

Spoon River College District No. 534
Canton, Illinois

Annual Financial Report

Fiscal Years Ended June 30, 2016 and 2015

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Financial Section



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Spoon River College District No. 534 (the "College") as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Spoon River College District No. 534, as of June 30, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements as a whole. The special reports section is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards in the annual federal financial compliance section is presented for purposes of additional analysis as required by U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplemental financial information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the annual federal financial compliance section and the supplemental financial information listed under the special reports section of the table of contents are fairly presented in all material respects in relation to the financial statements taken as a whole.

The other supplemental financial information listed in the special reports section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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.

Wipfli LLP

Sterling, Illinois
September 14, 2016

Spoon River College District No. 534

Management Discussion and Analysis

Using This Annual Report

This section of Spoon River College District No. 534's (the "College") presents management's discussion and analysis of the College's financial activities for the fiscal years ended June 30, 2016 and 2015. Since 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 (page 12-15) and the footnotes (pages 16-32). Responsibility for the completeness and fairness of this information rests with the College.

The financial statement format focuses on the College as a whole. A comparative analysis is presented under this model. The College financial statements (pages 12-15) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. These statements combine and consolidate current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities which are supported 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.

The College's financial reports are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These standards also require that financial statements be presented on a consolidated basis to focus on the College as a whole.

2016 Financial Highlights

- For the year ended June 30, 2016, the College recorded total operating revenues of \$4,483,353 and total operating expenses of \$17,267,055. The difference produced an operating loss of \$12,783,702. Net nonoperating revenue of \$12,373,182 and capital contributions of \$36,520 offset this loss and resulted in an overall decrease in net position of \$374,000.
- The largest sources of nonoperating revenue included local property taxes of \$5,028,856, state appropriations of \$3,543,428, and federal grants of \$3,433,145.
- Operating revenue accounted for 26% of the College's total revenue, while nonoperating revenues account for the other 74% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$3,236,653, auxiliary enterprise revenues totaling \$1,245,490, and other miscellaneous revenue of \$1,210.

2015 Financial Highlights

- For the year ended June 30, 2015, the College recorded total operating revenues of \$4,721,492 and total operating expenses of \$16,408,458. The difference produced an operating loss of \$11,686,966. Net nonoperating revenue of \$12,938,899 and capital contributions of \$2,377,326 offset this loss and resulted in an overall increase in net position of \$3,629,259.
- The largest sources of nonoperating revenue included local property taxes of \$4,841,912, state appropriations of \$4,279,737, and federal grants of \$3,308,561.

Spoon River College District No. 534

Management Discussion and Analysis

2015 Financial Highlights (continued)

- Operating revenue accounted for 23% of the College's total revenue, while nonoperating revenues account for the other 77% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$3,464,610, auxiliary enterprise revenues totaling \$1,229,715, and other miscellaneous revenue of \$27,167.

Financial Analysis of the College as a Whole

The College's financial position is summarized as follows for the years ended June 30, 2016, 2015, and 2014:

	Net Position As of June 30,				
	2016	As Restated 2015	Increase (Decrease) 2016-2015	As Restated 2014*	Increase (Decrease) 2015-2014
Current assets	\$14,190,860	\$16,804,721	(\$2,613,861)	\$16,622,210	\$182,511
Non-current assets -					
Capital assets, net of depreciation	12,211,872	10,715,573	1,496,299	8,454,338	2,261,235
Total assets	26,402,732	27,520,294	(1,117,562)	25,076,548	2,443,746
Deferred outflows of resources	8,314	10,381	(2,067)	0	10,381
Total assets and deferred outflows of resources	26,411,046	27,530,675	(1,119,629)	25,076,548	2,454,127
Current liabilities	4,590,210	4,162,247	427,963	4,093,702	68,545
Non-current liabilities	10,514,574	11,945,645	(1,431,071)	13,079,747	(1,134,102)
Total liabilities	15,104,784	16,107,892	(1,003,108)	17,173,449	(1,066,557)
Deferred inflows of resources	5,234,969	4,977,490	257,479	4,837,787	139,703
Total liabilities and deferred inflows of resources	20,339,753	21,085,382	(745,629)	22,011,236	(925,854)
Net position					
Net investment in capital assets	3,966,878	3,589,932	376,946	1,354,338	2,235,594
Restricted	680,080	2,772,765	(2,092,685)	93,536	2,679,229
Unrestricted	1,424,335	82,596	1,341,739	1,617,438	(1,534,842)
Total	\$6,071,293	\$6,445,293	(\$374,000)	\$3,065,312	\$3,379,981

*The 2014 year was not restated for the prior period adjustment applied to the 2015 fiscal year. The 2014 restatement relates to scholarship allowances which did not have a net income effect.

This schedule is prepared from the College's Statements of Net Position (page 12) which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Spoon River College District No. 534

Management Discussion and Analysis

Fiscal Year 2016 Compared to 2015

Current assets decreased \$2,613,861 due to the redemption of CD's and investments to be used as operating funds due to the lack of funding from the state.

Non-current assets increased \$1,496,299 due to the additions in capital assets relating to the construction of the Multipurpose Building.

Current liabilities increased \$427,963 due to an increase in accrued wages and unearned tuition and fees.

Non-current liabilities decreased \$1,431,071 due to payments on bonds payable.

Deferred inflows of resources increased \$257,479 with an increase in deferred property tax revenue.

Total net position at June 30, 2016 decreased by \$374,000. The restricted net position is restricted for \$680,080 of debt service payments and capital projects.

Fiscal Year 2015 Compared to 2014

Current assets increased \$182,511, which is comparable to prior year

Non-current assets increased \$2,261,235 due to the additions in capital assets relating to the construction of the Multipurpose Building.

Current liabilities increased \$68,545, which is comparable to prior year.

Non-current liabilities decreased \$1,134,102 due to payments on bonds payable.

Total net position at June 30, 2015 increased by \$3,379,981. The restricted net position is restricted for \$2,772,765 of debt service payments and capital projects.

Spoon River College District No. 534

Management Discussion and Analysis

Operating Results for the Year Ended					
June 30,					
	2016	As Restated 2015	Increase (Decrease) 2016-2015	As Restated 2014*	Increase (Decrease) 2015-2014
Operating revenue:					
Tuition and fees	\$3,236,653	\$3,464,610	(\$227,957)	\$2,893,520	\$571,090
Auxiliary	1,245,490	1,229,715	15,775	1,207,833	21,882
Other operating revenues	1,210	27,167	(25,957)	14,130	13,037
Total operating revenue	4,483,353	4,721,492	(238,139)	4,115,483	606,009
Less operating expenses	17,267,055	16,408,458	858,597	16,034,706	373,752
Operating loss	(12,783,702)	(11,686,966)	(1,096,736)	(11,919,223)	232,257
Non-operating revenue					
State grants and contracts	3,543,428	4,279,737	(736,309)	4,015,335	264,402
Federal grants and contracts	3,433,145	3,308,561	124,584	2,999,102	309,459
Property taxes	5,028,856	4,841,912	186,944	4,503,459	338,453
Replacement taxes	784,124	981,331	(197,207)	912,474	68,857
Investment income	22,132	11,754	10,378	33,285	(21,531)
Other	58,632	49,596	9,036	53,077	(3,481)
Interest expense	(497,135)	(533,992)	36,857	(746,833)	212,841
Total net non-operating revenues	12,373,182	12,938,899	(565,717)	11,769,899	1,169,000
Capital contributions	36,520	2,377,326	(2,340,806)	17,048	2,360,278
Increase (decrease) in net position	(374,000)	3,629,259	(4,003,259)	(132,276)	3,761,535
Net position, beginning of year as previously reported	6,445,293	3,065,312	3,379,981	3,197,588	(132,276)
Prior period adjustment	0	(249,278)	249,278	0	(249,278)
Net position, beginning of year as restated	6,445,293	2,816,034	3,629,259	3,197,588	(381,554)
Net position, end of year	\$6,071,293	\$6,445,293	(\$374,000)	\$3,065,312	\$3,379,981

*The 2014 year was not restated for the prior period adjustment applied to the 2015 fiscal year. The 2014 restatement relates to scholarship allowances which did not have a net income effect.

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2016 were \$17,390,190 and \$17,764,190, respectively. Fiscal year 2015 total revenues and expenses (Operating and Non-Operating) were \$20,571,709 and \$16,942,450, respectively. Fiscal year 2014 total revenues and expenses (Operating and Non-Operating) were \$16,649,263 and \$16,781,539.

Spoon River College District No. 534

Management Discussion and Analysis

Fiscal Year 2016 Compared to 2015

Operating revenue decreased \$238,139 due to a decrease in tuition and fees.

Operating expenses increased \$858,597 due to an increase in expenses relating to institutional support.

Net nonoperating revenue decreased \$565,717 due to a decrease in base operating grant from the Illinois Community College Board.

Fiscal Year 2015 Compared to 2014

Operating revenue increased \$606,009 due to a decrease in tuition and fees

Operating expenses as of June 30, 2015, increased \$373,752 due to an increase in expenses relating to scholarships, student grants, and waivers.

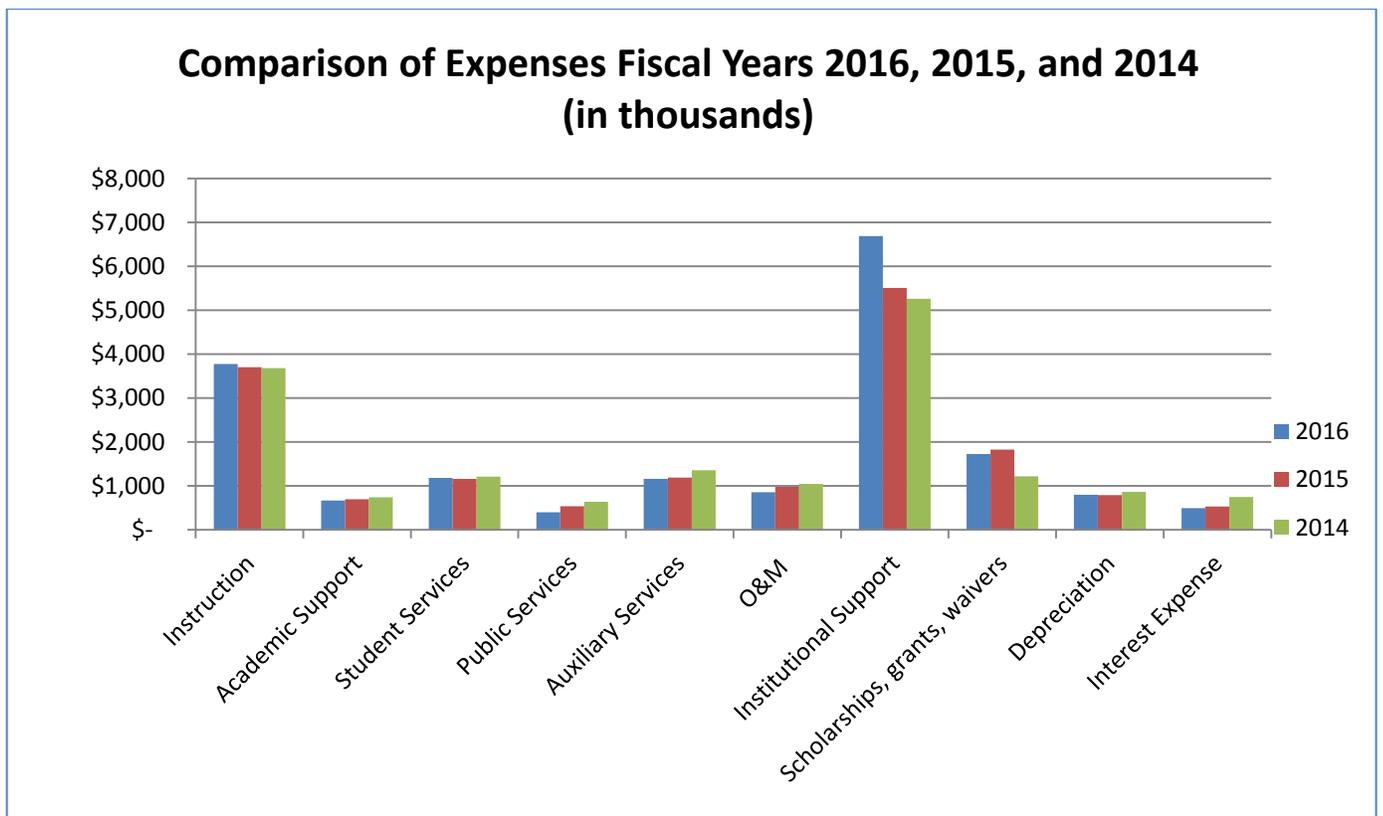
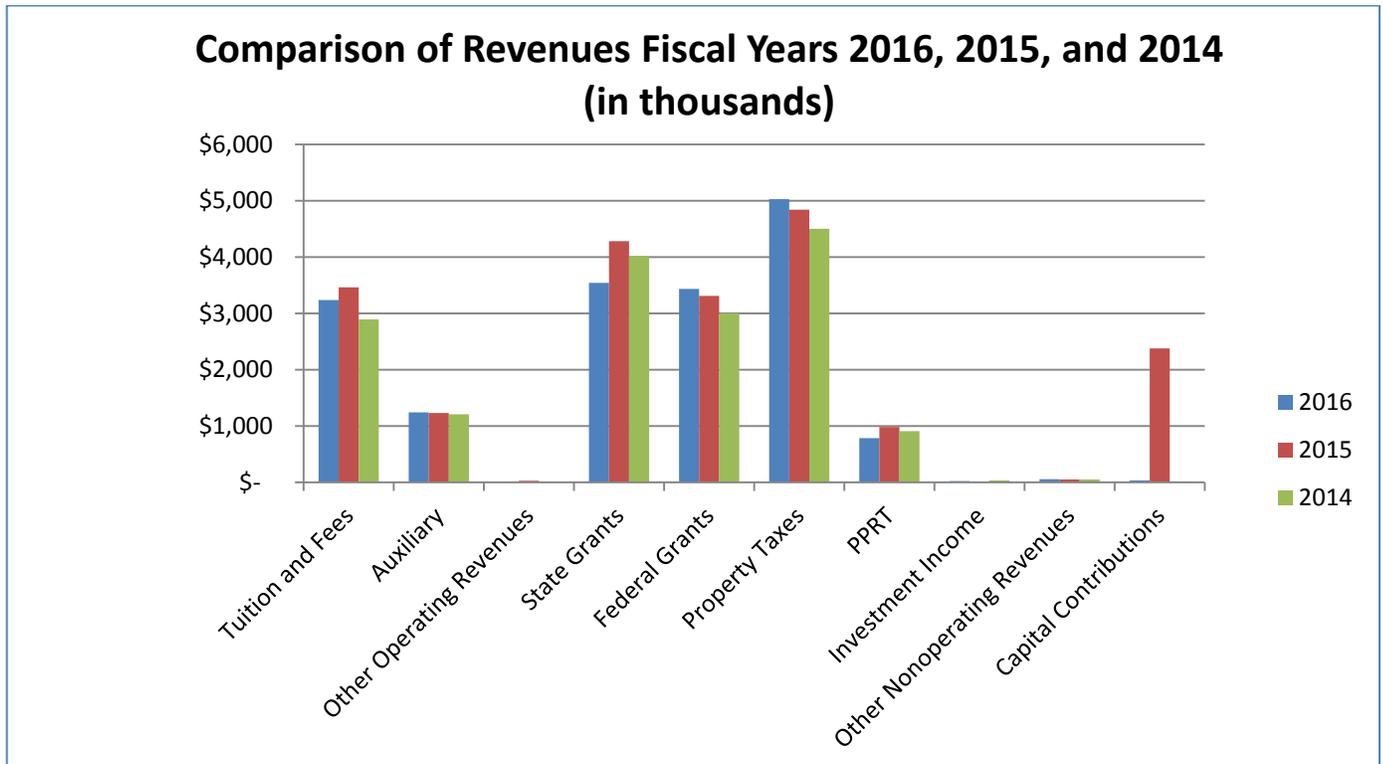
Net nonoperating revenue increased \$1,169,000. This is contributed to the increase in revenue relating to state grants, federal grants, and property taxes.

Operating Expenses For the Year Ended June 30,

	2016	As Restated 2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Operating expense:					
Instruction	\$3,779,775	3,706,426	\$73,349	\$3,685,788	\$20,638
Academic support	664,939	695,718	(30,779)	740,103	(44,385)
Student services	1,186,065	1,161,193	24,872	1,215,219	(54,026)
Public services	397,136	539,444	(142,308)	638,873	(99,429)
Auxiliary services	1,158,769	1,192,503	(33,734)	1,356,146	(163,643)
Operations & maintenance of plant	859,379	979,429	(120,050)	1,047,931	(68,502)
Institutional support	6,692,324	5,510,904	1,181,420	5,264,304	246,600
Scholarships, grants, waivers	1,727,400	1,827,437	(100,037)	1,221,119	606,318
Depreciation	801,268	795,404	5,864	865,223	(69,819)
Total	\$17,267,055	\$16,408,458	\$858,597	\$16,034,706	\$373,752

Spoon River College District No. 534
 Management Discussion and Analysis

The following graphs depict revenues and expense for the years ended June 30, 2016 and 2015:



Spoon River College District No. 534

Management Discussion and Analysis

Capital Assets, Net June 30,					
			Increase (Decrease)		Increase (Decrease)
	2016	2015	2016-2015	2014	2015-2014
Capital assets:					
Land and improvements	\$869,115	\$869,115	\$0	\$869,115	\$0
Buildings and improvements	20,187,460	20,083,695	103,765	19,789,070	294,625
Equipment	576,595	779,831	(203,236)	767,331	12,500
Computer technology	2,264,074	2,934,638	(670,564)	2,837,263	97,375
Construction in progress	4,831,270	2,669,187	2,162,083	17,048	2,652,139
Total	28,728,514	27,336,466	1,392,048	24,279,827	3,056,639
Less accumulated depreciation	16,516,642	16,620,893	(104,251)	15,825,489	795,404
Net capital assets	\$12,211,872	\$10,715,573	\$1,496,299	\$8,454,338	\$2,261,235

Fiscal Year 2016 Compared to 2015

As of June 30, 2016, the College had recorded \$28,728,514 invested in capital assets, \$16,516,642 in accumulated depreciation, and \$12,211,872 in net capital assets. The College had \$2,410,489 in capital asset additions mostly related to the construction of the new Multipurpose Building and \$1,018,441 of disposals. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements on pages 23-24.

Fiscal Year 2015 Compared to 2014

As of June 30, 2015, the College had recorded \$27,336,466 invested in capital assets, \$16,620,893 in accumulated depreciation, and \$10,715,573 in net capital assets. The College had \$3,056,639 in capital asset additions mostly relating to the construction of the new Multipurpose Building. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements on pages 23-24.

Debt June 30,					
		As Restated	Increase (Decrease)		Increase (Decrease)
	2016	2015	2016-2015	2014	2015-2014
General obligation bonds	\$11,945,645	\$13,271,531	(\$1,325,886)	\$14,239,747	(\$968,216)
Compensated absences	271,518	258,765	12,753	273,341	(14,576)
Total	\$12,217,163	\$13,530,296	(\$1,313,133)	\$14,513,088	(\$982,792)

Spoon River College District No. 534

Management Discussion and Analysis

Fiscal Year 2016 Compared to 2015

During fiscal year 2016, the College paid \$1,275,000 in bond payments funded through the tax levy. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements on pages 24-27.

Fiscal Year 2015 Compared to 2014

During fiscal year 2015, the College paid \$1,160,000 in bond payments funded through the tax levy. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements on pages 24-27.

Contacting the College's Financial Management

This financial report is designed to provide our constituents with a general overview of the College's financial position. Questions concerning this report or requests for additional information should be directed to Sarah Gray, Director of Business Services, 23235 N. County Highway 22, Canton, IL 61520.

Basic Financial Statements

Spoon River College District No. 534

Statement of Net Position

June 30, 2016 and 2015

ASSETS	2016	As Restated 2015
Current assets:		
Cash and cash equivalents	\$822,711	\$4,672,589
Investments	7,232,400	5,340,358
Property taxes receivable, net of allowance	2,995,675	3,247,283
Other receivables, net of allowance	2,759,978	3,184,009
Prepaid items	102,254	71,298
Inventories	277,842	289,184
Total current assets	14,190,860	16,804,721
Noncurrent assets:		
Non-depreciable capital assets	5,590,308	3,428,225
Depreciable capital assets	23,138,206	23,908,241
Less accumulated depreciation	(16,516,642)	(16,620,893)
Total noncurrent assets	12,211,872	10,715,573
Total assets	26,402,732	27,520,294
DEFERRED OUTFLOW OF RESOURCES		
SURS pension contribution	8,314	10,381
Total assets and deferred outflows of resources	26,411,046	27,530,675
LIABILITIES		
Current liabilities:		
Accounts payable	217,658	176,660
Accrued liabilities	506,137	381,443
Unearned tuition and fees	2,163,826	2,019,493
Accrued compensated absences	271,518	258,765
Bonds payable, net of unamortized premiums (discounts)	1,431,071	1,325,886
Total current liabilities	4,590,210	4,162,247
Noncurrent liabilities:		
Bonds payable, net of unamortized premiums (discounts)	10,514,574	11,945,645
Total noncurrent liabilities	10,514,574	11,945,645
Total liabilities	15,104,784	16,107,892
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	5,215,366	4,977,490
Deferred grant revenue	19,603	0
Total deferred inflows of resources	5,234,969	4,977,490
Total liabilities and deferred inflows of resources	20,339,753	21,085,382
NET POSITION		
Net investment in capital assets	3,966,878	3,589,932
Restricted - expendable:		
Capital projects	671,096	2,767,086
Debt service	8,984	5,679
Unrestricted	1,424,335	82,596
Total net position	\$6,071,293	\$6,445,293

See Notes to Financial Statements.

Spoon River College District No. 534
 Statements of Revenues, Expenses, and Changes in Net Position
 For the years ended June 30, 2016 and 2015

	2016	As Restated 2015
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$1,609,785 and \$1,353,718, respectively	\$3,236,653	\$3,464,610
Auxiliary enterprises revenue	1,245,490	1,229,715
Other operating revenues	1,210	27,167
Total operating revenue	4,483,353	4,721,492
Operating expenses:		
Instruction	3,779,775	3,706,426
Academic support	664,939	695,718
Student services	1,186,065	1,161,193
Public services	397,136	539,444
Auxiliary services	1,158,769	1,192,503
Operation and maintenance of plant	859,379	979,429
Institutional support	6,692,324	5,510,904
Scholarships, student grants, and waivers	1,727,400	1,827,437
Depreciation	801,268	795,404
Total operating expenses	17,267,055	16,408,458
Operating loss	(12,783,702)	(11,686,966)
Nonoperating revenues and (expenses):		
State grants	3,543,428	4,279,737
Federal grants	3,433,145	3,308,561
Property taxes	5,028,856	4,841,912
Personal property replacement tax	784,124	981,331
Local grants	42,942	49,596
Investment income	22,132	11,754
Other nonoperating revenues	15,690	0
Interest expense	(497,135)	(533,992)
Net nonoperating revenues and (expenses)	12,373,182	12,938,899
Capital contributions -		
Capital grants and gifts	36,520	2,377,326
Change in net position	(374,000)	3,629,259
Net position, beginning of year as previously reported	6,445,293	3,065,312
Prior period adjustment	0	(249,278)
Net position, beginning of year as restated	6,445,293	2,816,034
Net position, end of year	\$6,071,293	\$6,445,293

See Notes to Financial Statements.

Spoon River College District No. 534

Statements of Cash Flows

For the years ended June 30, 2016 and 2015

	2016	As Restated 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$4,917,174	\$4,784,019
Payments to suppliers	(5,243,497)	(4,862,552)
Payments to employees	(6,303,574)	(6,371,445)
Payments to students for scholarships	(3,337,185)	(3,219,508)
Auxiliary enterprise charges	1,245,490	1,227,758
Other	0	27,167
Net cash used in operating activities	(8,721,592)	(8,414,561)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	5,518,341	6,266,705
Replacement tax	784,124	975,134
Proceeds from grants	4,544,172	4,834,643
Other nonoperating	17,153	0
Net cash provided by noncapital financing activities	10,863,790	12,076,482
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(2,410,489)	(679,313)
Loss on disposal of capital assets	112,922	0
Principal paid on capital debt	(1,275,000)	(1,160,000)
Interest paid on bonds payable and other long-term obligations	(549,599)	(665,239)
Net cash used in capital and related financing activities	(4,122,166)	(2,504,552)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Increase in investments	(1,892,042)	(310,185)
Interest on investments	22,132	11,754
Net cash used in investing activities	(1,869,910)	(298,431)
Net increase (decrease) in cash and cash equivalents	(3,849,878)	858,938
CASH AND CASH EQUIVALENTS:		
Beginning of year	4,672,589	3,813,651
End of year	\$822,711	\$4,672,589

See Notes to Financial Statements.

Spoon River College District No. 534

Statements of Cash Flows - (Continued)

For the years ended June 30, 2016 and 2015

	2016	2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED		
IN OPERATING ACTIVITIES:		
Operating loss	(\$12,783,702)	(\$11,686,966)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	801,268	795,404
State on-behalf payments for fringe benefits	3,028,840	2,609,292
Changes in assets and liabilities:		
Receivables	(74,807)	(37,635)
Prepaid expenses	(30,956)	(7,599)
Inventories	11,342	(41,048)
Deferred outflows of resources	2,067	(10,381)
Accounts payable	40,998	(20,433)
Accrued liabilities	126,272	(16,564)
Accrued compensated absences	12,753	0
Unearned tuition and fees	144,333	0
Other unearned revenue	0	1,369
Net cash used in operating activities	(\$8,721,592)	(\$8,414,561)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:		
Acquisition of capital assets with state capital contributions	\$36,520	\$2,377,326
STATE ON-BEHALF PAYMENTS	\$3,028,840	\$2,581,636

See Notes to Financial Statements.

Spoon River College District No. 534

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies

Nature of entity

Spoon River College (the 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.

Revenues are substantially generated as a result of taxes assessed and allocated to the college and grants received from other state and federal governmental agencies. The College’s revenues are, therefore, primarily dependent upon the availability of funds at the state and federal level and the economy within its territorial boundaries. Industry within the territorial area is primarily retail and agricultural.

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.

Spoon River College District No. 534 (the “College”) is organized in accordance with Chapter 110 of the Illinois Compiled Statutes. The Board of Trustees (the “Board”) has the governing responsibilities over all activities related to public post and secondary school education within the jurisdiction of the College. The College receives funding from local, state and federal sources and must comply with the requirements established by these funding source entities. Board members are elected by the public and have decision-making authority, the power to designate management and the responsibility to significantly influence operations and primary accountability for fiscal matters.

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.

Spoon River College District No. 534

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statement presentation

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

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

The following is a summary of the more significant policies:

Cash and cash equivalents

For purposes of reporting cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Investments

Investments, which consist of Illinois School District Liquid Asset Fund, Illinois Funds, and Goldman Sachs Financial Square Prime Obligations Fund money markets, 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. The allowance for doubtful accounts relating to student receivables as of June 30, 2016 and 2015 were \$1,282,461 and \$1,246,808, respectively.

Spoon River College District No. 534

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Property taxes

The College's property taxes are levied each calendar year on all taxable real property located in the District. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee's resolution, property tax levies for 2014 and 2013 are to be recognized as revenue in fiscal years 2016 and 2015, 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. Deferred property taxes represent the revenue to be generated from the 2015 levy which was passed by the Board on December 9, 2015.

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.

Inventories

Inventories consist of items held for resale at the bookstore and cafeteria. Inventories are recorded at the lower of cost or market, on a first-in, first-out basis. The cost is recorded as an expense at the time individual inventory items are utilized or sold.

Capital assets

Capital assets include property, 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>
Land improvements	10
Buildings and improvements	10-40
Equipment	4-5
Computer technology	3

Unearned tuition and fee revenue

Tuition and fee revenues received and related to the period after June 30 are reported as deferred.

Spoon River College District No. 534

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Long-term debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are netted with bonds payable on the Statement of Net Position.

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.

Other post-employment and related benefits

The College does not provide post-employment health care benefits (OPEB) for retired employees.

Deferred inflows and outflows of resources

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

Classification of revenues and expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, and (2) sales and services of auxiliary enterprises. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as (1) local property taxes, (2) state appropriations, and (3) most federal, state, and local grants and contracts and federal appropriations. Operating expenses generally result from providing services in connection with ongoing operations. Nonoperating expenses do not meet this definition.

Federal financial assistance programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement.

On-behalf payments for fringe benefits and salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2016 and 2015, the state made contributions of \$3,028,840 and \$2,609,292, respectively (Note 5).

Spoon River College District No. 534

Notes to Financial Statements

Note 1 Summary of Significant Accounting Policies (continued)

Pensions

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

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

Net position

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation and related debt.

Restricted – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both expendable restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

Use of estimates

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

Spoon River College District No. 534

Notes to Financial Statements

Note 2 Cash and Investments:

The College's cash throughout the year and at year-end consisted of demand deposit accounts.

Cash as of June 30, 2016 consist of the following:

	Carrying Amount
Cash on hand	\$9,613
Deposits with financial institutions	813,098
Total	\$822,711

The College is allowed to invest in securities as authorized by the Illinois Public Community College Act and the Illinois Investment of Public Funds Act.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The College does not have an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments at June 30, 2016 and 2015 comprise the following at fair value:

	2016	2015
Illinois School District Liquid Asset Fund	\$3,920,159	\$1,164,941
Local Government Investment Pool	532,714	489,017
Goldman Sachs Financial Square Prime Obligations Fund	2,779,527	0
Certificate of Deposit	0	3,686,400
	\$7,232,400	\$5,340,358

As of June 30, 2016, the College had the following investments with stated maturities.

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois School District Liquid Asset Fund	\$3,920,159	\$3,920,159			
Local Government Investment Pool	532,714	532,714			
Goldman Sachs Financial Square Prime Obligations Fund	2,779,527	2,779,527			
Total	\$7,232,400	\$7,232,400	\$0	\$0	\$0

Spoon River College District No. 534

Notes to Financial Statements

Note 2 Cash and Investments (continued):

As of June 30, 2015, the College had the following investments with stated maturities.

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Illinois School District Liquid Asset Fund	\$1,164,941	\$1,164,941			
Local Government Investment Pool	489,017	489,017			
Certificate of deposit	3,686,400	3,686,400			
Total	\$5,340,358	\$5,340,358	\$0	\$0	\$0

As of June 30, 2016, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Illinois School District Liquid Asset Fund	\$3,920,159	\$3,920,159			
Local Government Investment Pool	532,714	532,714			
Goldman Sachs Financial Square Prime Obligations Fund	2,779,527	2,779,527			
Total	\$7,232,400	\$7,232,400	\$0	\$0	\$0

As of June 30, 2015, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Illinois School District Liquid Asset Fund	\$1,164,941	\$1,164,941			
Local Government Investment Pool	489,017	489,017			
Certificate of deposit	3,686,400				\$3,686,400
Total	\$5,340,358	\$1,653,958	\$0	\$0	\$3,686,400

Credit Risk. Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. The College's investment policy does not limit the ratings of investments as a means of managing exposure to credit risk.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2016 there are no investments with custodial credit risk.

Spoon River College District No. 534

Notes to Financial Statements

Note 2 Cash and Investments (continued):

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. At year end, the College's carrying amount of deposits was \$813,098 and the bank balance was \$819,201. Of the bank balance, \$314,070 was covered by federal depository insurance; \$505,131 was collateralized with securities held by the pledging financial institution's trust department or agent in the College's name. All deposits were fully collateralized.

Concentration Risk. Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. The College does not have a concentration risk policy. The College has no investments that represent 5 percent or more of the total investments.

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

Note 3 Capital Assets:

A summary of the changes in capital assets for the College for the year ended June 30, 2016, is as follows:

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Nondepreciable assets:					
Land	\$759,038				\$759,038
Construction in progress	2,669,187	\$2,162,083			4,831,270
	3,428,225	2,162,083	\$0	\$0	5,590,308
Depreciable assets:					
Land improvements	110,077				110,077
Buildings and improvements	20,083,695	103,765			20,187,460
Equipment	779,831	123,715	(326,951)		576,595
Computer technology	2,934,638	20,926	(691,490)		2,264,074
	23,908,241	248,406	(1,018,441)	0	23,138,206
Less accumulated depreciation:					
Land improvements	105,808	512			106,320
Buildings and improvements	13,477,924	\$502,222			\$13,980,146
Equipment	580,451	87,802	(265,331)		402,922
Computer technology	2,456,710	210,732	(640,188)		2,027,254
	16,620,893	801,268	(905,519)	0	16,516,642
Depreciable assets, net	7,287,348	(552,862)	(112,922)	0	6,621,564
Capital assets, net	\$10,715,573	\$1,609,221	(\$112,922)	\$0	\$12,211,872

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, 2016 total \$2,332,195.

Spoon River College District No. 534

Notes to Financial Statements

Note 3 Capital Assets (continued):

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, 2016 was \$650,925.

A summary of the changes in capital assets for the College for the year ended June 30, 2015, is as follows:

	Balance at July 1, 2014	Additions	Deletions	Transfers	Balance at June 30, 2015
Nondepreciable assets:					
Land	\$759,038				\$759,038
Construction in progress	17,048	\$2,652,139			2,669,187
	776,086	2,652,139	\$0	\$0	3,428,225
Depreciable assets:					
Land improvements	110,077				110,077
Buildings and improvements	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
	23,503,741	404,500	0	0	23,908,241
Less accumulated depreciation:					
Land improvements	105,296	512			105,808
Buildings and improvements	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
	15,825,489	795,404	0	0	16,620,893
Depreciable assets, net	7,678,252	(390,904)	0	0	7,287,348
Capital assets, net	\$8,454,338	\$2,261,235	\$0	\$0	\$10,715,573

Note 4 Debt:

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2016:

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds	\$12,980,000		\$1,275,000	\$11,705,000	\$1,385,000	\$10,320,000
Bond premiums (discounts)	291,531		50,886	240,645	46,071	194,574
Total Bonded Debt	13,271,531		1,325,886	11,945,645	1,431,071	10,514,574
Compensated absences	258,765	\$102,480	89,727	271,518	271,518	
Totals	\$13,530,296	\$102,480	\$1,415,613	\$12,217,163	\$1,702,589	\$10,514,574

Spoon River College District No. 534

Notes to Financial Statements

Note 4 Debt (continued):

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2015:

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds	\$14,140,000		\$1,160,000	\$12,980,000	\$1,275,000	\$11,705,000
Bond premiums (discounts)	349,025		57,494	291,531	50,886	240,645
Total bonded debt	14,489,025		1,217,494	13,271,531	1,325,886	11,945,645
Compensated absences	273,341	\$75,151	89,727	258,765	258,765	
Totals	\$14,762,366	\$75,151	\$1,307,221	\$13,530,296	\$1,584,651	\$11,945,645

Details on the debt as of June 30, 2016 are as follows:

- In July 2006, the College issued General Obligation Community College Bonds, Series 2006, totaling \$2,000,000 with interest rates ranging from 5.05% to 5.35%. The bonds are due serially beginning in 2008 through 2017. The proceeds were used to redeem General Obligation Debt Certificates (Limited Tax), Series 2006. 100% of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30: 2017	\$260,000	\$6,955	\$266,955

- In July 2008, the College issued General Obligation Community College Bonds, Series 2008, totaling \$6,370,000 with interest rates ranging from 4.15% to 5.50%. The bonds are due serially beginning in 2010 through 2023. The proceeds were used to redeem \$5,200,000 General Obligation Debt Certificates, Series 2008; and to defease \$75,000 of Community College Bonds Series 2003 and \$875,000 of Community College Bonds Series 2005B. 100% of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2017	\$430,000	\$272,555	\$702,555
2018	750,000	240,105	990,105
2019	815,000	197,067	1,012,067
2020	880,000	150,675	1,030,675
2021	940,000	107,190	1,047,190
2022-2023	2,075,000	89,318	2,164,318
Totals	\$5,890,000	\$1,056,910	\$6,946,910

Spoon River College District No. 534

Notes to Financial Statements

Note 4 Debt (continued):

3. In July 2010, the College issued Taxable General Obligation Community College Bonds, Series 2010 totaling \$3,500,000 with interest rates ranging from 4.50% to 5.65%. The bonds are due serially beginning in 2012 through 2021. The proceeds were used to redeem the General Obligation Debt Certificates, Series 2010. 0% of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2017	\$370,000	\$102,443	\$472,443
2018	390,000	82,575	472,575
2019	410,000	61,072	471,072
2020	430,000	37,855	467,855
2021	455,000	12,854	467,854
Totals	\$2,055,000	\$296,799	\$2,351,799

4. In December 2013, the College issued General Obligation Community College Bonds, Series 2013, in the amount of \$4,300,000 with interest rates ranging from 1.15% to 4.20%. The bonds are due serially beginning in 2015 through 2024. The proceeds were used to redeem the General Obligation Debt Certificates, Series 2013. A portion of the bond proceeds (67.29%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2017	\$325,000	\$110,469	\$435,469
2018	325,000	106,163	431,163
2019	75,000	102,712	177,712
2020	75,000	100,650	175,650
2021	75,000	98,550	173,550
2022-2024	2,625,000	200,250	2,825,250
Totals	\$3,500,000	\$718,794	\$4,218,794

The annual requirements to amortize all debt outstanding as of June 30, 2016, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2017	\$1,385,000	\$271,518	\$1,656,518	492,422	\$2,148,840
2018	1,465,000		1,465,000	428,843	1,893,843
2019	1,300,000		1,300,000	360,851	1,660,851
2020	1,385,000		1,385,000	289,180	1,674,180
2021	1,470,000		1,470,000	218,594	1,688,594
2022-2024	4,700,000		4,700,000	289,568	4,989,568
Total	\$11,705,000	\$271,518	\$11,976,518	\$2,079,458	\$14,055,976

Spoon River College District No. 534

Notes to Financial Statements

Note 4 **Debt (continued):**

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2016, is \$24,935,069. General obligation debt at June 30, 2016, is \$11,705,000 resulting in a legal debt margin of \$13,230,069.

Note 5 **Defined Benefit Pension Plans**

General Information about the Pension Plan

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

Benefits Provided. A traditional benefit plan was established in 1941. Public Act 90-0448 enacted effective January 1, 1998, established an alternative defined benefit program known as the portable benefit package. The traditional and portable plan Tier 1 refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible Illinois reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed 6 months after their date of hire to make an irrevocable election. A summary of the benefit provisions as of June 30, 2015 can be found in the System's comprehensive annual financial report (CAFR) Notes to the Financial Statements.

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from "trust, federal, and other funds" are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2015 and 2016 respectively, was 11.71% and 12.69% 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).

Spoon River College District No. 534

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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

Net Pension Liability

At June 30, 2015, SURS reported a net pension liability (NPL) of \$23,756,361,087. The net pension liability was measured as of June 30, 2014.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State's net pension liability associated with the College is \$35,750,485.79 or 0.1505%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2015 was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2015.

Pension Expense

At June 30, 2015 SURS reported a collective net pension expense of \$1,994,587,170.

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, the College recognized on-behalf revenue and pension expense of \$3,001,615.44 for the fiscal year ended June 30, 2016.

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

Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$27,312,043	
Changes in assumption	609,393,909	
Net difference between projected and actual earnings on pension plan investments	593,840,642	\$953,329,464
Total	\$1,230,546,594	\$953,329,464

Spoon River College District No. 534

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

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

<u>Year Ending June 30</u>	<u>Net Deferred Outflows of Resources</u>
2016	\$154,951,326
2017	118,957,720
2018	(145,152,075)
2019	148,460,159
Total	\$277,217,130

Employer Deferral of Fiscal Year 2016 Pension Expense

The College paid \$8,313.59 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 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 investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

Spoon River College District No. 534

Notes to Financial Statements

Note 5 Defined Benefit Pension Plans (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
U.S. Equity	23%	5.77%
Private Equity	6%	9.23%
Non-U.S. Equity	19%	6.69%
Global Equity	8%	6.51%
Fixed Income	19%	1.12%
Treasury-Inflation Protected Securities	4%	1.22%
Emerging Market Debt	3%	4.61%
Real Estate REITS	4%	5.85%
Direct Real Estate	6%	4.37%
Commodities	2%	4.06%
Hedged Strategies	5%	3.99%
Opportunity Fund	1%	6.80%
Total	100%	5.02%
Inflation		3.00%
Expected Arithmetic Return		8.02%

Discount Rate. A single discount rate of 7.120% 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 3.80% (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 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, 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 7.12%, 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 6.12%	Current Single Discount Rate Assumption 7.12%	1% Increase 8.12%
\$28,929,333,917	\$23,756,361,087	\$19,470,982,362

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

Note 6 **Risk Management:**

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and students; and natural disasters. The College purchases commercial insurance to cover the various risks of loss. The commercial insurance policies contain deductibles which vary with the type of coverage and risk involved. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 7 **Contingencies and Commitments:**

Commitments under operating lease agreements for facilities for minimum annual rental payments as follows:

<u>Year Ended June 30</u>	<u>Facilities</u>
2017	\$19,800
2018	19,800
<u>Total</u>	<u>\$39,600</u>

Fiscal year 2016 facilities rent expense was \$19,800.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the Federal Government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the College expects such amounts, if any, to be immaterial.

Construction Commitments. In fiscal year 2014, the College entered into a contract with the Illinois Capital Development Board for the construction of the new Multipurpose Building with estimated total cost of \$7,177,100. The contract states that the Capital Development Board is to pay \$4,027,100, and the College's portion is \$3,150,000 which was put in a trust account. As of June 30, 2016, the balance of the College's trust account was \$650,925 which represents the College's portion of remaining costs relating to the project. The project is expected to be completed in May 2017 pending budget restraints from the Capital Development Board.

Note 8 **Impact of Pending Accounting Pronouncements:**

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* addresses the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The provisions in Statement 75 are effective for fiscal years beginning after June 15, 2017. The College has not determined the effect of this Statement.

GASB Statement No. 77, *Tax Abatement Disclosures* requires governments that enter into tax abatement agreements to disclose the certain information about the agreements to allow readers of the financial statements to better access the revenue-generating capacity of the government. The provisions in Statement No. 77 are effective for reporting periods beginning after December 15, 2015. The College has not determined the effect of this Statement.

Spoon River College District No. 534

Notes to Financial Statements

Note 8 Impact of Pending Accounting Pronouncements (continued)

GASB Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14* amends the blending requirements by requiring the blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The College has not determined the effect of this Statement.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73* amends the required the presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The College has not determined the effect of this Statement.

Note 9 Prior Year Restatement

As a result of bond premiums not being amortized in prior years, the business-type activities beginning net position was restated as follows:

	<u>Business-Type Activities</u>
Balance at July 1, 2014	\$3,065,312
Less prior year unamortized bond premiums	(249,278)
	<hr/>
Balance at July 1, 2014, as restated	\$2,816,034
	<hr/> <hr/>

Note 10 Subsequent Event:

The College has evaluated subsequent events through September 14, 2016, which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2016 have been incorporated herein. There are no other subsequent events that require disclosure.

Required Supplementary Information

Spoon River College District No. 534
 Schedule of Share of Net Pension Liability
 Last 10 Fiscal Years
 (Schedule to be Built Prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion percentage of the collective net pension liability	0%	0%								
Proportion amount of the collective net pension liability	\$0	\$0								
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$35,750,486	\$34,007,812								
College covered-employee payroll	\$5,507,779	\$5,710,878								
Proportion of collective net pension liability associated with the College as a percentage of covered-employee payroll	649.09%	595.49%								
SURS plan net position as a percentage of total pension liability	42.37%	44.39%								

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

Spoon River College District No. 534
 Schedule of Contributions
 Last 10 Fiscal Years
 (Schedule to be Built Prospectively from 2014)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Federal, trust, grant and other contribution	\$8,314	\$10,381	\$3,361							
Contribution in relation to required contribution	8,314	10,381	3,361							
Contribution deficiency (excess)	\$0	\$0	\$0							
College covered-employee payroll	\$5,448,552	\$5,507,779	\$5,710,878							
Contribution as a percentage of covered-employee payroll	0.15%	0.19%	0.06%							
Additional information:										
On-behalf payments for community college health insurance program	\$27,225	\$27,656	\$28,053							

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

Spoon River College District No. 534

Covered Payroll

The definition of covered payroll has been redefined in GASB Statement Number 82, Pension Issues—An Amendment of GASB Statements Number 67, Number 68 and Number 73. Below are the definitions from the glossaries of each statement.

GASB 67 Covered-Employee Payroll. The payroll of employees that are provided with pensions through the pension plan.

GASB 82 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based.

Spoon River College District No. 534

Notes to Required Supplemental Information

Note 1 **Changes of Benefit Terms:**

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2015.

Note 2 **Changes of Assumptions:**

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2010 to June 30, 2014 was performed in February 2015, resulting in the adoption of new assumptions as of June 30, 2015.

- Mortality rates. Change from the RP 2000 Mortality table projected to 2017, sex distinct, to the RP-2014 mortality tables with projected generational mortality improvement. Change to a separate mortality assumption for disabled participants.
- Salary increase. Change assumption to service-based rates, ranging from 3.75 percent to 15.00 percent based on years of service, with underlying wage inflation of 3.75 percent.
- Normal retirement rates. Change to retirement rates at ages younger than 60, age 66, and ages 70-79 to reflect observed experiences.
- Early retirement rates. Change to a slight increase to the rates at ages 55 and 56.
- Turnover rates. Change to produce lower expected turnover for members with less than 10 years of service and higher turnover for members with more than 10 years of service than the currently assumed rates.
- Disability rates. Decrease rates and have separate rates for males and females to reflect observed experience.
- Dependent assumption. Main the current assumption on marital status that varies by age and sex and the assumption that males are three years older than their spouses.

Supplemental Financial Information

Spoon River College District No. 534

Supplemental Financial Information Section

Uniform Financial Statements

The Uniform Financial Statements are required by the Illinois Community College Board for the purpose of providing consistent audited data for every community college district. Regardless of the basis of accounting used for a College's Statement of Net Position and Statement of Revenues, Expenses, and Changes in Net position, the Uniform Financial Statements are completed using the modified accrual basis of accounting and a current financial resource measurement focus prescribed by the NCGA Statement No. 1 and related interpretations.

The Uniform Financial Statements include the following:

- No. 1 - All Funds Summary
- No. 2 - Summary of Fixed Assets and Debt
- No. 3 - Operating Funds Revenues and Expenditures
- No. 4 - Restricted Purposes Fund Revenues and Expenditures
- No. 5 - Current Funds Expenditures by Activity

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

Spoon River College District No. 534

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)
Fund balance (deficit) at July 1, 2015	\$4,689,037	\$109,975	\$2,767,086
Revenue:			
Local taxes	1,827,922	419,821	108,136
All other local government	526,573	258,761	
ICCB grants	194,866	88,789	
All other state revenue			36,520
Federal revenue	3,665		
Student tuition and fees	4,919,510		
All other revenue	27,834	6,922	1,770
Total revenue	7,500,370	774,293	146,426
Expenditures:			
Instruction	3,548,312		
Academic support	661,781		
Student services	944,841		
Public service	315,388		
Auxiliary services			
Operation and maintenance		858,391	988
Institutional support	2,786,423		
Scholarships, student grants, and waivers	410,375		
Building construction, building improvements, and equipment	56,729	25,877	2,241,428
Total expenditures	8,723,849	884,268	2,242,416
Net transfers	0	0	0
Fund balance (deficit) at June 30, 2016	\$3,465,558	\$0	\$671,096

Spoon River College District No. 534
Uniform Financial Statement #1 (Continued)
All Funds Summary
For the year ended June 30, 2016

	Bond and Interest Fund	Auxiliary Enterprise Fund	Health Insurance Fund	Restricted Purpose Fund
Fund balance (deficit) at July 1, 2015	\$5,679	\$15,908	\$37,505	\$2,622
Revenue:				
Local taxes	1,827,708			
ICCB grants				188,968
All other state revenue				41,965
Federal revenue				3,429,480
All other revenue	196	955,890	1,784,826	42,942
Total revenue	1,827,904	955,890	1,784,826	3,703,355
Expenditures:				
Instruction				337,369
Academic support				3,158
Student services				241,224
Public service				81,748
Auxiliary services		831,601	1,822,331	
Scholarships, student grants, and waivers				2,926,810
Principal retirement	1,275,000			
Interest and issuance costs	549,599			
Building construction, building improvements, and equipment				86,455
Total expenditures	1,824,599	831,601	1,822,331	3,676,764
Net transfers	0	0	0	0
Fund balance (deficit) at June 30, 2016	\$8,984	\$140,197	\$0	\$29,213

Spoon River College District No. 534
Uniform Financial Statement #1 (Continued)
All Funds Summary
For the year ended June 30, 2016

	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance (deficit) at July 1, 2015	\$52,662	\$1,117,448	\$8,797,922
Revenue:			
Local taxes	38,003	807,266	5,028,856
All other local government			785,334
ICCB grants			472,623
All other state revenue			78,485
Federal revenue			3,433,145
Student tuition and fees			4,919,510
All other revenue	3	1,034	2,821,417
Total revenue	38,006	808,300	17,539,370
Expenditures:			
Instruction			3,885,681
Academic support			664,939
Student services			1,186,065
Public service			397,136
Auxiliary services			2,653,932
Operation and maintenance			859,379
Institutional support	28,925	733,147	3,548,495
Scholarships, student grants, and waivers			3,337,185
Principal retirement			1,275,000
Interest and issuance costs			549,599
Building construction, building improvements, and equipment			2,410,489
Total expenditures	28,925	733,147	20,767,900
Net Transfers	0	0	0
Fund balance (deficit) at June 30, 2016	\$61,743	\$1,192,601	\$5,569,392

Spoon River College District No. 534

Uniform Financial Statement #2

Summary of Fixed Assets and Debt

For the year ended June 30, 2016

	Fixed Assets/ Debt Account Groups July 1, 2015	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2016
Fixed assets:					
Land	\$759,038				\$759,038
Land improvements	110,077				110,077
Buildings and improvements	20,083,695	\$103,765			20,187,460
Equipment	779,831	123,715	(326,951)		576,595
Computer technology	2,934,638	20,926	(691,490)		2,264,074
Construction in process	2,669,187	2,162,083			4,831,270
Total fixed assets	27,336,466	2,410,489	(\$1,018,441)	\$0	28,728,514
Accumulated depreciation	16,620,893	801,268	(905,519)		16,516,642
Total net fixed assets	\$10,715,573	\$1,609,221	(\$112,922)	\$0	\$12,211,872
Fixed debts:					
Bonds payable	\$12,980,000		(\$1,275,000)		\$11,705,000
Bond premium	291,531		(50,886)		240,645
Other fixed liabilities	258,765	\$102,480	(89,727)		271,518
Total fixed debts	\$13,530,296	\$102,480	(\$1,415,613)	\$0	\$12,217,163

Spoon River College District No. 534
 Uniform Financial Statement #3
 Operating Funds Revenues and Expenditures
 For the year ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$1,827,922	\$419,821	\$2,247,743
Corporate personal property replacement tax	525,363	258,761	784,124
Tuition chargeback revenue	1,210		1,210
Total local government	2,354,495	678,582	3,033,077
State government:			
ICCB base operating grant	144,866	88,789	233,655
ICCB equalization grant	50,000		50,000
Total state government	194,866	88,789	283,655
Federal government:			
Department of Education	3,665		3,665
Total federal government	3,665	0	3,665
Student tuition and fees:			
Tuition	4,206,303		4,206,303
Fees	713,207		713,207
Total tuition and fees	4,919,510	0	4,919,510
Other sources:			
Facilities revenue		5,050	5,050
Interest	19,022	44	19,066
Other	8,812	1,828	10,640
Total other sources	27,834	6,922	34,756
Total revenue	7,500,370	774,293	8,274,663
Less nonoperating items *			
Tuition chargeback revenue	(1,210)		(1,210)
Adjusted revenue	\$7,501,580	\$774,293	\$8,275,873

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

Spoon River College District No. 534
Uniform Financial Statement #3 (Continued)
Operating Funds Revenues and Expenditures
For the year ended June 30, 2016

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$3,548,312		\$3,548,312
Academic support	661,781		661,781
Student services	944,841		944,841
Public services	315,388		315,388
Operation and maintenance of plant		\$884,268	884,268
Institutional support	2,843,152		2,843,152
Scholarships, student grants, and waivers	410,375		410,375
Total expenditures	8,723,849	884,268	9,608,117
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$8,723,849	\$884,268	\$9,608,117
By object:			
Salaries	\$5,503,481	\$170,669	\$5,674,150
Employee benefits	1,287,101	68,574	1,355,675
Contractual services	154,399	174,764	329,163
General materials and supplies	735,364	61,217	796,581
Conference and meeting expense	76,404	9,950	86,354
Fixed charges	7,605	21,430	29,035
Utilities		358,785	358,785
Other	959,495	18,879	978,374
Total expenditures	8,723,849	884,268	9,608,117
Less nonoperating items *			
Tuition chargeback	0	0	0
Adjusted expenditures	\$8,723,849	\$884,268	\$9,608,117

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

Spoon River College District No. 534
 Uniform Financial Statement #4
 Restricted Purposes Fund Revenues and Expenditures
 For the year ended June 30, 2016

Revenue by source:

State government:	
ICCB -	
State Adult Education Restricted Funds Grants	\$188,968
Secretary of State Community Literacy	41,965
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Total state government	230,933

Federal government:	
Department of Agriculture:	
RBEG Welding	98,000
Department of Education:	
College Work Study Grants	22,835
Pell Grants	2,881,837
Supplemental Educational Opportunity Grant	44,973
Perkins Postsecondary	76,431
Trio - Student Support Services	223,672
Adult Education Federal Basic	81,732
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Total federal government	3,429,480

Other sources:	
AACC 50 Plus Completion	3,159
Career Link Transition	39,783
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Total other sources	42,942
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Total restricted purposes fund revenues	\$3,703,355

Spoon River College District No. 534
 Uniform Financial Statement #4 (Continued)
 Restricted Purposes Fund Revenues and Expenditures
 For the year ended June 30, 2016

Expenditures by program:

Instruction	\$423,824
Academic support	3,158
Student services	241,224
Public services	81,748
Scholarships, student grants, and waivers	2,926,810

Total restricted purposes fund expenditures
 by program

\$3,676,764

Expenditures by object:

Salaries	\$416,642
Employee benefits	117,000
Contractual services	9,131
General materials and supplies	74,493
Travel, conference and meeting expense	18,950
Capital outlay	98,000
Other	2,942,548

Total restricted purposes fund expenditures by object

\$3,676,764

Spoon River College District No. 534

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2016

Instruction -	
Instructional programs	\$3,972,136
Academic support:	
Library	117,516
Instructional materials center	89,399
Academic administration and planning	454,866
Other academic support	3,158
Total academic support	664,939
Student services:	
Admissions and records	462,228
Counseling and career guidance	246,306
Financial aid administration	231,673
Other student services	245,858
Total student services	1,186,065
Public service/continuing education:	
Administration	315,388
Other public service	81,748
Total public service/continuing education	397,136
Auxiliary services	2,653,932
Operations and maintenance of plant:	
Maintenance	480,934
Plant utilities	383,534
Other operations and maintenance	19,800
Total operations and maintenance of plant	884,268
Institutional support:	
Executive management	203,507
Fiscal operations	387,656
Administrative support services	1,351,887
Board of trustees	19,651
General institution	614,318
Administrative data processing	1,028,205
Total institutional support	3,605,224
Scholarships, student grants, and waivers	3,337,185
Total current funds expenditures	\$16,700,885

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

Spoon River College District No. 534
 Certification of Chargeback Reimbursement *
 For Fiscal Year 2017

All fiscal year 2016 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$8,667,120
2	Operations and Maintenance Fund	858,391
3	Public Building Commission Operation and Maintenance Fund	
4	Bond and Interest Fund	177,273
5	Public Building Commission Rental Fund	
6	Restricted Purposes Fund	3,590,309
7	Audit Fund	28,925
8	Liability, Protection, and Settlement Fund	733,147
9	Auxiliary Enterprises Fund (subsidy only)	
		<hr/>
10	Total noncapital expenditures (sum of lines 1-9)	<u>\$14,055,165</u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$212,412</u>
12	Total costs included (line 10 plus line 11)	<u>\$14,267,577</u>
13	Total certified semester credit hours for FY 2016	<u>30,118</u>
14	Per capita cost (line 12 divided by line 13)	473.72
15	All FY 2016 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>N/A</u>
16	FY 2016 state and federal grants per semester credit hour (line 15 divided by line 13)	N/A
17	District's average ICCB grant rate (excluding equalization grants) for FY 2017	<u>N/A</u>
18	District's student tuition and fee rate per semester credit hour for FY 2017	<u>150.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u>N/A</u>

Approved: _____
 President

 Date

Approved: _____
 Chief Financial Officer

 Date

Other Supplemental Financial Information

Spoon River College District No. 534

Balance Sheet - All Fund Types

June 30, 2016

ASSETS	Education	Operations and Maintenance	Operations and Maintenance Restricted
Cash and cash equivalents	\$156,048		\$650,925
Investments	6,462,483		
Receivables:			
Property taxes	1,188,951	\$241,784	73,056
Government claims and grants	214,717	53,379	
Other	2,216,256	127	
Advances to other funds		198,745	74,235
Prepaid items	51,181		
Inventories			
Property and equipment, net			
Total assets	10,289,636	494,035	798,216
Deferred outflows of resources:			
Deferred pension			
Total assets and deferred outflows	\$10,289,636	\$494,035	\$798,216
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable	179,948	37,710	
Accrued liabilities	427,746	6,558	
Advances from other funds	1,475,324		
Unearned tuition and fees	2,432,587		
Accrued compensated absences	238,474	28,896	
Bonds payable, net of unamortized premiums (discounts)			
Total liabilities	4,754,079	73,164	0
Deferred inflows of resources:			
Deferred property taxes	2,069,999	420,871	127,120
Deferred grant revenue			
Total deferred inflows	2,069,999	420,871	127,120
Fund balance/net position (deficit):			
Net investment in capital assets			
Restricted			671,096
Unrestricted	3,465,558	0	
Total fund balance/net position (deficit)	3,465,558	0	671,096
Total liabilities, deferred inflows of resources, and fund balances/net position	\$10,289,636	\$494,035	\$798,216

Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2016

ASSETS	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
Cash and cash equivalents		\$15,738	
Investments		189,790	
Receivables:			
Property taxes	\$1,075,282		
Government claims and grants			\$235,780
Other		28,752	10,967
Advances to other funds	806,149		
Prepaid items			7,329
Inventories		277,842	
Property and equipment, net			
Total assets	1,881,431	512,122	254,076
Deferred outflows of resources:			
Deferred pension			
Total assets and deferred outflows	\$1,881,431	\$512,122	\$254,076
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accounts payable			
Accrued liabilities		\$5,285	\$12,600
Advances from other funds		362,492	192,660
Unearned tuition and fees			
Accrued compensated absences		4,148	
Bonds payable, net of unamortized premiums (discounts)			
Total liabilities	\$0	371,925	205,260
Deferred inflows of resources:			
Deferred property taxes	1,872,447		
Deferred grant revenue			19,603
Total deferred inflows	1,872,447	0	19,603
Fund balance/net position (deficit):			
Net investment in capital assets			
Restricted	8,984		
Unrestricted		140,197	29,213
Total fund balance/net position (deficit)	8,984	140,197	29,213
Total liabilities, deferred inflows of resources, and fund balances/net position	\$1,881,431	\$512,122	\$254,076

Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2016

ASSETS	Trust and Agency Fund	Audit	Liability, Protection, and Settlement Fund	Fund Totals
Cash and cash equivalents				\$822,711
Investments			\$580,127	7,232,400
Receivables:				
Property taxes		\$19,831	396,771	2,995,675
Government claims and grants				503,876
Other				2,256,102
Advances to other funds		76,269	875,078	2,030,476
Prepaid items			43,744	102,254
Inventories				277,842
Property and equipment, net				0
Total assets	\$0	96,100	1,895,720	16,221,336
Deferred outflows of resources:				
Deferred pension				
Total assets and deferred outflows	\$0	\$96,100	\$1,895,720	\$16,221,336
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable				\$217,658
Accrued liabilities			\$12,547	464,736
Advances from other funds				2,030,476
Unearned tuition and fees				2,432,587
Accrued compensated absences				271,518
Bonds payable, net of unamortized premiums (discounts)				0
Total liabilities	\$0	\$0	12,547	5,416,975
Deferred inflows of resources:				
Deferred property taxes		34,357	690,572	5,215,366
Deferred grant revenue				19,603
Total deferred inflows	0	34,357	690,572	5,234,969
Fund balance/net position (deficit):				
Net investment in capital assets				0
Restricted				680,080
Unrestricted		61,743	1,192,601	4,889,312
Total fund balance/net position (deficit)	0	61,743	1,192,601	5,569,392
Total liabilities, deferred inflows of resources, and fund balances/net position	\$0	\$96,100	\$1,895,720	\$16,221,336

Spoon River College District No. 534

Balance Sheet - All Fund Types (Continued)

June 30, 2016

	GASB			Adjusted Totals
	General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
ASSETS				
Cash and cash equivalents				\$822,711
Investments				7,232,400
Receivables:				
Property taxes				2,995,675
Government claims and grants				503,876
Other				2,256,102
Advances to other funds			(\$2,030,476)	0
Prepaid items				102,254
Inventories				277,842
Property and equipment, net	\$12,211,872			12,211,872
Total assets	12,211,872	\$0	(2,030,476)	26,402,732
Deferred outflows of resources:				
Deferred pension			8,314	8,314
Total assets and deferred outflows	\$12,211,872	\$0	(\$2,022,162)	\$26,411,046
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable				\$217,658
Accrued liabilities		\$41,401		506,137
Advances from other funds			(\$2,030,476)	0
Unearned tuition and fees			(268,761)	2,163,826
Accrued compensated absences				271,518
Bonds payable, net of unamortized premiums (discounts)		11,945,645		11,945,645
Total liabilities	\$0	11,987,046	(2,299,237)	15,104,784
Deferred inflows of resources:				
Deferred property taxes				5,215,366
Deferred grant revenue				19,603
Total deferred inflows	0	0	0	5,234,969
Fund balance/net position (deficit):				
Net investment in capital assets	12,211,872	(8,244,994)		3,966,878
Restricted				680,080
Unrestricted		(3,742,052)	277,075	1,424,335
Total fund balance/net position (deficit)	12,211,872	(11,987,046)	277,075	6,071,293
Total liabilities, deferred inflows of resources, and fund balances/net position	\$12,211,872	\$0	(\$2,022,162)	\$26,411,046

Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance (Deficit) - All Fund Types
For the year ended June 30, 2016

	Education	Operations and Maintenance	Operations and Maintenance Restricted
Revenues:			
Local government	\$2,354,495	\$678,582	\$108,136
State government	194,866	88,789	36,520
State of Illinois SURS on-behalf payments			
Federal government	3,665		
Student tuition and fees	4,919,510		
Sales and service fees			
Interest	19,022	44	1,770
Other	8,812	6,878	
Total revenues	7,500,370	774,293	146,426
Expenditures/expenses:			
Current:			
Instruction	3,548,312		
Academic support	661,781		
Student services	944,841		
Public services	315,388		
Auxiliary services			
Operation and maintenance of plant		884,268	2,242,416
Institutional support	2,843,152		
Scholarships, student grants, and waivers	410,375		
Depreciation expense			
Debt service:			
Principal retirement			
Interest			
Total expenditures/expenses	8,723,849	884,268	2,242,416
Net change in fund balance / net position	(1,223,479)	(109,975)	(2,095,990)
Fund balance/net position at beginning of year (deficit) - previously reported	4,689,037	109,975	2,767,086
Prior period adjustment			
Fund balance/net position at beginning of year (deficit) - restated	4,689,037	109,975	2,767,086
Fund balance/net position at end of year (deficit)	\$3,465,558	\$0	\$671,096

Spoon River College District No. 534

Combining Schedule of Revenues, Expenditures/Expenses,
and Changes in Fund Balance (Deficit) - All Fund Types (Continued)
For the year ended June 30, 2016

	Bond and Interest	Auxiliary Enterprises Fund	Restricted Purpose
Revenues:			
Local government	\$1,827,708		
State government			\$230,933
State of Illinois SURS on-behalf payments			
Federal government			3,429,480
Student tuition and fees			
Sales and service fees		\$955,827	
Interest	196	63	
Other		1,784,826	42,942
Total revenues	1,827,904	2,740,716	3,703,355
Expenditures/expenses:			
Current:			
Instruction			423,824
Academic support			3,158
Student services			241,224
Public services			81,748
Auxiliary services		2,653,932	
Operation and maintenance of plant			
Institutional support			
Scholarships, student grants, and waivers			2,926,810
Depreciation expense			
Debt service:			
Principal retirement	1,275,000		
Interest	549,599		
Total expenditures/expenses	1,824,599	2,653,932	3,676,764
Net change in fund balance / net position	3,305	86,784	26,591
Fund balance/net position at beginning of year (deficit) - previously reported	5,679	53,413	2,622
Prior period adjustment			
Fund balance/net position at beginning of year (deficit) - restated	5,679	53,413	2,622
Fund balance/net position at end of year (deficit)	\$8,984	\$140,197	\$29,213

Spoon River College District No. 534

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

For the year ended June 30, 2016

	Trust and Agency Fund	Audit	Liability, Protection, and Settlement Fund	Fund Totals
Revenues:				
Local government		\$38,003	\$807,266	\$5,814,190
State government				551,108
State of Illinois SURS on-behalf payments				0
Federal government				3,433,145
Student tuition and fees				4,919,510
Sales and service fees				955,827
Interest		3	1,034	22,132
Other				1,843,458
Total revenues	\$0	38,006	808,300	17,539,370
Expenditures/expenses:				
Current:				
Instruction				3,972,136
Academic support				664,939
Student services				1,186,065
Public services				397,136
Auxiliary services				2,653,932
Operation and maintenance of plant				3,126,684
Institutional support		28,925	733,147	3,605,224
Scholarships, student grants, and waivers				3,337,185
Depreciation expense				0
Debt service:				
Principal retirement				1,275,000
Interest				549,599
Total expenditures/expenses	0	28,925	733,147	20,767,900
Net change in fund balance/net position	0	9,081	75,153	(3,228,530)
Fund balance/net position at beginning of year (deficit) - previously reported	0	52,662	1,117,448	8,797,922
Prior period adjustment				0
Fund balance/net position at beginning of year (deficit) - restated	0	52,662	1,117,448	8,797,922
Fund balance/net position at end of year (deficit)	\$0	\$61,743	\$1,192,601	\$5,569,392

Spoon River College District No. 534

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

For the year ended June 30, 2016

	GASB			Adjusted Totals
	General Fixed Assets Account	General Long-Term Debt Account	Other Adjustments	
Revenues:				
Local government				\$5,814,190
State government				551,108
State of Illinois SURS on-behalf payments			\$3,028,840	3,028,840
Federal government				3,433,145
Student tuition and fees			(1,682,857)	3,236,653
Sales and service fees			289,663	1,245,490
Interest				22,132
Other			(1,784,826)	58,632
Total revenues	\$0	\$0	(149,180)	17,390,190
Expenditures/expenses:				
Current:				
Instruction	(86,455)		(105,906)	3,779,775
Academic support				664,939
Student services				1,186,065
Public services				397,136
Auxiliary services			(1,495,163)	1,158,769
Operation and maintenance of plant	(2,267,305)			859,379
Institutional support	56,193		3,030,907	6,692,324
Scholarships, student grants, and waivers			(1,609,785)	1,727,400
Depreciation expense	801,268			801,268
Debt service:				
Principal retirement		(1,275,000)		0
Interest		(52,464)		497,135
Total expenditures/expenses	(1,496,299)	(1,327,464)	(179,947)	17,764,190
Net change in fund balance / net position	1,496,299	1,327,464	30,767	(374,000)
Fund balance/net position at beginning of year (deficit) - previously reported	10,715,573	(13,110,142)	246,308	6,649,661
Prior period adjustment		(204,368)		(204,368)
Fund balance/net position at beginning of year (deficit) - restated	10,715,573	(13,314,510)	246,308	6,445,293
Fund balance/net position at end of year (deficit)	\$12,211,872	(\$11,987,046)	\$277,075	\$6,071,293

Spoon River College District No. 534
 Schedule of Operating Revenues and Expenses, by Program
 Auxiliary Enterprise Fund
 For the year ended June 30, 2016

	General	Bookstore	Food Services	Print Shop	Postage	Nursing Exams	Student Activities
Operating revenues:							
Sales and service fees		\$540,683	\$86,392	\$29,188	\$17,397	\$11,035	
Student tuition and fees							
Other		131,690					
Interest	\$63						
Total revenues	63	672,373	86,392	29,188	17,397	11,035	\$0
Operating expenses:							
Salaries		20,276	41,803				13,200
Employee benefits		300					
Contractual services				20,279			10,825
General materials and supplies		399,754	61,364	4,555	19,368	7,913	8,210
Travel and conference/ meeting expenses		825	41				3,443
Capital outlay		24,268					
Other		5,677					1,505
Total operating expenses	0	451,100	103,208	24,834	19,368	7,913	37,183
Operating income (loss) before operating transfers	63	221,273	(16,816)	4,354	(1,971)	3,122	(37,183)
Operating transfers	0	0	0	0	0	0	0
Net income (loss)	\$63	\$221,273	(\$16,816)	\$4,354	(\$1,971)	\$3,122	(\$37,183)

Spoon River College District No. 534

Schedule of Operating Revenues and Expenses, by Program (Continued)

Auxiliary Enterprise Fund

For the year ended June 30, 2016

	Athletics	Diesel Tractor Auto Technology	Transportation	Health Insurance	Total
Operating revenues:					
Sales and service fees		\$51,442			\$736,137
Student tuition and fees	\$88,000				88,000
Other				\$1,784,826	1,916,516
Interest					63
Total revenues	88,000	51,442	\$0	1,784,826	2,740,716
Operating expenses:					
Salaries	54,076				129,355
Employee benefits				1,822,331	1,822,631
Contractual services	19,249				50,353
General materials and supplies	17,008	70,908			589,080
Travel and conference/ meeting expenses	23,925				28,234
Capital outlay	2,829				27,097
Other					7,182
Total operating expenses	117,087	70,908	0	1,822,331	2,653,932
Operating income (loss) before operating transfers	(29,087)	(19,466)	0	(37,505)	86,784
Operating transfers	0	0	0	0	0
Net income (loss)	(\$29,087)	(\$19,466)	\$0	(\$37,505)	\$86,784

Spoon River College District No. 534
Assessed Valuations, Tax Rates, Tax Extensions
and Tax Collections
Levy Years 2015, 2014, and 2013

	2015	2014	2013
Assessed Valuations	\$867,306,754	\$834,741,944	\$812,622,513
Tax Rate (per \$100 assessed valuation):			
Educational Accounts	0.2410	0.2181	0.2143
Bond and Interest Fund	0.2180	0.2186	0.2265
Operations and Maintenance Accounts	0.0490	0.0500	0.0500
Audit Fund	0.0040	0.0046	0.0039
Fire Prevention/Safety/Energy	0.0148	0.0130	0.0110
Liability, Protection, Settlement, and Social Security	0.0804	0.0964	0.0944
Total tax rate	0.6072	0.6007	0.6001
Tax Extensions:			
Educational Accounts	\$2,076,156	\$1,820,572	\$1,745,059
Bond and Interest Fund	1,878,017	1,824,746	1,844,404
Operations and Maintenance Accounts	422,123	417,371	407,153
Audit Fund	34,459	38,398	31,758
Fire Prevention/Safety/Energy	127,498	108,516	89,574
Liability, Protection, Settlement, and Social Security	692,626	804,691	768,705
Total tax extensions	5,230,879	5,014,294	4,886,653
Tax Collections to June 30:			
Educational Accounts	\$881,048	\$1,827,922	\$1,726,509
Bond and Interest Fund	797,165	1,827,708	1,824,799
Operations and Maintenance Accounts	179,087	419,821	402,825
Audit Fund	14,526	38,003	31,420
Fire Prevention/Safety/Energy	54,064	108,136	88,622
Liability, Protection, Settlement, and Social Security	293,801	807,266	760,534
Total tax collections	\$2,219,691	\$5,028,856	\$4,834,709
Percent of extensions collected	42.43%	100.29%	98.94%

State Grant Activity and Schedule of Enrollment Data



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

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

Report on the Financial Statements

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Spoon River College District No. 534 (the “College”) as of and for the year ended June 30, 2016, and the related notes to the 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion, and the College is in compliance with the provisions of laws, contracts, and ICCB policy guidelines for restricted grants.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adult Education and Family Literacy grants of Spoon River College District No. 534 as of June 30, 2016, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Compliance

In connection with our audit, nothing came to our attention that caused us to believe that the College failed to materially comply with the provisions of laws, regulations, contracts and grants between the College and the State of Illinois and the Illinois Community College Board (ICCB). However, our audit was not directed primarily toward obtaining knowledge of all such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the College's noncompliance with the above referenced laws, regulations, contracts and grants. We also believe that the College is materially in compliance with the provisions of laws, contracts, and ICCB policy guidelines with respect to restricted grants.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly the financial position of Spoon River College District No. 534 as of June 30, 2016, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

Sterling, Illinois
September 14, 2016

Spoon River College District No. 534

Balance Sheet

State Adult Education Restricted Funds Grant

June 30, 2016

ASSETS	State Basic	State Performance	Total
Cash			\$0
Receivables	\$104,278	\$84,690	188,968
Total assets	\$104,278	\$84,690	\$188,968
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE			
Liabilities:			
Accrued liabilities	\$1,680	\$1,998	\$3,678
Advances from other funds	88,715	75,266	163,981
Total liabilities	90,395	77,264	167,659
Deferred inflows of resources - Unavailable grant revenue			0
Fund balance	13,883	7,426	21,309
Total liabilities, deferred inflows of resources, and fund balances	\$104,278	\$84,690	\$188,968

Spoon River College District No. 534

Statement of Revenues, Expenditures and Changes in Fund Balance

State Adult Education Restricted Funds Grants

For the year ended June 30, 2016

	State Basic	State Performance	Total
Revenues -			
Grant revenue	\$104,278	\$84,690	\$188,968
Expenditures:			
Instruction	45,062	6,010	51,072
Social work services	8,355		8,355
Guidance services	25,796	10,494	36,290
Subtotal instructional and student services	79,213	16,504	95,717
General administration		57,256	57,256
Data and information services	11,182	3,504	14,686
Subtotal program support	11,182	60,760	71,942
Total expenditures	90,395	77,264	167,659
Excess of revenues over expenditures	13,883	7,426	21,309
Fund balance at beginning of year	0	0	0
Fund balance at end of year	\$13,883	\$7,426	\$21,309

Spoon River College District No. 534

ICCB Compliance Statement for the Adult Education and Family Literacy
Grant - Expenditure Amounts and Percentages for ICCB Grant Funds Only
State Adult Education Restricted Funds Grants
For the year ended June 30, 2016

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$45,062	49.85%
General Administration (15% maximum allowed)	\$0	0.00%

Spoon River College District No. 534

Notes to ICCB Grant Programs Financial Statements

Note 1 Summary of Significant Accounting Policies

General

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

Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2016. 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 the Illinois Community College Board by October 15.

Fixed Assets

Fixed asset purchases are recorded as capital outlay and not capitalized. However, for the Statement of Net Position for the College as a whole, capital assets are capitalized.

Note 2 Payment of Prior Year's Encumbrances

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

Spoon River College District No. 534

Background Information on State Grant Activity

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, and other instruction as may be necessary to increase their qualifications for employment or other means of self-support and their ability to meet their responsibilities as citizens including courses of instruction regularly accepted for graduation from elementary or high schools and for Americanization and General Education Development Review classes. Included in this grant are funds for support services, such as student transportation and child care facilities or provision.

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



**INDEPENDENT ACCOUNTANT'S REPORT ON ENROLLMENT DATA
AND OTHER BASES UPON WHICH CLAIMS ARE FILED**

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 (the "College") for the year ended June 30, 2016. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based on 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, including 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.

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 the College for the year ended June 30, 2016, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

Wipfli LLP

Sterling, Illinois
September 14, 2016

Spoon River College District No. 534

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the year ended June 30, 2016

Total Semester Credit Hours by Term *

	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	2,098.5		9,767.0		9,163.0		21,028.5	0.0
Business Occupational	34.0		462.0	13.5	311.0	5.0	807.0	18.5
Technical Occupation	276.5		1,342.0		1,246.0	6.0	2,864.5	6.0
Health Occupational	350.0		1,092.5		1,409.0		2,851.5	0.0
Remedial Development	112.0		983.5		690.0		1,785.5	0.0
Adult Basis Education/ Adult Secondary Education				366.0		390.0	0.0	756.0
Total credit hours certified	2,871.0	0.0	13,647.0	379.5	12,819.0	401.0	29,337.0	780.5

	<u>Attending In-District</u>	<u>Attending Out-of-District on Chargeback or Contractual Agreement</u>	<u>Total</u>
Semester credit hours	<u>25,398.5</u>	<u>0.0</u>	<u>25,398.5</u>
	<u>Dual Credit</u>	<u>Dual Enrollment</u>	
Reimbursable semester credit hours (all terms)	<u>2,205.0</u>	<u>115.0</u>	
District equalized assessed valuation			<u>\$867,306,754</u>

	Correctional Semester Credit Hours by Term			
	Summer	Fall	Spring	Total
Categories:				
Baccalaureate	0.0	0.0	0.0	0.0
Business Occupational	0.0	0.0	0.0	0.0
Technical Occupation	0.0	0.0	0.0	0.0
Remedial Development	0.0	0.0	0.0	0.0
Total credit hours certified	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

* Unrestricted credit hours are supported with 50 percent or more of unrestricted sources of funding and are reimbursable if they meet all eligibility requirements. Restricted credit hours are supported with more than 50 percent of restricted sources of funding. Total of unrestricted and restricted should equal the SU and SR record totals.

Signatures

President

Chief Financial Officer

Spoon River College District No. 534

Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed

(Continued)

For the year ended June 30, 2016

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2016

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	21,028.5	21,028.5				
Business Occupational	807.0	807.0		18.5	18.5	
Technical Occupation	2,864.5	2,864.5		6.0	6.0	
Health Occupational	2,851.5	2,851.5				
Remedial Development	1,785.5	1,785.5				
Adult Basis Education/Adult Secondary Education				756.0	756.0	
Total	29,337.0	29,337.0	0.0	780.5	780.5	0.0

Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	25,398.5	25,398.5	0.0
Out-of-districts on chargeback or contractual agreement	0.0	0.0	0.0

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	2,205.0	2,205.0	0.0
Dual enrollment	115.0	115.0	0.0

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2016

	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories:			
Baccalaureate			0
Business Occupational			0
Technical Occupation			0
Remedial Development			0
Total	0	0	0

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

Spoon River College District No. 534

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

Note 1 Residency Verification Process

Procedures for Verifying and Classifying Residency

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

1. The student resides with his/her parents within the district.
2. The student is an emancipated minor, completely self-supporting and residing within the district.
3. The student is married and maintains a family residence within the district.
4. The student is self-supporting as defined by the Federal Office of Education and maintains a residence with the district not operated by an institution or higher education; or
5. The student resides outside the district but work full-time (at least 35 hours per week) within the district.

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 Spoon River College District No. 534.
- Letter from employer verifying employment equal to or greater than 35 hours a week at a local in-district employer.
- Concurrent full-time enrollment at Western Illinois University.

Annual Federal Financial Compliance Section



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Spoon River College District No. 534 (the “College”), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated September 14, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore material weaknesses or deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control that we consider to be significant deficiencies, which are described in the accompanying schedule of findings and questioned costs as item 2016-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Responses to Findings

The College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The College's responses were not subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Wipfli LLP

Sterling, Illinois
September 14, 2016



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Trustees
Spoon River 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 "College"), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the its major federal programs for the year ended June 30, 2016. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 College'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 College's compliance.

Opinion

In our opinion, the Spoon River College District No. 534 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, 2016.

Report on Internal Control Over Compliance

Management of the College 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 College'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 in the circumstances 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 the Uniform Guidance, 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 College'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 is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wipfli LLP

Sterling, Illinois
September 14, 2016

Spoon River College District No. 534

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Ariculture:			
Direct awards:			
Rural Enterprise Grants	10.769	13-029-370895488	\$98,000
U.S. Department of Education:			
Pass-through Illinois Community College Board:			
Adult Education:			
Federal Adult Basic	84.002	53401	\$81,732
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1289	44,973
Federal Work Study Program (m)	84.033	P033AXX1289	22,835
Federal Pell Grant Program (m)	84.063	P063AXX1340	2,885,502
Federal Direct Loan Program (m)	84.268	P268KXX1340	1,863,980
Total student financial assistance cluster			4,817,290
TRIO - Student Support Services	84.042	P042AXX0515	223,671
Passed through the Illinois Community College Board:			
Perkins Postsecondary Grants	84.048	CTE53416	76,431
Total U.S. Department of Education			\$5,199,124
Total federal awards expended			\$5,297,124

(m) Denotes major program

Spoon River College District No. 534

Notes to the Schedule of Expenditures of Federal Awards

Note 1 **Significant Accounting Policy**

Reporting entity and basis of accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spoon River College District No. 534 (the "College") for the year ended June 30, 2016, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 **Loan Program**

The College's participation in the U.S. Department of Education's Student Financial Aid Program includes the Federal Direct Student Loan Program. The College does not make the loan as this is done directly with the students by the lenders. The College includes the value of the loans made during the year as federal awards expended in the Schedule of Expenditures of Federal Awards. The balance of the loans from previous years is not included because the lender accounts for the prior balances.

Note 3 **Subrecipient Payments**

The College did not provide any federal payments to subrecipients during the year ended June 30, 2016.

Note 4 **Non-cash Assistance**

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2016.

Note 5 **Other Federal Award Information**

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2016.

Spoon River College District No. 534

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

A. Internal Control

Finding 2016-001

Criteria - The College must have proper segregation of duties.

Condition - There is inadequate control over the functions of recording and reviewing nonroutine journal entries at the College.

Cause – Two individuals have the ability to record nonroutine journal entries without review.

Effect or Potential Effects – Without proper segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

Recommendation - Management and the Board should continue to work together to establish and implement policies and procedures for adequate segregation of duties.

Corrective Action Plan - The College's management will review policies and implement changes to mitigate risks associated with this deficiency.

B. Compliance Finding

None

Section III – Federal Award Findings and Questioned Costs

A. Internal Control

None

B. Compliance Findings

None

Spoon River College District No. 534

Summary Schedule of Prior Audit Findings

Prior Year Findings:

June 30, 2015

I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

A. Internal Control

None

B. Compliance Finding

None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Finding

None

Spoon River College District No. 534

Summary Schedule of Prior Audit Findings

June 30, 2014

C. Internal Control

None

D. Compliance Finding

None

III. Findings and Questioned Costs for Federal Awards

C. Internal Control

None

D. Compliance Finding

None