	630,243
Receivables:					
Property taxes	<u>172,700</u>	<u>348,121</u>	<u>302,695</u>	<u>348,677</u>	<u>1,172,193</u>
Total assets	<u>\$ 265,077</u>	<u>534,301</u>	<u>464,609</u>	<u>538,449</u>	<u>1,802,436</u>
<u>Liabilities and Fund Balance</u>					
Accrued expenses	\$ -	-	-	-	-
Unearned revenue	<u>264,718</u>	<u>533,606</u>	<u>463,976</u>	<u>534,457</u>	<u>1,796,757</u>
Total liabilities	<u>264,718</u>	<u>533,606</u>	<u>463,976</u>	<u>534,457</u>	<u>1,796,757</u>
Fund balance - reserved for debt service	<u>359</u>	<u>695</u>	<u>633</u>	<u>3,992</u>	<u>5,679</u>
Total liabilities and fund balance	<u>\$ 265,077</u>	<u>534,301</u>	<u>464,609</u>	<u>538,449</u>	<u>1,802,436</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types - Debt Service

Year ended June 30, 2015

	2006 Community College Bonds	2008 Community College Bonds	2010 Community College Bonds	2013 Community College Bonds	Total
<u>Revenues</u>					
Local government sources:					
Current property taxes	\$ 268,838	519,672	472,907	566,036	1,827,453
Other sources:					
Investment income	34	65	60	71	230
Total revenues	<u>268,872</u>	<u>519,737</u>	<u>472,967</u>	<u>566,107</u>	<u>1,827,683</u>
<u>Expenditures</u>					
Debt service:					
Fixed charges	-	-	-	-	-
Bond principal	235,000	215,000	335,000	375,000	1,160,000
Interest and fees	33,513	304,042	137,334	187,115	662,004
Total expenditures	<u>268,513</u>	<u>519,042</u>	<u>472,334</u>	<u>562,115</u>	<u>1,822,004</u>
Excess of revenues over expenditures	359	695	633	3,992	5,679
Fund balance, July 1, 2014	-	-	-	-	-
Transfers	-	-	-	-	-
Fund balance, June 30, 2015	<u>\$ 359</u>	<u>695</u>	<u>633</u>	<u>3,992</u>	<u>5,679</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combined Balance Sheet
Governmental Fund Types - Capital Projects

June 30, 2015

Assets

Cash	\$ 2,774,730
Investments	-
Receivables:	
Property taxes	69,378
Due from other funds	-
	<hr/>
Total assets	\$ <u><u>2,844,108</u></u>

Liabilities and
Fund Balance

Accounts payable	\$ -
Unearned revenue	106,344
Cash interfund	(29,322)
	<hr/>
Total liabilities	<u>77,022</u>
Fund balance - reserve for capital projects	<u>2,767,086</u>
Total liabilities and fund balance	\$ <u><u>2,844,108</u></u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Fund Types - Capital Projects

Year ended June 30, 2015

Revenues

Local government sources:

Current property taxes	\$ 88,769
Other	-
	<u>88,769</u>

State government sources:

ICCB state grants	-
Capital Development Board	2,377,326
	<u>2,377,326</u>

Other sources:

Investment income	4,219
Sale of property	-
	<u>4,219</u>

Total revenues	<u>2,470,314</u>
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Expenditures

Contractual services	-
Fixed charges	-
Salaries	-
Repairs	-
Capital	2,946,764
	<u>2,946,764</u>

Total expenditures	<u>2,946,764</u>
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Excess of expenditures over revenues	(476,450)
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Other Financing Sources

Transfers	<u>3,150,000</u>
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Excess of revenues and other financing sources over expenditures	2,673,550
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Fund balance, July 1, 2014	<u>93,536</u>
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Fund balance, June 30, 2015	<u>\$ 2,767,086</u>
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SPOON RIVER COLLEGE DISTRICT NO. 534
Balance Sheet
Proprietary Fund Type - Auxiliary Enterprise

June 30, 2015

<u>Assets</u>	
Cash	\$ 46,664
Investments	33,733
Accounts receivable	24,694
Due from other funds	-
Inventory	<u>289,184</u>
 Total assets	 \$ <u><u>394,275</u></u>
<u>Liabilities and Retained Earnings</u>	
Current liabilities:	
Accounts payable	\$ -
Cash interfund	325,639
Accrued payroll and vacation pay	15,223
Due to other funds	<u>-</u>
 Total liabilities	 340,862
Retained earnings	<u>53,413</u>
 Total liabilities and retained earnings	 \$ <u><u>394,275</u></u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Combining Statement of Revenues and Expenses
Proprietary Fund Type - Auxiliary Enterprise

Year ended June 30, 2014

	General	Bookstore	Food Services	Print Shop	Postage	Nursing Exams	Student Activities	Athletics	Diesel Tractor Auto Technology	Transportation	Total
Revenues											
Sales	\$ -	518,135	89,026	30,300	16,054	9,198	-	-	43,825	-	706,538
Federal grant	-	-	-	-	-	-	-	-	-	-	-
Activity fees	-	-	-	-	-	-	-	88,000	-	-	88,000
Rentals	-	136,410	-	-	-	-	-	-	-	-	136,410
Interest	51	-	-	-	-	-	-	-	-	-	51
Total revenues	51	654,545	89,026	30,300	16,054	9,198	-	88,000	43,825	-	930,999
Operating Expenses											
Salaries	-	71,990	36,613	5,034	-	-	19,752	47,725	-	-	181,114
Employee benefits	-	14,800	-	-	-	-	-	14,500	-	-	29,300
Contractual services	-	-	-	20,136	-	-	11,187	14,552	-	-	45,875
General materials and supplies	-	439,568	54,770	2,354	16,814	5,129	7,820	12,171	44,379	103	583,108
Travel and conference/meeting expenses	-	45	-	-	-	-	3,957	13,168	-	-	17,170
Fixed charges	-	28,319	-	-	-	-	-	2,920	-	-	31,239
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
Other	-	4,186	-	-	-	-	1,744	-	-	-	5,930
Total operating expenses	-	558,908	91,383	27,524	16,814	5,129	44,460	105,036	44,379	103	893,736
Operating income (loss) before operating transfers	51	95,637	(2,357)	2,776	(760)	4,069	(44,460)	(17,036)	(554)	(103)	37,263
Operating Transfers	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ 51	95,637	(2,357)	2,776	(760)	4,069	(44,460)	(17,036)	(554)	(103)	37,263

SUPPLEMENTAL FINANCIAL INFORMATION

SPOON RIVER COLLEGE DISTRICT NO. 534
Assessed Valuations, Taxes Extended, and Collections
Governmental Fund Types

Levy years 2014, 2013, and 2012

	<u>2014 Levy</u>	<u>2013 Levy</u>	<u>2012 Levy</u>
<u>Assessed Valuation</u>	\$ 834,741,944	812,622,513	792,854,827
Tax rates (per \$100 of assessed valuation)			
Education Fund	.2000	.2000	.2000
AV ADD Education	.0181	.0143	.0083
Operations, Building, and Maintenance Fund	.0500	.0500	.0500
Bond and Interest Fund	.2186	.2265	.2093
Liability, Protection, and Settlement Fund	.0964	.0944	.0943
Fire Prevention/Safety/Energy	.0130	.0110	.0120
Audit Fund	.0046	.0039	.0039
Prior year adjustment	.0000	.0000	.0000
 Total	 <u>.6007</u>	 <u>.6001</u>	 <u>.5778</u>
 <u>Taxes Extended</u>			
Education Fund	\$ 1,669,484	1,628,613	1,585,578
AV ADD Education	151,088	116,446	65,801
Operations, Building, and Maintenance Fund	417,371	407,153	396,394
Bond and Interest Fund	1,824,746	1,844,404	1,659,307
Liability, Protection, and Settlement Fund	804,691	768,705	747,600
Fire Prevention/Safety/Energy	108,516	89,574	95,135
Audit Fund	38,398	31,758	30,919
Prior year adjustment	-	-	-
 Total	 <u>\$ 5,014,294</u>	 <u>4,886,653</u>	 <u>4,580,734</u>
 Taxes Collected (as of June 30, 2015)			
Education Fund	\$ 579,857	1,611,351	1,555,726
AV ADD Education	52,477	115,158	64,484
Operations, Building, and Maintenance Fund	144,964	402,825	388,913
Bond and Interest Fund	624,564	1,824,799	1,627,988
Liability, Protection, and Settlement Fund	278,331	760,534	733,489
Fire Prevention/Safety/Energy	36,966	88,622	93,339
Audit Fund	13,047	31,420	30,335
Prior year adjustment	-	-	-
 Total	 <u>\$ 1,730,206</u>	 <u>4,834,709</u>	 <u>4,494,274</u>
 Percentage collected	 <u>34.5%</u>	 <u>98.9%</u>	 <u>98.1%</u>

SPOON RIVER COLLEGE DISTRICT NO. 534

Schedule of Debt Maturities

Governmental Fund Types

June 30, 2015

Community College Bonds, Series 2006

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	5.35	\$ 250,000	20,598	270,598
2017	5.35	260,000	6,955	266,955
Total Series 2006		<u>\$ 510,000</u>	<u>27,553</u>	<u>537,553</u>

Community College Bonds, Series 2008

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	5.50	\$ 250,000	291,255	541,255
2017	5.50	430,000	272,555	702,555
2018	5.50	750,000	240,105	990,105
2019	5.50	815,000	197,067	1,012,067
2020	5.45	880,000	150,675	1,030,675
2021	4.15	940,000	107,190	1,047,190
2022	4.20	1,005,000	66,580	1,071,580
2023	4.25	1,070,000	22,738	1,092,738
Total Series 2008		<u>\$ 6,140,000</u>	<u>1,348,165</u>	<u>7,488,165</u>

Community College Bonds, Series 2010

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	5.00	\$ 350,000	120,627	470,627
2017	5.10	370,000	102,442	472,442
2018	5.35	390,000	82,575	472,575
2019	5.40	410,000	61,073	471,073
2020	5.65	430,000	37,855	467,855
2021	5.65	455,000	12,854	467,854
Total Series 2010		<u>\$ 2,405,000</u>	<u>417,426</u>	<u>2,822,426</u>

SPOON RIVER COLLEGE DISTRICT NO. 534

Schedule of Debt Maturities

Governmental Fund Types

June 30, 2015

<u>Community College Bonds, Series 2013</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	2.25	\$ 425,000	117,119	542,119
2017	1.15	325,000	110,469	435,469
2018	1.50	325,000	106,162	431,162
2019	2.85	75,000	102,712	177,712
2020	2.85	75,000	100,650	175,650
2021	2.85	75,000	98,550	173,550
2022	3.00	500,000	90,375	590,375
2023	3.00	500,000	75,750	575,750
2024	4.20	1,625,000	34,125	1,659,125
Total Series 2013		\$ 3,925,000	835,912	4,760,912

Combined Amortization Schedule

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,275,000	549,599	1,824,599
2017	1,385,000	492,421	1,877,421
2018	1,465,000	428,842	1,893,842
2019	1,300,000	360,852	1,660,852
2020	1,385,000	289,180	1,674,180
2021	1,470,000	218,594	1,688,594
2022	1,505,000	156,955	1,661,955
2023	1,570,000	98,488	1,668,488
2024	1,625,000	34,125	1,659,125
Total Debt Payable	\$ 12,980,000	2,629,056	15,609,056

Interest is due June 1 and December 1; principal is due December 1.

SPOON RIVER COLLEGE DISTRICT NO. 534
Schedule of Legal Debt Margin

Year ended June 30, 2015

Assessed valuation - 2014 levy	\$ 834,741,944
Debt limit, 2.875% of assessed valuation	\$ 23,998,831
Bond indebtedness	<u>12,980,000</u>
Legal debt margin	<u>\$ 11,018,831</u>

UNIFORM FINANCIAL STATEMENTS

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
All Funds Summary

Year ended June 30, 2015

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Health Insurance Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance, July 1, 2014	\$ 7,557,545	-	93,536	-	(21,355)	(20)	37,505	51,085	1,061,607	8,779,903
Revenues:										
Local tax revenue	\$ 1,729,110	403,425	88,769	1,827,453	-	-	-	31,473	761,682	4,841,912
All other local revenue	657,492	323,839	-	-	-	-	-	-	-	981,331
ICCB grants	1,042,787	341,646	-	-	-	192,186	-	-	-	1,576,619
All other state revenue	-	-	2,377,326	-	-	93,826	-	-	-	2,471,152
Federal revenue	-	-	-	-	-	3,304,901	-	-	-	3,304,901
Student tuition and fees	4,818,328	-	-	-	-	-	-	-	-	4,818,328
All other revenue	16,699	20,494	4,219	230	930,999	49,596	1,890,272	4	884	2,913,397
Total revenue	\$ 8,264,416	1,089,404	2,470,314	1,827,683	930,999	3,640,509	1,890,272	31,477	762,566	20,907,640
Expenditures:										
Instruction	\$ 3,333,840	-	-	-	-	385,845	-	-	-	3,719,685
Academic support	692,526	-	-	-	-	3,192	-	-	-	695,718
Student services	892,098	-	-	-	-	269,095	-	-	-	1,161,193
Public service/continuing education	450,422	-	-	-	1,200	89,022	-	-	-	540,644
Auxiliary services	-	-	-	-	892,536	-	-	-	-	892,536
Operations and maintenance	-	979,429	2,946,764	-	-	-	-	-	-	3,926,193
Institutional support	2,285,243	-	-	1,822,004	-	-	1,890,272	29,900	706,725	6,734,144
Scholarships, student grants, and waivers	328,795	-	-	-	-	2,890,713	-	-	-	3,219,508
Total expenditures	\$ 7,982,924	979,429	2,946,764	1,822,004	893,736	3,637,867	1,890,272	29,900	706,725	20,889,621
Proceeds from bonds	\$ -	-	-	-	-	-	-	-	-	-
Net transfers	(3,150,000)	-	3,150,000	-	-	-	-	-	-	-
	\$ (3,150,000)	-	3,150,000	-	-	-	-	-	-	-
Fund balance, June 30, 2015	\$ 4,689,037	109,975	2,767,086	5,679	15,908	2,622	37,505	52,662	1,117,448	8,797,922

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Operating Funds Revenues and Expenditures

Year ended June 30, 2015

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<u>Operating Revenues by Source</u>			
Local government revenue:			
Local taxes	\$ 1,729,110	403,425	2,132,535
CPPRT	657,492	323,839	981,331
Chargeback revenue	-	-	-
Total local government	<u>2,386,602</u>	<u>727,264</u>	<u>3,113,866</u>
State government:			
ICCB credit hour grants	557,422	341,646	899,068
ICCB equalization grants	342,669	-	342,669
ICCB career and technical education	61,264	-	61,264
ICCB square footage grant	-	-	-
ICCB - small college grant	81,432	-	81,432
Total state government	<u>1,042,787</u>	<u>341,646</u>	<u>1,384,433</u>
Federal government:			
Department of Education	-	-	-
Interest subsidy	-	-	-
Total federal government	<u>-</u>	<u>-</u>	<u>-</u>
Student tuition and fees:			
Tuition	4,155,323	-	4,155,323
Tuition received under reciprocal agreements	-	-	-
Fees	663,005	-	663,005
Total tuition and fees	<u>4,818,328</u>	<u>-</u>	<u>4,818,328</u>
Other sources:			
Facilities revenue	-	13,277	13,277
Investment revenue	6,315	51	6,366
Other	10,384	7,166	17,550
Total other revenue	<u>16,699</u>	<u>20,494</u>	<u>37,193</u>
Total revenue	<u>\$ 8,264,416</u>	<u>1,089,404</u>	<u>9,353,820</u>
Less nonoperating items:			
Tuition chargeback revenue	\$ -	-	-
Adjusted revenue	<u>\$ 8,264,416</u>	<u>1,089,404</u>	<u>9,353,820</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Operating Funds Revenues and Expenditures

Year ended June 30, 2015

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<u>Operating Expenditures</u>			
<u>By Program</u>			
Instruction	\$ 3,333,840	-	3,333,840
Academic support	692,526	-	692,526
Student services	892,098	-	892,098
Public service	450,422	-	450,422
Operations and maintenance	-	979,429	979,429
Institutional support	2,285,243	-	2,285,243
Scholarships, student grants, and waivers	328,795	-	328,795
	<u>7,982,924</u>	<u>979,429</u>	<u>8,962,353</u>
Total expenditures	\$ <u>7,982,924</u>	<u>979,429</u>	<u>8,962,353</u>
Less nonoperating items:			
Tuition chargeback	\$ <u>500</u>	<u>-</u>	<u>500</u>
Adjusted expenditures	\$ <u>7,982,424</u>	<u>979,429</u>	<u>8,961,853</u>
<u>By Object</u>			
Salaries	\$ 5,255,080	175,417	5,430,497
Employee benefits	1,384,218	74,000	1,458,218
Contractual services	132,607	293,339	425,946
General materials and supplies	646,849	65,939	712,788
Travel and conference/meeting expenses	104,484	9,137	113,621
Fixed charges	7,330	21,974	29,304
Utilities	-	332,456	332,456
Capital outlay	12,500	-	12,500
Other	439,856	7,167	447,023
	<u>7,982,924</u>	<u>979,429</u>	<u>8,962,353</u>
Total expenditures	\$ <u>7,982,924</u>	<u>979,429</u>	<u>8,962,353</u>
Less nonoperating items:			
Tuition chargeback	\$ <u>500</u>	<u>-</u>	<u>500</u>
Adjusted expenditures	\$ <u>7,982,424</u>	<u>979,429</u>	<u>8,961,853</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Restricted Purposes Fund Revenues and Expenditures

Year ended June 30, 2015

	<u>Restricted Purposes Fund</u>
<u>Revenue by Source</u>	
State government:	
ICCB - Work force development grant	\$ -
ICCB - CTE State Formula	-
ICCB - Adult Education	187,684
ICCB - Program Improvement	4,502
Other (page 58)	93,826
Total state government	<u>286,012</u>
Federal government:	
Department of Education	3,159,808
Other (page 58)	145,093
Total federal government	<u>3,304,901</u>
Other sources:	
AACC 50 Plus Completion	5,834
Career Link Transition	38,762
Dollar General Literacy	5,000
Total other sources	<u>49,596</u>
Transfers	<u>-</u>
Total restricted purposes fund revenues	<u>\$ 3,640,509</u>
<u>Expenditures by Program</u>	
Instruction	\$ 385,845
Academic support	3,192
Student services	269,095
Public service/continuing education	89,022
Institutional support	-
Scholarships, student grants, and waivers	2,890,713
Transfers	<u>-</u>
Total restricted purposes fund expenditures	<u>\$ 3,637,867</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Restricted Purposes Fund Revenues and Expenditures

Year ended June 30, 2015

	Restricted Purposes Fund
<u>Expenditures by Object</u>	
Salaries	\$ 438,354
Employee benefits	90,787
Contractual services	20,791
General materials and supplies	108,145
Travel and conference/meeting expenses	36,423
Fixed charges	-
Utilities	-
Capital outlay	13,800
Scholarships, student grants, and waivers	2,929,567
Other	-
Transfers	-
	<hr/>
Total restricted purposes fund expenditures	\$ 3,637,867
	<hr/> <hr/>
State government - other revenue:	
Secretary of State Community Literacy	\$ 45,260
DCEO - IGEN Sustainability	-
DCEO - Eliminate the Digital Divide	48,566
	<hr/>
	\$ 93,826
	<hr/> <hr/>
Federal government - other revenue:	
ICCB - Perkins	\$ 79,965
ICCB - CTE Formula	-
ICCB- Adult Education	65,128
	<hr/>
	\$ 145,093
	<hr/> <hr/>

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Current Funds Expenditures by Activity

Year ended June 30, 2015

Instruction

Instructional programs	\$ 3,719,685
Other	-
Total instruction	<u>3,719,685</u>

Academic support

Library center	207,016
Instructional materials center	93,968
Educational media services	-
Academic computing support	-
Academic administration and planning	391,542
Other	3,191
Total academic support	<u>695,717</u>

Student services

Admissions and records	438,557
Counseling and career guidance	269,095
Financial aid administration	220,392
Other	233,148
Total student services	<u>1,161,192</u>

Public service/continuing education

Community education	450,422
Customized training (instructional)	-
Community services	-
Other	89,023
Total public service/continuing education	<u>539,445</u>

Organized research

-

Auxiliary Services

2,784,008

SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Current Funds Expenditures by Activity

Year ended June 30, 2015

<u>Operations and maintenance of plant</u>	
Maintenance	604,530
Custodial services	-
Grounds	-
Campus security	-
Transportation	-
Utilities	355,099
Administration	-
Other	19,800
Total operations and maintenance of plant	<u>979,429</u>
<u>Institutional support</u>	
Executive management	204,167
Fiscal operations	352,522
Community relations	-
Administrative support services	1,256,458
Board of Trustees	23,285
General institution	135,905
Institutional research	-
Administrative data processing	1,049,532
Other	-
Total institutional support	<u>3,021,869</u>
<u>Scholarships, student grants, and waivers</u>	<u>3,219,508</u>
Total current funds expenditures	<u>\$ 16,120,853</u>

CERTIFICATION OF CHARGEBACK REIMBURSEMENT

SPOON RIVER COLLEGE DISTRICT NO. 534

Certification of Chargeback Reimbursement for Fiscal Year 2016

See Note Below

All Fiscal Year Noncapital Audited Operating Expenditures from the Following Funds:

Education Fund	\$	-
Operations and Maintenance Fund		-
Bond and Interest Fund		-
Restricted Purposes Fund		-
Audit Fund		-
Liability, Protection, and Settlement Fund		-

Total Noncapital Expenditures -

Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds -

Total Costs Included (A) \$ -

Total certified semester credit hours for FY 2015 (B) \$ 30,889

Per Capita Cost (A/B) \$ -

All FY 2015 state and federal operating grants for noncapital expenditures (C) \$ -
DO NOT INCLUDE ICCB GRANTS

FY 2015 state and federal grants per semester credit hour (C/B) \$ -

District's average ICCB grant rate (excluding equalization grants) for FY 2016 \$ -

District's student tuition and fee rate per semester credit hour for FY 2016 \$ -

Chargeback reimbursement per semester credit hour \$ -

Approved: _____
Chief Fiscal Officer Date

Approved: _____
Chief Executive Officer Date

Note: All data needed to complete this form was not available before the the audit was published and an addendum page will be distributed when the missing data is available. The FY 2016 ICCB average grant rate is not available.

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL - COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH STATE REQUIREMENTS
FOR CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT GRANTS
AND ADULT EDUCATION & FAMILY LITERACY GRANTS**

To the Board of Trustees
of Spoon River College District No. 534

Report on Financial Statements

We have audited the accompanying balance sheets of the Career and Technical Education-Program Improvement, and State Adult Education and Family Literacy Grants of Spoon River College District No. 534 as of June 30, 2015, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement, and State Adult Education and Family Literacy Grant Programs of Spoon River College District No. 534 as of June 30, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of the College as of June 30, 2015, or the changes in financial position 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.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of the College. The Expenditure Amounts and Percentages for ICCB Grant Funds Only on page 70 are presented for purposes of additional analysis and is not a required part of the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audits of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Expenditure Amounts and Percentages for ICCB Grant Funds Only on page 70 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534
Career and Technical Education - Program Improvement Grant
Balance Sheet

June 30, 2015

Assets

Cash	\$	-
		<u> </u>
	\$	-
		<u> </u>

Liabilities

Accounts payable	\$	-
------------------	----	---

Fund Balance

Fund balance - reserved for encumbrances		-
Fund balance - unreserved		-
		<u> </u>
Total liabilities and fund balance	\$	-
		<u> </u>

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534
Career and Technical Education - Program Improvement Grant
Statement of Revenues, Expenditures, and Changes
in Fund Balance

Year ended June 30, 2015

	<u>Actual</u>
<u>Revenue</u>	
State sources	\$ <u>4,502</u>
<u>Expenditures</u>	
<u>Current Year's Grant</u>	
Materials and supplies	4,502
Instructional Equipment	-
<u>Payment of Prior Year's</u>	
<u>Encumbrances</u> (Note 2)	<u>-</u>
Total expenditures	<u>4,502</u>
Excess of revenue over (under) expenditures	-
Fund balance reserved for encumbrances - July 1, 2014	<u>-</u>
Fund balance reserved for encumbrances - June 30, 2015	\$ <u><u>-</u></u>

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
State Adult Education and Family Literacy Grants
Balance Sheet

June 30, 2015

	State Basic	Public Assistance	Performance	Total
<u>Assets</u>				
Cash	\$ -	-	-	-
Grants receivable	6,102	2,929	6,609	15,640
 Total assets	 \$ 6,102	 2,929	 6,609	 15,640
<u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Accrued payroll	820	316	1,502	2,638
Due to other funds	5,282	2,613	5,107	13,002
 Total liabilities	 6,102	 2,929	 6,609	 15,640
<u>Fund Balance</u>				
Fund balance - reserved for encumbrances	-	-	-	-
Fund balance - unreserved	-	-	-	-
 Total liabilities and fund balance	 \$ 6,102	 2,929	 6,609	 15,640

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
State Adult Education and Family Literacy Grants
Statement of Revenues, Expenditures, and Changes in Fund Balance

Year ended June 30, 2015

	State Basic	Public Assistance	Performance	Total
<u>Revenues</u>				
State grants	\$ 73,227	35,145	79,312	187,684
<u>Expenditures</u>				
Instruction	40,499	26,455	-	66,954
Social work services	26,784	-	14,526	41,310
Guidance services	-	5,004	-	5,004
Assessment & testing	-	-	-	-
Student transportation services	1,028	-	-	1,028
Literacy services	-	-	-	-
Subtotal instructional and student services	68,311	31,459	14,526	114,296
<u>Improvement of instructional services</u>				
General administration	-	-	57,332	57,332
Improvement of instructional services	-	-	3,747	3,747
Operation & maintenance of plant services	-	-	-	-
Data and information services	4,916	3,686	3,707	12,309
Subtotal program support	4,916	3,686	64,786	73,388
Total expenditures	73,227	35,145	79,312	187,684
Excess (deficiency) of revenue over expenditures	-	-	-	-
Fund balance reserved for encumbrances - July 1, 2014	-	-	-	-
Fund balance reserved for encumbrances - June 30, 2015	\$ -	-	-	-

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
ICCB Compliance Schedule for Adult Education and Family Literacy Grants
Expenditure Amounts and Percentages for ICCB Grant Funds Only

Year ended June 30, 2015

	<u>Audited Expenditure Amount</u>	<u>Actual Expenditure Percentage</u>
<u>State Basic</u>		
Instruction (45% Minimum Required)	\$ 40,499	55.3%
General Administration (15% Maximum Allowed)	\$ -	0.0%
<u>State Public Assistance</u>		
Instruction (45% Minimum Required)	\$ 26,455	75.3%
General Administration (15% Maximum Allowed)	\$ -	0.0%

The accompanying notes to the financial statements are an integral part of this statement.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2015

NOTE 1. Summary of Significant Accounting Policies

General

The accompanying statements include only those transactions resulting from the Illinois Community College Board (ICCB) Career and Technical Education-Program Improvement, and Adult Education and Family Literacy grant programs. These transactions have been accounted for in the Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable and accrued payroll representing liabilities for goods and services actually received as of June 30, 2015. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to ICCB by October 15.

Fixed Assets

Fixed asset purchases are recorded as capital outlay and not capitalized.

NOTE 2. Payments 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.

SPOON RIVER COLLEGE DISTRICT NO. 534
Information on State Grants Activity

June 30, 2015

Unrestricted Grants

Base Operating Grants

General operating funds provided to colleges based upon credit enrollment with a small portion of the allocation based upon gross square footage of space at the college.

Small College Grants

Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. The funds 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.

Restricted Grants/Special Initiatives

Career and Technical Education - Program Improvement Grants

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

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 portion 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.

SPOON RIVER COLLEGE DISTRICT NO. 534
Information on State Grants Activity

June 30, 2015

Restricted Adult Education Grants/State

State Basic

Grant awarded to Adult Education and Family Literacy providers to establish special classes for the instruction of persons of age 21 and over or persons under the age of 21, and not otherwise in attendance in public school, for the purpose of providing adults in the community the instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and child care facilities or provision.

Public Assistance

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

Performance

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

APPORTIONMENT AID CLAIM DATA



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED AND SUPPORTING
RECONCILIATION OF SEMESTER CREDIT HOURS**

To the Board of Trustees
Spoon River College District No. 534
Canton, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Spoon River College District No. 534 as of June 30, 2015.

Management's Responsibility

The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's Management. Management's responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule.

Auditors' Responsibility

Our responsibility is to express an opinion on the schedule based upon our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, and accordingly, included examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the College's compliance with statutory requirements.

Opinion

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Spoon River College District No. 534 as of June 30, 2015, in accordance with the Illinois Community College Board's *Fiscal Management Manual*.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015

SPOON RIVER COLLEGE DISTRICT NO. 534
Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed

Year ended June 30, 2015

Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)										
Categories	Summer		Fall		Winter		Spring		(Note 3) TOTAL	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Notes 1 and 2										
Baccalaureate	2,076.5	-	9,661.5	-	-	-	9,793.0	3.0	21,531.0	3.0
Business Occupational	86.5	-	492.0	14.0	-	-	318.0	24.0	896.5	38.0
Technical Occupational	416.5	-	1,225.0	-	-	-	1,238.0	-	2,879.5	-
Health Occupational	271.0	-	1,015.0	-	-	-	1,262.5	-	2,548.5	-
Remedial Developmental	176.0	-	1,098.0	-	-	-	848.5	-	2,122.5	-
Adult Basic/ Secondary Education	-	-	-	390.0	-	-	-	480.0	-	870.0
TOTAL	3,026.5	-	13,491.5	404.0	-	-	13,460.0	507.0	29,978.0	911.0

Note (1) Unrestricted credit hours are supported with 50% or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements.

Note (2) Restricted credit hours are supported with more than 50% of restricted sources of funding.

Note (3) Total of unrestricted and restricted should equal the S-3 record totals.

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	TOTAL
Semester Credit Hours (All Terms)	26,321.5	-	26,321.5
		Dual Credit	Dual Enrollment
		2,306.0	51.0
District Equalized Assessed Valuation	\$834,741,944		

Correctional Semester Credit Hours by Term					
Categories	Summer	Fall	Winter	Spring	TOTAL
Baccalaureate	-	-	-	-	-
Business Occupational	-	-	-	10.0	10.0
Technical Occupational	-	-	-	10.0	10.0
Health Occupational	-	-	-	-	-
Remedial Developmental	-	-	-	-	-
Adult Basic/ Secondary Education	-	27.0	-	33.0	60.0
TOTAL	-	27.0	-	53.0	80.0

Signatures

 Chief Executive Officer (CEO)

 Chief Financial Officer (CFO)

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534

Reconciliation of Total Semester Credit Hours

Year ended June 30, 2015

<u>Categories</u>	<u>Total Unrestricted Credit Hours</u>	<u>Total Unrestricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>	<u>Total Restricted Credit Hours</u>	<u>Total Restricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	21,531.0	21,531.0	-	3.0	3.0	-
Business Occupational	896.5	896.5	-	38.0	38.0	-
Technical Occupational	2,879.5	2,879.5	-	-	-	-
Health Occupational	2,548.5	2,548.5	-	-	-	-
Remedial Developmental	2,122.5	2,122.5	-	-	-	-
Adult Basic/ Secondary Education	-	-	-	870.0	870.0	-
TOTAL	29,978.0	29,978.0	-	911.0	911.0	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND COOPERATIVE/CONTRACTUAL AGREEMENT CREDIT HOURS			
	<u>Total Attending (Unrestricted and Restricted)</u>	<u>Total Attending as Certified to the ICCB (Unrestricted and Restricted)</u>	<u>Difference</u>
In-District Residents	26,321.5	26,321.5	-
Out-of-District on Chargeback or Contractual Agreement	-	-	-
Total	26,321.5	26,321.5	-

	<u>Total Reimbursable</u>	<u>Total Reimbursable Certified to ICCB</u>	<u>Difference</u>
Dual Credit	2,306.0	2,306.0	-
Dual Enrollment	51.0	51.0	-

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS FOR THE YEAR ENDED JUNE 30, 2015			
<u>Categories</u>	<u>Total Correctional Credit Hours</u>	<u>Total Correctional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	-	-	-
Business Occupational	10.0	10.0	-
Technical Occupational	10.0	10.0	-
Health Occupational	-	-	-
Remedial Developmental	-	-	-
Adult Basic/ Secondary Education	60.0	60.0	-
TOTAL	80.0	80.0	-

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534
Documentation of Residency Verification Procedures

Residency Policy

Spoon River College was established to serve the residents of District No. 534. A student is considered a resident of District No. 534 if one of the following criteria is met for at least 30 days prior to the start of the academic term.

1. The student resides with his/her parents within District No. 534.
2. The student is an emancipated minor, completely self-supporting and residing within District No. 534.
3. The student is married and maintains a family residence within District No. 534.
4. The student is self-supporting as defined by the Federal Office of Education and maintains a residence within District No. 534 not operated by an institution of higher education; or
5. The student resides outside the District but works full-time (at least 35 hours per week) within District No. 534.

Verification of Residency

Students must provide one of the following to verify residency:

- In-District Driver's License (if not a licensed driver, a State Identification card).
- In-District voter's registration card.
- Property tax forms showing taxes paid to District No. 534.
- Letter from employer verifying employment ≥ 35 hours at a local in-district employer.
- Concurrent full-time enrollment at Western Illinois University.

SPOON RIVER COLLEGE DISTRICT NO. 534
Illinois Department of Commerce and Economic Opportunity
Eliminate the Digital Divide Grant
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Year Ended June 30, 2015

	<u>Approved Budget</u>	<u>Grant No. 14-621033 Actual</u>
<u>Revenue</u>		
Grant income	\$ 63,800	\$ 63,800
Total revenue	<u>63,800</u>	<u>63,800</u>
<u>Expenditures</u>		
Instructor salaries	30,500	21,896
Fringe benefits	-	-
Contractual training costs	1,000	989
Training materials & supplies	4,500	2,792
Staff training costs	6,000	2,266
Computer equipment	-	-
Other related equipment	13,800	13,800
Software	2,000	2,323
Administrative & indirect cost	<u>6,000</u>	<u>4,500</u>
Total expenditures	<u>63,800</u>	<u>48,566</u>
Excess of revenue over expenditures	<u>\$ -</u>	15,234
Fund balance, reserved for encumbrances, beginning of year		<u>-</u>
Fund balance, reserved for encumbrances, end of year		<u>\$ 15,234</u>

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534

Summary of Assessed Valuations

Most Recent Three Years

Tax Levy Year

2014	\$	834,741,944
2013	\$	812,622,513
2012	\$	792,854,827

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' REPORT
ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Trustees
Spoon River College
Community College District No. 534
Canton, Illinois

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

We have audited the financial statements of the business-type activities of Spoon River College District No. 534 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Spoon River College District No. 534's basic financial statements. We issued our report thereon dated September 16, 2015, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015

SPOON RIVER COLLEGE DISTRICT NO. 534
Schedule of Expenditures of Federal Awards

Year ended June 30, 2015

Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass Through Grantor's <u>Number</u>	Program or Award <u>Amount</u>	Accrued or (Deferred) Revenue at July 1, <u>2014</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Accrued or (Deferred) Revenue at June 30, <u>2015</u>
Department of Education							
Direct Program - Student Financial Aid Cluster (Major):							
Pell Grant Program	84.063	N/A	\$ -	\$ 129,443	2,784,723	2,844,540	189,260
College Work Study Program	84.033	N/A	-	(2,359)	31,177	33,706	170
Supplemental Educational Grant Program	84.007	N/A	-	9,507	39,600	46,172	16,079
Subtotal Student Financial Aid Cluster (Direct)				<u>136,591</u>	<u>2,855,500</u>	<u>2,924,418</u>	<u>205,509</u>
⊗ TRIO - Student Support Services (Direct)	84.042A	N/A	220,000	11,389	204,224	235,389	42,554
Passed through ICCB:							
Federal Basic	84.002A	53401	65,128	5,349	61,603	65,128	8,874
Perkins	84.048	15CTE534	79,965	38,711	99,554	79,965	19,122
				<u>38,711</u>	<u>99,554</u>	<u>79,965</u>	<u>19,122</u>
Total Department of Education				<u>192,040</u>	<u>3,220,881</u>	<u>3,304,900</u>	<u>276,059</u>
Total Federal Assistance				\$ <u>192,040</u>	<u>3,220,881</u>	<u>3,304,900</u>	<u>276,059</u>

Note: The District's participation in the U.S. Department of Education's Student Financial Assistance Program includes the Federal Direct Loan Program. Direct loans made during the year ended June 30, 2015, totaled \$1,732,053

See note to Schedule of Expenditures of Federal Awards.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Schedule of Expenditures of Federal Awards

June 30, 2015

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spoon River College District No. 534 for the year ended June 30, 2015, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 – Non-Cash Assistance

The District did not receive any non-cash assistance through federal award programs during the year ended June 30, 2015. In addition, there was no insurance in effect during the year which came from federal sources.

Note 3 – Loans Outstanding

The award programs of the District had no outstanding loan balances nor were there any loan guarantees as of June 30, 2015.

Note 4 – Subrecipients

The District did not award any federal funds to subrecipients during the year ended June 30, 2015.



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**INDEPENDENT AUDITORS' 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**

To the Board of Trustees
Spoon River College
Community College District No. 534
Canton, 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 of Spoon River College District No. 534 as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Spoon River College District No. 534's basic financial statements, and have issued our report thereon dated September 16, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of Trustees
Spoon River College
Community College District No. 534
Canton, Illinois

Report on Compliance for Each Major Federal Program

We have audited Spoon River College District No. 534's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2015. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 16, 2015

SPOON RIVER COLLEGE DISTRICT NO. 534

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section I - Summary of Auditors' Results

June 30, 2015, Financial Statement

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified:

_____ yes X no

Significant deficiency(s) identified that are not
considered to be material weaknesses

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified:

_____ yes X no

Significant deficiency(s) identified that are not
considered to be material weaknesses?

_____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of Circular A-133?

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.063

Federal Pell Grant Program

84.007

Federal Supplemental Educational
Opportunity Grant Program

84.033

Federal Work Study

84.268

Federal Direct Loan Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

SPOON RIVER COLLEGE DISTRICT NO. 534

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2015**

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None.

SPOON RIVER COLLEGE DISTRICT NO. 534
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2015

There were no findings for the year ended June 30, 2014.