

SPOON RIVER COLLEGE DISTRICT NO. 534
Canton, Illinois
Financial Report
June 30, 2014 and 2013
With Supplementary Information

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Spoon River College District No. 534 as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spoon River College District No. 534 as of June 30, 2014 and 2013, and the changes in financial position and its

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

Other Matters

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2014, on our consideration of Spoon River College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014

Management's Discussion and Analysis

This section of Spoon River College's financial statements presents management's discussion and analysis of the College's financial activities for the fiscal year ended June 30, 2014. Since this management's discussion and analysis is designed to focus on current activities, resulting change, and currently known facts, please read it in conjunction with the College's basic financial statements (pages 13 - 16) and the footnotes (pages 17 - 28). Responsibility for the completeness and fairness of this information rests with the College.

Overview of the Financial Statements

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

Financial Highlights

For the year ended June 30, 2014, the College recorded total operating revenues of \$5,319,191 and total operating expenses of \$17,238,414. The difference produced an operating loss of \$11,919,223. Net nonoperating revenue of \$11,769,899 and capital contributions of \$17,048 partially offset this loss and resulted in an overall decrease in net position of \$132,276

Nonoperating revenue included local property taxes of \$4,503,459, state appropriations of \$4,944,857, federal grants and local contracts of \$3,052,179 and other net expense of \$746,833.

Operating revenue accounted for 30% of the College's total revenue, while nonoperating revenues accounted for the other 70% of the College's total revenue. Operating revenue consisted of tuition and fees net of scholarships totaling \$4,097,228, auxiliary enterprise revenues totaling \$1,207,833, and other miscellaneous revenue of \$14,130.

Comparison of Net Position - Fiscal Years 2014 and 2013

	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>
Net Position:			
Net investment in capital assets	\$ 1,354,338	1,123,315	231,023
Restricted	93,536	-	93,536
Unrestricted	<u>1,617,438</u>	<u>2,074,273</u>	<u>(456,835)</u>
	<u>\$ 3,065,312</u>	<u>3,197,588</u>	<u>(132,276)</u>

Financial Analysis of the College as a Whole

	<u>2014</u>	Restated <u>2013</u>	Increase (Decrease)	Percent Change
Net Position				
Current assets	\$ 16,622,210	12,507,939	4,114,271	32.89
Noncurrent assets:				
Capital assets, net of depreciation	<u>8,454,338</u>	<u>9,008,315</u>	<u>(553,977)</u>	<u>(6.15)</u>
Total assets	<u>25,076,548</u>	<u>21,516,254</u>	<u>3,560,294</u>	<u>16.55</u>
Current liabilities	4,093,702	3,963,740	129,962	3.28
Noncurrent liabilities	<u>13,079,747</u>	<u>9,820,000</u>	<u>3,259,747</u>	<u>33.19</u>
Total liabilities	17,173,449	13,783,740	3,389,709	24.59
Deferred inflows of resources	<u>4,837,787</u>	<u>4,534,926</u>	<u>302,861</u>	<u>6.68</u>
Total liabilities and deferred inflows of resources	<u>22,011,236</u>	<u>18,318,666</u>	<u>3,692,570</u>	<u>20.16</u>
Net position:				
Invested in capital assets	1,354,338	1,123,315	231,023	20.57
Restricted	93,536	-	93,536	100.00
Unrestricted	<u>1,617,438</u>	<u>2,074,273</u>	<u>(456,835)</u>	<u>(22.02)</u>
	<u>\$ 3,065,312</u>	<u>3,197,588</u>	<u>(132,276)</u>	<u>(4.14)</u>

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

Total net position at June 30, 2014, decreased to \$3,065,312 from \$3,197,588 in fiscal year 2013.

Current assets increased primarily as a result of an increase in cash and investments. The College issued \$4,300,000 of new bonds in fiscal year 2014. Current liabilities increased due to an increase in the current portion of bonds payable and an increase in accrued interest payable.

Noncurrent liabilities increased \$3,259,747 as a result the new bond issue of \$4,300,000, bond payments and the increase in current portion of bonds payable. See note 4 on pages 25 and 26 of the financial statements for more information regarding the changes in debt outstanding and required future principal and interest payments.

Deferred inflows increased by \$302,861 from the prior year. The increase is attributed to normal increases in property tax assessments offset by the collections of property taxes.

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

Operating Results for the Years Ended June 30, 2014 and 2013

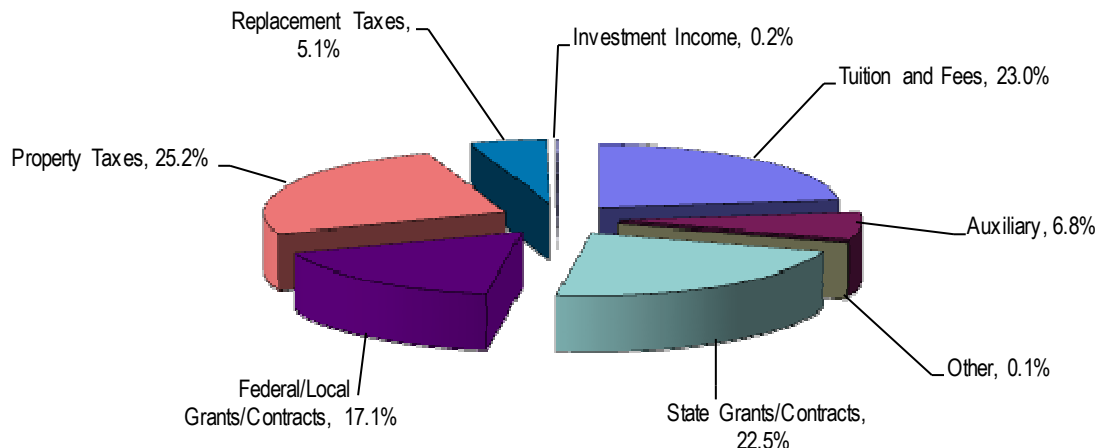
	<u>2014</u>	<u>Restated 2013</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Operating revenue				
Tuition and fees	\$ 4,097,228	3,893,574	203,654	5.2
Auxiliary	1,207,833	1,257,857	(50,024)	(4.0)
Other	14,130	2,539	11,591	456.5
Total operating revenue	<u>5,319,191</u>	<u>5,153,970</u>	<u>165,221</u>	<u>3.2</u>
Less operating expenses	<u>17,238,414</u>	<u>17,039,564</u>	<u>198,850</u>	<u>1.2</u>
Operating loss	<u>(11,919,223)</u>	<u>(11,885,594)</u>	<u>33,629</u>	<u>0.3</u>
Nonoperating revenues and expenses				
State grants and contracts	4,015,335	4,005,658	9,677	0.2
Federal and local grants and contracts	3,052,179	3,224,239	(172,060)	(5.3)
Property taxes	4,503,459	4,483,842	19,617	0.4
Replacement taxes	912,474	901,993	10,481	1.2
Investment income	33,285	5,359	27,926	521.1
Interest expense and debt issue costs	(746,833)	(605,797)	(141,036)	23.3
Net nonoperating revenue	<u>11,769,899</u>	<u>12,015,294</u>	<u>(245,395)</u>	<u>(2.0)</u>
Capital grants and gifts	<u>17,048</u>	<u>-</u>	<u>17,048</u>	<u>100.0</u>
Increase (decrease) in net position	(132,276)	129,700	(261,976)	(202.0)
Net position, beginning of year	<u>3,197,588</u>	<u>3,067,888</u>	<u>129,700</u>	<u>4.2</u>
Net position, end of year	<u>\$ 3,065,312</u>	<u>3,197,588</u>	<u>(132,276)</u>	<u>(4.1)</u>
Total revenues	<u>\$ 17,835,923</u>	<u>17,775,061</u>	<u>60,862</u>	<u>0.3</u>

Operating revenues increased approximately \$165,000. Tuition and fees increased approximately \$204,000. The tuition and fee rate increased \$7.00 per credit hour or 7.00%. This increase was partially offset by a decrease in credit hours of approximately 3,400 or 11.00%. Auxiliary enterprise revenue decreased approximately \$50,000. Bookstore sales decreased approximately \$70,000 as more students purchased books on-line. Diesel Tractor Auto Technology revenue increased approximately \$18,000.

Net nonoperating revenues decreased \$245,395. State grants and contracts increased primarily as a result of an increase of \$124,959 in state on behalf contributions to the State Universities Retirement System as described in note 5 on pages 26 and 27. This increase was partially offset by a decrease in ICCB and other state grants of \$115,282. Federal and local grants and contracts decreased \$172,060 primarily as a result of a decrease in the amount of financial aid awarded. Investment income increased as a result of investing new bond proceeds. Other nonoperating revenues did not change significantly. Interest expense increased as a result of new bonded debt.

Operating expenses increased \$198,850. Institutional support increased as a result of the increase in state on behalf contributions as explained on the previous page. Depreciation expense decreased \$63,373 as a result of a significant amount of building costs and renovations becoming fully depreciated in 2013. Scholarships and grants decreased as a result of a decrease in financial aid. Other operating expenses did not change significantly.

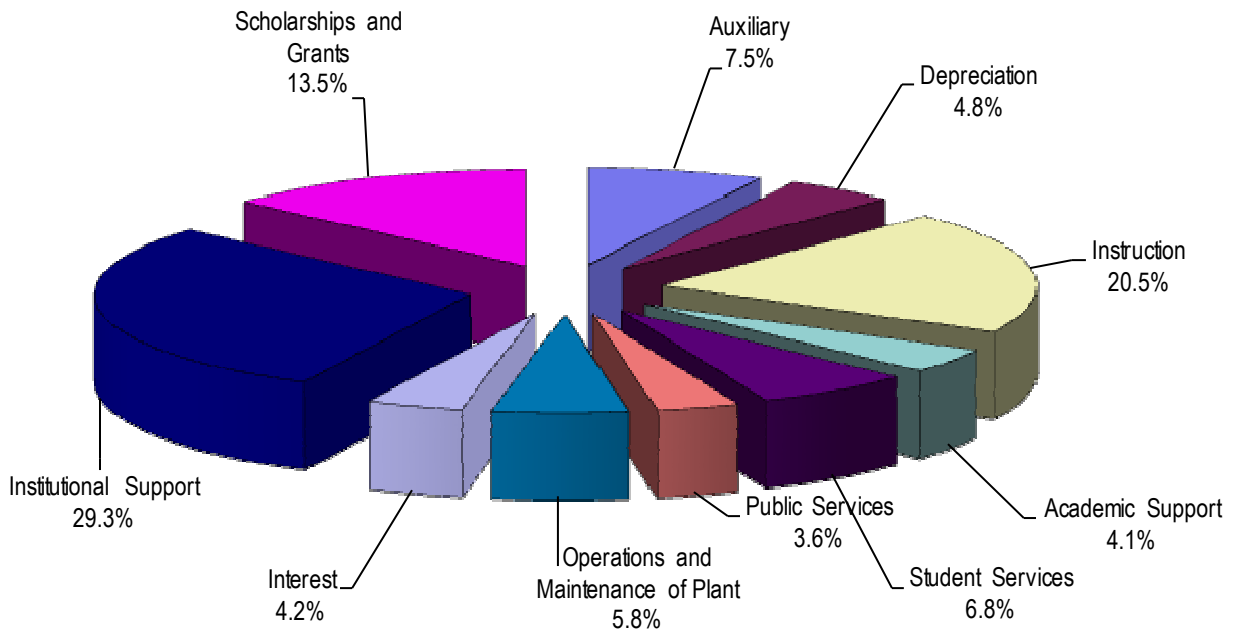
The following is a graphic illustration of revenues by source:



Operating and Nonoperating Expenses:

	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>	<u>Change</u>
Operating expenses:				
Instruction	\$ 3,685,788	3,567,408	118,380	3.3
Academic support	740,103	709,601	30,502	4.3
Student services	1,215,219	1,167,688	47,531	4.1
Public service/continuing education	638,873	575,686	63,187	11.0
Operations and maintenance of plant	1,047,931	986,401	61,530	6.2
Institutional support	5,264,304	4,930,909	333,395	6.8
Scholarships and grants	2,424,827	2,622,113	(197,286)	(7.5)
Auxiliary enterprises	1,356,146	1,551,162	(195,016)	(12.6)
Depreciation	865,223	928,596	(63,373)	(6.8)
Total operating expenses	17,238,414	17,039,564	198,850	1.2
Nonoperating expense - interest	746,833	605,797	141,036	23.3
Total expenses	\$ 17,985,247	17,645,361	339,886	1.9

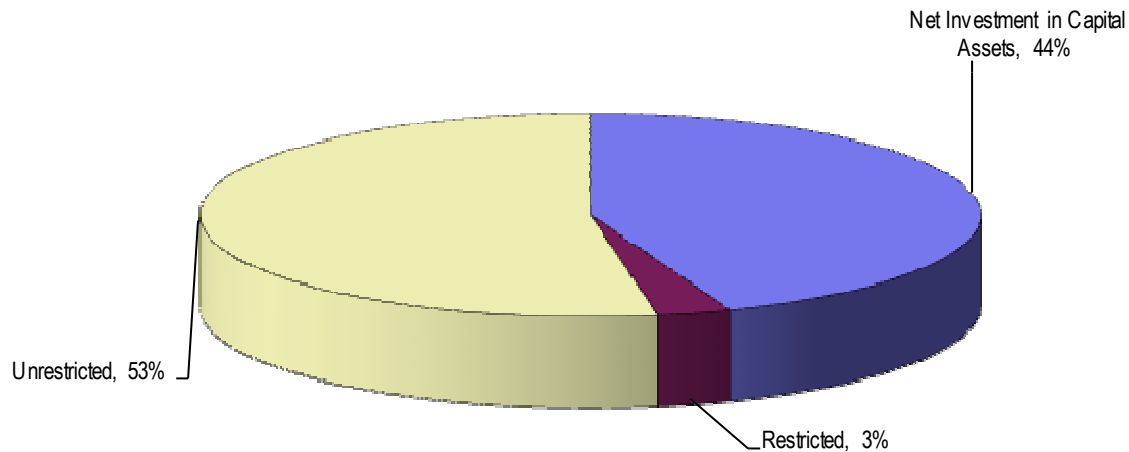
The following is a graphic illustration of expenses:



Operating expenses increased \$198,850 or 1.2% from fiscal year 2013. The increase is explained in the operating results section at the top of page 10.

	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>
Net Position:			
Net investment in capital assets	\$ 1,354,338	1,123,315	231,023
Restricted	93,536	-	93,536
Unrestricted	<u>1,617,438</u>	<u>2,074,273</u>	<u>(456,835)</u>
	<u>\$ 3,065,312</u>	<u>3,197,588</u>	<u>(132,276)</u>

The following is a graphic illustration of net position:



	<u>2014</u>	<u>2013</u>	<u>(Decrease)</u>
Capital Assets			
Land and improvements	\$ 869,115	863,992	5,123
Buildings	19,789,070	19,714,863	74,207
Equipment	767,331	718,464	48,867
Computer technology	2,837,263	2,689,183	148,080
Construction in progress	17,048	-	17,048
	<u>24,279,827</u>	<u>23,986,502</u>	<u>293,325</u>
Total			
Less accumulated depreciation	<u>(15,825,489)</u>	<u>(14,978,187)</u>	<u>(847,302)</u>
Net capital assets	<u>\$ 8,454,338</u>	<u>9,008,315</u>	<u>(553,977)</u>

As of June 30, 2014, the College had \$24,279,827 invested in capital assets, \$15,825,489 in accumulated depreciation resulting in \$8,454,338 in net capital assets. Construction in progress represents costs incurred to construct a new multi-purpose facility at the Canton campus. Total costs are estimated to be \$7,177,100 of which \$4,027,100 will be paid by a capital grant from the Illinois Capital Development Board. See note 3 on page 23 for more information regarding capital assets.

SPOON RIVER COLLEGE DISTRICT NO. 534
Statements of Net Position

June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>Restated</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,813,651	1,026,444
Investments	5,030,173	4,137,285
Receivables:		
Property taxes	4,532,373	3,905,340
Replacement taxes	154,894	174,062
Government claims	603,034	711,585
Student tuition and fees	1,948,685	1,951,656
Other	227,565	251,771
Inventories	248,136	289,116
Prepaid expenses	63,699	60,680
Total current assets	<u>16,622,210</u>	<u>12,507,939</u>
Noncurrent assets:		
Fixed assets	24,279,827	23,986,502
Less accumulated depreciation	<u>(15,825,489)</u>	<u>(14,978,187)</u>
Total noncurrent assets	<u>8,454,338</u>	<u>9,008,315</u>
Total assets	<u>25,076,548</u>	<u>21,516,254</u>
Liabilities		
Current liabilities:		
Accounts payable	197,093	210,771
Accrued expenses	730,525	601,900
Unearned revenue	2,006,084	2,026,069
Bonds payable	1,160,000	1,125,000
Total current liabilities	<u>4,093,702</u>	<u>3,963,740</u>
Noncurrent liabilities:		
Bonds payable	13,079,747	9,820,000
Total noncurrent liabilities	<u>13,079,747</u>	<u>9,820,000</u>
Total liabilities	<u>17,173,449</u>	<u>13,783,740</u>
Deferred Inflows of Resources		
Unearned property tax revenue	4,837,787	4,534,926
Total deferred inflows of resources	<u>4,837,787</u>	<u>4,534,926</u>
Total liabilities and deferred inflows of resources	<u>22,011,236</u>	<u>18,318,666</u>
Net Position		
Net Investment in capital assets	1,354,338	1,123,315
Restricted for:		
Expendable:		
Capital projects	93,536	-
Debt service	-	-
Unrestricted	1,617,438	2,074,273
Total net position	<u>\$ 3,065,312</u>	<u>3,197,588</u>

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

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

For the years ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u> <u>Restated</u>
Revenues		
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$473,306 in 2014 and \$497,958 in 2013	\$ 4,097,228	3,893,574
Auxiliary enterprises revenue	1,207,833	1,257,857
Other operating revenues	14,130	2,539
Total operating revenues	<u>5,319,191</u>	<u>5,153,970</u>
Expenses		
Operating expenses:		
Instruction	3,685,788	3,567,408
Academic support	740,103	709,601
Student services	1,215,219	1,167,688
Public service/continuing education	638,873	575,686
Operations and maintenance of plant	1,047,931	986,401
Institutional support	5,264,304	4,930,909
Scholarships and student grants	2,424,827	2,622,113
Auxiliary enterprises	1,356,146	1,551,162
Depreciation	865,223	928,596
Total operating expenses	<u>17,238,414</u>	<u>17,039,564</u>
Operating loss	<u>(11,919,223)</u>	<u>(11,885,594)</u>
Nonoperating revenues (expenses):		
State grants and contracts	4,015,335	4,005,658
Property taxes	4,503,459	4,483,842
Corporate personal property replacement tax	912,474	901,993
Federal grants and contracts	2,999,102	3,178,886
Local grants and contracts	53,077	45,353
Investment income	33,285	5,359
Debt issue costs	(107,666)	-
Interest expense	(639,167)	(605,797)
Total nonoperating revenues	<u>11,769,899</u>	<u>12,015,294</u>
Net income (loss) before capital contributions	(149,324)	129,700
Capital contributions		
Capital grants and gifts	<u>17,048</u>	<u>-</u>
Increase (decrease) in net position	(132,276)	129,700
Net position - beginning of year	<u>3,197,588</u>	<u>3,067,888</u>
Net position - end of year	<u>\$ 3,065,312</u>	<u>3,197,588</u>

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

SPOON RIVER COLLEGE DISTRICT NO. 534**Statements of Cash Flows****For the years ended June 30, 2014 and 2013**

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 4,089,070	3,871,311
Payments to suppliers	(7,501,421)	(7,606,614)
Payments to employees	(6,598,373)	(6,433,357)
Auxiliary enterprises charges	1,192,806	1,252,534
Other	14,130	2,539
Net cash used by operating activities	<u>(8,803,788)</u>	<u>(8,913,587)</u>
Cash Flows from Noncapital Financing Activities		
Local property taxes	4,178,287	3,908,564
Replacement tax	931,642	888,946
Grants and contracts	5,015,557	5,505,955
Net cash provided by noncapital financing activities	<u>10,125,486</u>	<u>10,303,465</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	(294,198)	(311,586)
Debt proceeds	4,300,000	-
Principal paid on capital debt	(1,125,000)	(1,185,000)
Interest paid on capital debt	(555,690)	(570,150)
Net cash provided (used) by capital and related financing activities	<u>2,325,112</u>	<u>(2,066,736)</u>
Cash Flows from Investing Activities		
(Increase) decrease in investments	(892,888)	480,470
Interest on investments	33,285	5,359
Net cash provided (used) by investing activities	<u>(859,603)</u>	<u>485,829</u>
Net increase (decrease) in cash and cash equivalents	2,787,207	(191,029)
Cash and cash equivalents, beginning of year	<u>1,026,444</u>	<u>1,217,473</u>
Cash and cash equivalents, end of year	<u>\$ 3,813,651</u>	<u>1,026,444</u>

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Statements of Cash Flows

For the years ended June 30, 2014 and 2013

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

	<u>2014</u>	<u>2013</u>
Operating loss	\$ (11,919,223)	(11,885,594)
Adjustments to reconcile operating loss to net cash used by operating activities:		
State on-behalf payments for fringe benefits	2,191,885	2,066,926
Depreciation	865,223	928,596
Changes in net assets:		
Receivables, net	(8,623)	(252,750)
Prepaid expenses	(3,019)	27,587
Inventories	40,980	(62,390)
Accounts payable	(13,678)	42,702
Accrued expenses	57,229	(3,828)
Unearned revenue	<u>(14,562)</u>	<u>225,164</u>
Net cash used by operating activities	<u>\$ (8,803,788)</u>	<u>(8,913,587)</u>
Noncash investing, capital and financing activities:		
Acquisition of capital assets with state capital contributions	<u>\$ 17,048</u>	<u>-</u>
Bond issue costs	<u>\$ 107,666</u>	<u>-</u>
General Obligation and bond premium	<u>\$ 4,407,666</u>	<u>-</u>
Debt certificates	<u>\$ (4,300,000)</u>	<u>-</u>

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 1. Summary of Significant Accounting Policies

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

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The college reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The following is a summary of the more significant policies:

Reporting Entity

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

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

Basis of Accounting

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated. Nonexchange transactions, in which the college receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations; and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when the use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the college on a reimbursement basis.

Classification of Revenues

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

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 2012 and 2011 are to be recognized as revenue in fiscal years 2014 and 2013, respectively.

The Fulton County Supervisor of Assessments prepares the property tax assessment rolls with the property tax liens as of January 1 of each year. Levies are set prior to the lien by the last Tuesday of December. The 2013 levy was passed by the Board on December 18, 2013.

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

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

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

	<u>Limit</u>	<u>Actual</u>	
		<u>2013 Levy</u>	<u>2012 Levy</u>
Education	.2000	.2000	.2000
AV ADD Education	.0143	.0143	.0083
Operations, Building, and Maintenance	.0500	.0500	.0500
Bond and Interest	Unlimited	.2265	.2093
Audit	.0050	.0039	.0039
Liability, Protection, and Settlement	Unlimited	.0773	.0779
Fire Prevention/Safety/Energy	.0500	.0110	.0120
Social Security	Unlimited	.0171	.0164
		<u>.6001</u>	<u>.5778</u>

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

Capital Assets

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

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

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

Cash and Cash Equivalents

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

Investments

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

Receivables

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

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

Inventories

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

Unearned Tuition and Fee Revenue

Tuition and fee revenues received and related to the period after June 30, 2014, have been recorded as unearned.

Net Position

The College's net position is classified as follows:

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

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

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

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Nonprofit Organizations, and the Compliance Supplement.

On-Behalf Payments for Fringe Benefits and Salaries

The College recognizes as revenues and expenses contributions made by the state of Illinois to the State Universities Retirement Systems on behalf of the College's employees. In fiscal years 2014 and 2013, the state made contributions of \$2,191,885 and \$2,066,926, respectively.

Compensated Absences

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacations days from year to year. At June 30, 2014 and 2013, the College had recorded a vacation liability of \$273,341 and \$244,076, respectively.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 1. Summary of Significant Accounting Policies (continued)

an inflow of resources (revenue) until that time. The College has only one type of item, which qualifies for reporting in this category, unearned property tax revenue, which is recognized in the period it is intended to finance. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events and transactions for potential recognition or disclosure through September 10, 2014, which is the date the financial statements were available to be issued. See note 3 on page 24 for subsequent events regarding the construction of the new multi-purpose facility at the Canton campus.

NOTE 2. Deposits and Investments

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

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

The carrying amount of the College's demand deposits and money market accounts at June 30, 2014 and 2013, were \$355,335 and \$258,934, respectively, which excludes amounts maintained for cashier's change funds and petty cash totaling \$32,784 and \$13,782, respectively. Actual bank statement balances at June 30, 2014 and 2013 were \$494,718 and \$449,221, respectively. The difference between carrying amounts and bank balances represent primarily checks which have not cleared the bank.

The following details the College's cash and short-term investments as of June 30, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Demand Deposits	\$ 355,335	258,934
Money Market Funds (Cash Equivalents)	3,425,532	753,628
Illinois Funds	89,317	106,609
Illinois School Dist. Liquid Asset Fund	1,797,093	1,540,237
Bank Certificates of Deposit	3,143,763	2,490,439
Cash on hand	<u>32,784</u>	<u>13,882</u>
Total cash and short-term investments	<u>\$ 8,843,824</u>	<u>5,163,729</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 2. Deposits and Investments (continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to them. The District's investment policy requires all amounts deposited with financial institutions in excess of any insurance limit to be collateralized by eligible securities. As of June 30, 2014, all of the College's bank deposits were insured or collateralized.

Investments

As of June 30, 2014, the College had the following investments:

	<u>Fair</u> <u>Value</u>	<u>Investment</u> <u>Maturities</u> <u>by Year</u>	<u>Rating</u>
Illinois School District Liquid			
Asset Fund - CD's	\$ 1,797,093	Less than 1	N/A
Goldman Sachs Financial			
Square Prime Obligation Fund	3,425,532	N/A	AAAm (S&P)
Illinois Funds	89,317	Less than 1	AAAm (S&P)
	<u>\$ 5,311,942</u>		

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the College's investment in the funds is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor, and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The College's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the College and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

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

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 2. Deposits and Investments (continued)

Concentration of Credit Risk

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

Interest Rate Risk

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

NOTE 3. Capital Assets

The following tables present the changes in the various capital asset categories for fiscal years 2014 and 2013:

Capital Assets - Fiscal Year 2014

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

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.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 3. Capital Assets (continued)

Subsequent to year end, the College transferred \$3,150,000 to the Capital Projects Fund for its share of costs to construct the new multi-purpose facility. The funds were deposited in a trust account. Disbursements from this account will be authorized by the Illinois Capital Development Board.

Capital Assets - Fiscal Year 2013

	Balance June 30, 2012	Additions	Deletions	Balance June 30, 2013
Land	\$ 759,038	-	-	759,038
Land improvements	104,954	-	-	104,954
Buildings	19,700,241	14,622	-	19,714,863
Equipment	598,226	140,743	20,505	718,464
Computer technology	2,532,962	156,221	-	2,689,183
	<u>23,695,421</u>	<u>311,586</u>	<u>20,505</u>	<u>23,986,502</u>
Total cost				
Less accumulated depreciation				
Land and improvements	104,954	-	-	104,954
Buildings	11,845,683	626,348	-	12,472,031
Equipment	442,802	44,294	20,505	466,591
Computer technology	1,676,657	257,954	-	1,934,611
Total accumulated depreciation	<u>14,070,096</u>	<u>928,596</u>	<u>20,505</u>	<u>14,978,187</u>
Net capital assets	<u>\$ 9,625,325</u>	<u>(617,010)</u>	<u>-</u>	<u>9,008,315</u>

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 4. Changes in General Long-term Debt

	<u>Balance</u> <u>July 1, 2013</u>	<u>Bonds</u> <u>Issued</u>	<u>Bonds</u> <u>Retired</u>	<u>Balance</u> <u>June 30, 2014</u>
Community College Bonds Series 2003	\$ 310,000	-	310,000	-
Community College Bonds Series 2005 B	255,000	-	255,000	-
Community College Bonds Series 2006	970,000	-	225,000	745,000
Community College Bonds Series 2008	6,370,000	-	15,000	6,355,000
Community College Bonds Series 2010	3,060,000	-	320,000	2,740,000
Community College Bonds Series 2013	-	4,300,000	-	4,300,000
General Obligation Debt Certificates, Series 2013	-	4,300,000	4,300,000	-
	<u>\$ 10,965,000</u>	<u>8,600,000</u>	<u>5,425,000</u>	14,140,000
				<u>99,747</u>
			Total bonds outstanding	<u>\$ 14,239,747</u>

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

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

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

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

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

At June 30, 2014, the annual cash flow requirements of bond principal and interest were as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 1,160,000	665,239	1,825,239
2016	1,275,000	549,599	1,824,599
2017	1,385,000	492,421	1,877,421
2018	1,465,000	428,842	1,893,842
2019	1,300,000	360,852	1,660,852
2020	1,385,000	289,180	1,674,180
2021	1,470,000	218,594	1,688,594
2022	1,505,000	156,955	1,661,955
2023	1,570,000	98,488	1,668,488
2024	1,625,000	34,125	1,659,125
	\$ <u>14,140,000</u>	<u>3,294,295</u>	<u>17,434,295</u>

NOTE 5. Pension Plan

Plan Description

Spoon River College District No. 534 contributes to the State Universities Retirement System of Illinois (SURS), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the state of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 5. Pension Plan (continued)

pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org, or calling 1-800-275-7877.

Funding Policy

Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the state of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for FY 2015) is 35.80% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS made by the state of Illinois for the years ending June 30, 2014, 2013, and 2012, were \$2,191,885, \$2,066,926, and \$1,486,365, respectively, equal to the required contributions for each year.

NOTE 6. Lease Commitments

The College leases facilities and equipment under noncancelable operating leases with terms over one year. Future minimum rentals under the leases at June 30, 2014, are as follows:

Year Ending June 30,	Facilities	Equipment	Total
2015	\$ 19,800	9,146	28,946
2016	19,800	8,784	28,584
2017	19,800	5,856	25,656
2018	16,500	-	16,500
	\$ 75,900	23,786	99,686

NOTE 7. Risk of Loss

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

NOTE 8. Restatement

The College adopted Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities* during the year ended June 30, 2014. Statement No. 65 changed the classifications of certain items in the statement of net position to the new classifications contained in GASB Statement No. 63. The 2013 financial statements were also restated to correct an error in recording depreciation. The effect of the restatement was to increase depreciation expense and accumulated depreciation by \$91,269 and decrease net position by \$91,269.

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 9. Pending GASB Adoptions

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, is effective for years beginning after June 15, 2014. The statement requires governments providing defined benefit pensions to recognize their long-term obligations for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

SUPPLEMENTAL FINANCIAL STATEMENTS

SPOON RIVER COLLEGE DISTRICT NO. 534

Combining Balance Sheet

Governmental Fund Types - General

June 30, 2014

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Assets</u>			
Cash	\$ 3,743,149	16	3,743,165
Investments	4,418,095	-	4,418,095
Receivables:			
Property taxes	1,618,543	377,635	1,996,178
Corporate personal property replacement taxes	102,230	52,664	154,894
Government claims	300,063	91,976	392,039
Student tuition and fees	1,948,685	-	1,948,685
Other	193,908	127	194,035
Prepaid expenses	63,699	-	63,699
Cash interfund	-	-	-
Total assets	\$ 12,388,372	522,418	12,910,790
<u>Liabilities and Fund Balance</u>			
Accounts payable	\$ 197,093	-	197,093
Accrued payroll and vacation pay	446,657	19,513	466,170
Unearned revenue	4,030,820	403,082	4,433,902
Cash interfund	156,257	99,823	256,080
Due to other funds	-	-	-
General obligation debt certificates	-	-	-
Total liabilities	4,830,827	522,418	5,353,245
Fund balance:			
Reserve for encumbrances	-	-	-
Reserve for working cash	479,707	-	479,707
Unreserved	7,077,838	-	7,077,838
Total fund balance	7,557,545	-	7,557,545
Total liabilities and fund balance	\$ 12,388,372	522,418	12,910,790

SPOON RIVER COLLEGE DISTRICT NO. 534

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

Governmental Fund Types - General

Year ended June 30, 2014

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Revenues</u>			
Local governmental sources:			
Current property taxes	\$ 1,623,505	389,693	2,013,198
Corporate personal property replacement taxes	602,233	310,241	912,474
Chargeback revenues	-	-	-
	<u>2,225,738</u>	<u>699,934</u>	<u>2,925,672</u>
State government sources:			
ICCB state grants	1,240,038	367,905	1,607,943
Illinois State Board of Education - Vocational Education	-	-	-
	<u>1,240,038</u>	<u>367,905</u>	<u>1,607,943</u>
Federal government sources:			
Administrative allowance	11,741	-	11,741
Other federal government sources	-	-	-
	<u>11,741</u>	<u>-</u>	<u>11,741</u>
Other sources:			
Student tuition and fees	4,570,534	-	4,570,534
Facilities revenue	-	600	600
Interest income	32,483	71	32,554
Miscellaneous	11,130	2,400	13,530
	<u>4,614,147</u>	<u>3,071</u>	<u>4,617,218</u>
 Total revenues	 <u>8,091,664</u>	 <u>1,070,910</u>	 <u>9,162,574</u>

SPOON RIVER COLLEGE DISTRICT NO. 534

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

Governmental Fund Types - General

Year ended June 30, 2014

	Education Fund	Operations, Building, and Maintenance Fund	Total
<u>Expenditures</u>			
Instruction	3,372,068	-	3,372,068
Academic support	730,320	-	730,320
Student services	958,539	-	958,539
Public service	555,579	-	555,579
Operations and maintenance of plant	-	1,078,590	1,078,590
Institutional support	2,619,389	-	2,619,389
Scholarships, student grants, and waivers	291,055	-	291,055
 Total expenditures	 <u>8,526,950</u>	 <u>1,078,590</u>	 <u>9,605,540</u>
 (Deficiency) of revenues (under) expenditures	 (435,286)	 (7,680)	 (442,966)
<u>Other Financing Sources (Uses)</u>			
Bond proceeds	4,300,000	-	4,300,000
Transfers	(14,208)	1,382	(12,826)
 Total other financing sources (uses)	 <u>4,285,792</u>	 <u>1,382</u>	 <u>4,287,174</u>
 Excess (deficiency) of revenues over expenditures and other financing sources	 3,850,506	 (6,298)	 3,844,208
 Fund balance, July 1, 2013	 <u>3,707,039</u>	 <u>6,298</u>	 <u>3,713,337</u>
 Fund balance (deficit), June 30, 2014	 <u>\$ 7,557,545</u>	 <u>-</u>	 <u>7,557,545</u>

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

June 30, 2014

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<u>Assets</u>				
Cash	\$ 4,362	53,070	536,181	593,613
Investments	-	-	578,391	578,391
Receivables:				
Property taxes	-	29,455	712,975	742,430
Government claims	210,995	-	-	210,995
Other	10,792	-	-	10,792
Due from other funds	-	-	-	-
Total assets	\$ 226,149	82,525	1,827,547	2,136,221
<u>Liabilities and Fund Balance</u>				
Accounts payable	\$ -	-	-	-
Accrued payroll and vacation pay	7,291	-	4,922	12,213
Unearned revenue	6,353	31,440	761,018	798,811
Cash interfund	212,525	-	-	212,525
Due to other funds	-	-	-	-
Total liabilities	226,169	31,440	765,940	1,023,549
Fund balance:				
Reserve for encumbrances	-	-	-	-
Unreserved	(20)	51,085	1,061,607	1,112,672
Total fund balance	(20)	51,085	1,061,607	1,112,672
Total liabilities and fund balance	\$ 226,149	82,525	1,827,547	2,136,221

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

Year ended June 30, 2014

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Revenues				
State government sources:				
ICCB state grants	\$ 175,507	-	-	175,507
Department of Corrections	-	-	-	-
IDHS - Teen Parent	-	-	-	-
Illinois Secretary of State	40,000	-	-	40,000
DCEO	-	-	-	-
Other state sources	-	-	-	-
	<u>215,507</u>	<u>-</u>	<u>-</u>	<u>215,507</u>
Federal government sources:				
Received through ICCB:				
Adult Education	128,544	-	-	128,544
Other	-	-	-	-
U.S. Department of Education:				
Pell Grant Program	2,546,433	-	-	2,546,433
College Work Study	19,443	-	-	19,443
Supplemental Educational Opportunity Grant	55,704	-	-	55,704
Student Support Services	237,237	-	-	237,237
Title III	-	-	-	-
Academic Competitiveness	-	-	-	-
Other federal grants	-	-	-	-
	<u>2,987,361</u>	<u>-</u>	<u>-</u>	<u>2,987,361</u>
Other sources:				
Tech Prep Grant	-	-	-	-
WIU-SBDC	-	-	-	-
Dollar General Literacy	5,000	-	-	5,000
Seniors leading seniors	-	-	-	-
Career Link Transition	38,294	-	-	38,294
Other	9,783	-	-	9,783
Property taxes	-	30,396	734,961	765,357
Interest	-	5	393	398
	<u>53,077</u>	<u>30,401</u>	<u>735,354</u>	<u>818,832</u>
Total revenues	<u>3,255,945</u>	<u>30,401</u>	<u>735,354</u>	<u>4,021,700</u>

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

Year ended June 30, 2014

	Restricted Purposes Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
<u>Expenditures</u>				
Instruction	304,071	-	-	304,071
Academic support	9,783	-	-	9,783
Student services	256,680	-	-	256,680
Public service/continuing education	83,294	-	-	83,294
Institutional support	-	27,700	724,414	752,114
Scholarships, student grants, and waivers	2,602,137	-	-	2,602,137
Total expenditures	3,255,965	27,700	724,414	4,008,079
 Excess of revenues over expenditures	 (20)	 2,701	 10,940	 13,621
<u>Other Financing Sources (Uses)</u>				
Net transfers between funds	-	-	-	-
 Excess of revenues and other financing sources over expenditures and other financing uses	 (20)	 2,701	 10,940	 13,621
 Fund balance , July 1, 2013	 -	 48,384	 1,050,667	 1,099,051
 Fund balance (deficit), June 30, 2014	 \$ (20)	 51,085	 1,061,607	 1,112,672

SPOON RIVER COLLEGE DISTRICT NO. 534
Combining Balance Sheet
Governmental Fund Types - Debt Service

June 30, 2014

	2003 Community College Bonds	2005 Community College Bonds	2006 Community College Bonds	2008 Community College Bonds	2010 Community College Bonds	2013 Community College Bonds	Total
<u>Assets</u>							
Cash	\$ -	-	16,958	32,781	29,831	38,940	118,510
Receivables:							
Property taxes	-	-	251,660	486,467	442,690	529,868	1,710,685
Total assets	\$ -	-	268,618	519,248	472,521	568,808	1,829,195
<u>Liabilities and Fund Balance</u>							
Accrued expenses	\$ -	-	-	-	-	3,235	3,235
Unearned revenue	-	-	268,618	519,248	472,521	565,573	1,825,960
Total liabilities	-	-	268,618	519,248	472,521	568,808	1,829,195
Fund balance - reserved for debt service	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ -	-	268,618	519,248	472,521	568,808	1,829,195

SPOON RIVER COLLEGE DISTRICT NO. 534

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

Governmental Fund Types - Debt Service

Year ended June 30, 2014

	2003 Community College Bonds	2005 Community College Bonds	2006 Community College Bonds	2008 Community College Bonds	2010 Community College Bonds	Total
<u>Revenues</u>						
Local government sources:						
Current property taxes	\$ 312,908	258,341	268,487	322,771	468,878	1,631,385
Other sources:						
Investment income	57	47	48	59	86	297
 Total revenues	<u>312,965</u>	<u>258,388</u>	<u>268,535</u>	<u>322,830</u>	<u>468,964</u>	<u>1,631,682</u>
<u>Expenditures</u>						
Debt service:						
Fixed charges	-	-	-	-	-	-
Bond principal	310,000	255,000	225,000	15,000	320,000	1,125,000
Interest and fees	5,425	5,419	45,646	310,368	152,650	519,508
 Total expenditures	<u>315,425</u>	<u>260,419</u>	<u>270,646</u>	<u>325,368</u>	<u>472,650</u>	<u>1,644,508</u>
 Deficiency of revenues over expenditures	(2,460)	(2,031)	(2,111)	(2,538)	(3,686)	(12,826)
 Fund balance, July 1, 2013	-	-	-	-	-	-
Transfers	2,460	2,031	2,111	2,538	3,686	12,826
 Fund balance, June 30, 2014	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

June 30, 2014

Assets

Cash	\$	99,134
Investments		-
Receivables:		
Property taxes		83,080
Due from other funds		-
		<hr/>
Total assets	\$	<u><u>182,214</u></u>

Liabilities and
Fund Balance

Accounts payable	\$	-
Unearned revenue		88,678
Cash interfund		-
		<hr/>
Total liabilities		<u>88,678</u>
Fund balance - reserve for capital projects		<u>93,536</u>
Total liabilities and fund balance	\$	<u><u>182,214</u></u>

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

Year ended June 30, 2014

Revenues

Local government sources:

Current property taxes	\$ 93,519
Other	-
	<u>93,519</u>

State government sources:

ICCB state grants	-
Capital Development Board	17,048
	<u>17,048</u>

Other sources:

Investment income	17
Sale of property	-
	<u>17</u>

Total revenues 110,584

Expenditures

Contractual services	-
Fixed charges	-
Salaries	-
Repairs	-
Capital	17,048
	<u>17,048</u>

Total expenditures 17,048

Excess of revenues over expenditures 93,536

Other Financing Sources

Bond proceeds -

Excess of revenues and other financing sources over expenditures 93,536

Fund balance, July 1, 2013 -

Fund balance, June 30, 2014 \$ 93,536

SPOON RIVER COLLEGE DISTRICT NO. 534
Balance Sheet
Proprietary Fund Type - Auxiliary Enterprise

June 30, 2014

<u>Assets</u>	
Cash	\$ 66,083
Investments	33,687
Accounts receivable	22,738
Due from other funds	-
Inventory	<u>248,136</u>
 Total assets	 \$ <u><u>370,644</u></u>
 <u>Liabilities and Retained Earnings</u>	
Current liabilities:	
Accounts payable	\$ -
Cash interfund	338,249
Accrued payroll and vacation pay	16,245
Due to other funds	<u>-</u>
 Total liabilities	 354,494
Retained earnings	<u>16,150</u>
 Total liabilities and retained earnings	 \$ <u><u>370,644</u></u>

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

Year ended June 30, 2014

	General	Bookstore	Food Services	Print Shop	Postage	Nursing Exams	Student Activities	Athletics	Diesel Tractor Auto Technology	Transportation	Total
Revenues											
Sales	\$ 200	684,767	87,301	37,197	16,720	7,442	-	-	73,340	10,270	917,237
Federal grant	-	-	-	-	-	-	-	-	-	-	-
Activity fees	-	-	-	-	-	-	-	-	-	-	-
Tuition	-	-	-	-	-	-	-	-	-	-	-
Interest	19	-	-	-	-	-	-	-	-	-	19
Total revenues	219	684,767	87,301	37,197	16,720	7,442	-	-	73,340	10,270	917,256
Operating Expenses											
Salaries	-	70,408	39,069	37,125	-	-	26,164	50,515	-	-	223,281
Employee benefits	-	14,300	-	14,300	-	-	-	14,000	-	-	42,600
Contractual services	-	-	-	18,609	-	-	10,875	13,020	-	-	42,504
General materials and supplies	-	524,885	55,899	3,405	20,976	5,100	5,073	16,280	68,261	21,832	721,711
Travel and conference/meeting expenses	-	233	35	-	-	-	2,936	18,209	-	-	21,413
Fixed charges	-	41,552	-	-	-	-	-	2,665	-	-	44,217
Capital outlay	-	-	-	-	-	-	-	-	-	-	-
Office equipment	-	-	-	-	-	-	-	-	-	-	-
Other	-	6,312	-	-	-	-	1,017	-	-	-	7,329
Total operating expenses	-	657,690	95,003	73,439	20,976	5,100	46,065	114,689	68,261	21,832	1,103,055
Operating income (loss) before operating transfers	219	27,077	(7,702)	(36,242)	(4,256)	2,342	(46,065)	(114,689)	5,079	(11,562)	(185,799)
Operating Transfers	-	-	-	-	-	-	-	-	-	-	-
Net income (loss)	\$ 219	27,077	(7,702)	(36,242)	(4,256)	2,342	(46,065)	(114,689)	5,079	(11,562)	(185,799)

SUPPLEMENTAL FINANCIAL INFORMATION

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

Levy years 2013, 2012, and 2011

	<u>2013 Levy</u>	<u>2012 Levy</u>	<u>2011 Levy</u>
<u>Assessed Valuation</u>	\$ 812,622,513	792,854,827	785,854,087
Tax rates (per \$100 of assessed valuation)			
Education Fund	.2000	.2000	.2000
AV ADD Education	.0143	.0083	.0021
Operations, Building, and Maintenance Fund	.0500	.0500	.0500
Bond and Interest Fund	.2265	.2093	.2162
Liability, Protection, and Settlement Fund	.0944	.0943	.1033
Fire Prevention/Safety/Energy	.0110	.0120	.0000
Audit Fund	.0039	.0039	.0050
Prior year adjustment	.0000	.0000	.0000
 Total	 <u>.6001</u>	 <u>.5778</u>	 <u>.5766</u>
 <u>Taxes Extended</u>			
Education Fund	\$ 1,628,613	1,585,578	1,572,009
AV ADD Education	116,446	65,801	16,507
Operations, Building, and Maintenance Fund	407,153	396,394	393,002
Bond and Interest Fund	1,844,404	1,659,307	1,699,341
Liability, Protection, and Settlement Fund	768,705	747,600	811,942
Fire Prevention/Safety/Energy	89,574	95,135	-
Audit Fund	31,758	30,919	39,300
Prior year adjustment	-	-	-
 Total	 <u>\$ 4,886,653</u>	 <u>4,580,734</u>	 <u>4,532,101</u>
 Taxes Collected (as of June 30, 2014)			
Education Fund	\$ 101,788	1,555,726	1,555,231
AV ADD Education	7,278	64,484	16,331
Operations, Building, and Maintenance Fund	25,447	388,913	388,808
Bond and Interest Fund	115,275	1,627,988	1,681,206
Liability, Protection, and Settlement Fund	48,044	733,489	803,278
Fire Prevention/Safety/Energy	5,598	93,339	-
Audit Fund	1,985	30,335	38,881
Prior year adjustment	-	-	-
 Total	 <u>\$ 305,415</u>	 <u>4,494,274</u>	 <u>4,483,735</u>
 Percentage collected	 <u>6.2%</u>	 <u>98.1%</u>	 <u>98.9%</u>

SPOON RIVER COLLEGE DISTRICT NO. 534

Schedule of Debt Maturities

Governmental Fund Types

June 30, 2014

Community College Bonds, Series 2006

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	5.30	\$ 235,000	33,512	268,512
2016	5.35	250,000	20,598	270,598
2017	5.35	260,000	6,955	266,955
Total Series 2006		\$ 745,000	61,065	806,065

Community College Bonds, Series 2008

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	5.50	\$ 215,000	304,043	519,043
2016	5.50	250,000	291,255	541,255
2017	5.50	430,000	272,555	702,555
2018	5.50	750,000	240,105	990,105
2019	5.50	815,000	197,067	1,012,067
2020	5.45	880,000	150,675	1,030,675
2021	4.15	940,000	107,190	1,047,190
2022	4.20	1,005,000	66,580	1,071,580
2023	4.25	1,070,000	22,738	1,092,738
Total Series 2008		\$ 6,355,000	1,652,208	8,007,208

Community College Bonds, Series 2010

	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	4.75	\$ 335,000	137,334	472,334
2016	5.00	350,000	120,627	470,627
2017	5.10	370,000	102,442	472,442
2018	5.35	390,000	82,575	472,575
2019	5.40	410,000	61,073	471,073
2020	5.65	430,000	37,855	467,855
2021	5.65	455,000	12,854	467,854
Total Series 2010		\$ 2,740,000	554,760	3,294,760

SPOON RIVER COLLEGE DISTRICT NO. 534

Schedule of Debt Maturities

Governmental Fund Types

June 30, 2014

<u>Community College Bonds, Series 2013</u>	<u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	2.00	\$ 375,000	190,350	565,350
2016	2.25	425,000	117,119	542,119
2017	1.15	325,000	110,469	435,469
2018	1.50	325,000	106,162	431,162
2019	2.85	75,000	102,712	177,712
2020	2.85	75,000	100,650	175,650
2021	2.85	75,000	98,550	173,550
2022	3.00	500,000	90,375	590,375
2023	3.00	500,000	75,750	575,750
2024	4.20	1,625,000	34,125	1,659,125
Total Series 2013		\$ 4,300,000	1,026,262	5,326,262

Combined Amortization Schedule

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 1,160,000	665,239	1,825,239
2016	1,275,000	549,599	1,824,599
2017	1,385,000	492,421	1,877,421
2018	1,465,000	428,842	1,893,842
2019	1,300,000	360,852	1,660,852
2020	1,385,000	289,180	1,674,180
2021	1,470,000	218,594	1,688,594
2022	1,505,000	156,955	1,661,955
2023	1,570,000	98,488	1,668,488
2024	1,625,000	34,125	1,659,125
Total Debt Payable	\$ 14,140,000	3,294,295	17,434,295

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

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

Year ended June 30, 2014

Assessed valuation - 2013 levy	\$ <u>812,622,513</u>
Debt limit, 2.875% of assessed valuation	\$ 23,362,897
Bond indebtedness	<u>14,140,000</u>
Legal debt margin	\$ <u>9,222,897</u>

UNIFORM FINANCIAL STATEMENTS

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

Year ended June 30, 2014

	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund	Auxiliary Enterprises Fund	Restricted Purposes Fund	Health Insurance Fund	Audit Fund	Liability, Protection, and Settlement Fund	Total
Fund balance, July 1, 2013	\$ 3,707,039	6,298	-	-	164,444	-	-	48,384	1,050,667	4,976,832
Revenues:										
Local tax revenue	\$ 1,623,505	389,693	93,519	1,631,385	-	-	-	30,396	734,961	4,503,459
All other local revenue	602,233	310,241	-	-	-	-	-	-	-	912,474
ICCB grants	1,240,038	367,905	-	-	-	175,507	-	-	-	1,783,450
All other state revenue	-	-	17,048	-	-	40,000	-	-	-	57,048
Federal revenue	-	-	-	-	-	2,987,361	-	-	-	2,987,361
Student tuition and fees	4,570,534	-	-	-	-	-	-	-	-	4,570,534
All other revenue	55,354	3,071	17	297	917,256	53,077	2,021,416	5	393	3,050,886
Total revenue	\$ 8,091,664	1,070,910	110,584	1,631,682	917,256	3,255,945	2,021,416	30,401	735,354	17,865,212
Expenditures:										
Instruction	\$ 3,372,068	-	-	-	-	304,071	-	-	-	3,676,139
Academic support	730,320	-	-	-	-	9,783	-	-	-	740,103
Student services	958,539	-	-	-	-	256,680	-	-	-	1,215,219
Public service/continuing education	555,579	-	-	-	1,200	83,294	-	-	-	640,073
Auxiliary services	-	-	-	-	1,101,855	-	-	-	-	1,101,855
Operations and maintenance	-	1,078,590	17,048	-	-	-	-	-	-	1,095,638
Institutional support	2,619,389	-	-	1,644,508	-	-	1,983,911	27,700	724,414	6,999,922
Scholarships, student grants, and waivers	291,055	-	-	-	-	2,602,137	-	-	-	2,893,192
Total expenditures	\$ 8,526,950	1,078,590	17,048	1,644,508	1,103,055	3,255,965	1,983,911	27,700	724,414	18,362,141
Proceeds from bonds	\$ 4,300,000	-	-	-	-	-	-	-	-	4,300,000
Net transfers	(14,208)	1,382	-	12,826	-	-	-	-	-	-
	\$ 4,285,792	1,382	-	12,826	-	-	-	-	-	4,300,000
Fund balance, June 30, 2014	\$ 7,557,545	-	93,536	-	(21,355)	(20)	37,505	51,085	1,061,607	8,779,903

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

Year ended June 30, 2014

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<u>Operating Revenues by Source</u>			
Local government revenue:			
Local taxes	\$ 1,623,505	389,693	2,013,198
CPPRT	602,233	310,241	912,474
Chargeback revenue	-	-	-
Total local government	<u>2,225,738</u>	<u>699,934</u>	<u>2,925,672</u>
State government:			
ICCB credit hour grants	623,285	367,905	991,190
ICCB equalization grants	449,988	-	449,988
ICCB career and technical education	58,408	-	58,408
ICCB square footage grant	8,357	-	8,357
ICCB - small college grant	100,000	-	100,000
Total state government	<u>1,240,038</u>	<u>367,905</u>	<u>1,607,943</u>
Federal government:			
Department of Education	-	-	-
Interest subsidy	-	-	-
Total federal government	<u>-</u>	<u>-</u>	<u>-</u>
Student tuition and fees:			
Tuition	3,753,161	-	3,753,161
Tuition received under reciprocal agreements	-	-	-
Fees	817,373	-	817,373
Total tuition and fees	<u>4,570,534</u>	<u>-</u>	<u>4,570,534</u>
Other sources:			
Facilities revenue	-	600	600
Investment revenue	32,483	71	32,554
Other	22,871	2,400	25,271
Total other revenue	<u>55,354</u>	<u>3,071</u>	<u>58,425</u>
Total revenue	<u>\$ 8,091,664</u>	<u>1,070,910</u>	<u>9,162,574</u>
Less nonoperating items:			
Tuition chargeback revenue	\$ -	-	-
Adjusted revenue	<u>\$ 8,091,664</u>	<u>1,070,910</u>	<u>9,162,574</u>

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

Year ended June 30, 2014

	Education Fund	Operations and Maintenance Fund	Total Operating Funds
<u>Operating Expenditures</u>			
<u>By Program</u>			
Instruction	\$ 3,372,068	-	3,372,068
Academic support	730,320	-	730,320
Student services	958,539	-	958,539
Public service	555,579	-	555,579
Operations and maintenance	-	1,078,590	1,078,590
Institutional support	2,619,389	-	2,619,389
Scholarships, student grants, and waivers	291,055	-	291,055
Total expenditures	<u>\$ 8,526,950</u>	<u>1,078,590</u>	<u>9,605,540</u>
Less nonoperating items:			
Tuition chargeback	\$ 9,036	-	9,036
Adjusted expenditures	<u>\$ 8,517,914</u>	<u>1,078,590</u>	<u>9,596,504</u>
<u>By Object</u>			
Salaries	\$ 5,505,056	198,992	5,704,048
Employee benefits	1,460,510	71,500	1,532,010
Contractual services	106,236	303,477	409,713
General materials and supplies	803,338	105,406	908,744
Travel and conference/meeting expenses	106,768	4,983	111,751
Fixed charges	47,199	24,616	71,815
Utilities	-	342,708	342,708
Capital outlay	-	-	-
Other	497,843	26,908	524,751
Total expenditures	<u>\$ 8,526,950</u>	<u>1,078,590</u>	<u>9,605,540</u>
Less nonoperating items:			
Tuition chargeback	\$ 9,036	-	9,036
Adjusted expenditures	<u>\$ 8,517,914</u>	<u>1,078,590</u>	<u>9,596,504</u>

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

Year ended June 30, 2014

	<u>Restricted Purposes Fund</u>
<u>Revenue by Source</u>	
State government:	
ICCB - Work force development grant	\$ -
ICCB - CTE State Formula	-
ICCB - Adult Education	171,196
ICCB - Program Improvement	4,311
Other (page 52)	40,000
Total state government	<u>215,507</u>
Federal government:	
Department of Education	2,858,817
Other (page 52)	128,544
Total federal government	<u>2,987,361</u>
Other sources:	
AACC 50 Plus Completion	9,783
Career Link Transition	38,294
Dollar General Literacy	5,000
Total other sources	<u>53,077</u>
Transfers	<u>-</u>
Total restricted purposes fund revenues	<u>\$ 3,255,945</u>
<u>Expenditures by Program</u>	
Instruction	\$ 304,071
Academic support	9,783
Student services	256,680
Public service/continuing education	83,294
Institutional support	-
Scholarships, student grants, and waivers	2,602,137
Transfers	<u>-</u>
Total restricted purposes fund expenditures	<u>\$ 3,255,965</u>

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

Year ended June 30, 2014

	<u>Restricted Purposes Fund</u>
<u>Expenditures by Object</u>	
Salaries	\$ 395,586
Employee benefits	126,633
Contractual services	3,888
General materials and supplies	66,225
Travel and conference/meeting expenses	30,984
Fixed charges	-
Utilities	-
Capital outlay	-
Scholarships, student grants, and waivers	2,632,649
Other	-
Transfers	-
Total restricted purposes fund expenditures	<u>\$ 3,255,965</u>
State government - other revenue:	
Secretary of State Community Literacy	\$ 40,000
DCEO - IGEN Sustainability	-
DCEO - Eliminate the Digital Divide	-
	<u>\$ 40,000</u>
Federal government - other revenue:	
ICCB - Perkins	\$ 71,530
ICCB - CTE Formula	-
ICCB- Adult Education	57,014
	<u>\$ 128,544</u>

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

Year ended June 30, 2014

Instruction

Instructional programs	\$ 3,676,139
Other	-
Total instruction	<u>3,676,139</u>

Academic support

Library center	207,853
Instructional materials center	117,701
Educational media services	-
Academic computing support	-
Academic administration and planning	404,766
Other	9,783
Total academic support	<u>740,103</u>

Student services

Admissions and records	337,837
Counseling and career guidance	271,496
Financial aid administration	237,072
Other	368,814
Total student services	<u>1,215,219</u>

Public service/continuing education

Community education	555,579
Customized training (instructional)	-
Community services	-
Other	83,294
Total public service/continuing education	<u>638,873</u>

Organized research

	<u>-</u>
--	----------

Auxiliary Services

	<u>3,086,966</u>
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SPOON RIVER COLLEGE DISTRICT NO. 534
Uniform Financial Statements Information
Current Funds Expenditures by Activity

Year ended June 30, 2014

Operations and maintenance of plant

Maintenance	692,724
Custodial services	-
Grounds	-
Campus security	-
Transportation	-
Utilities	366,067
Administration	-
Other	19,800
Total operations and maintenance of plant	<u>1,078,591</u>

Institutional support

Executive management	203,059
Fiscal operations	347,066
Community relations	-
Administrative support services	559,942
Board of Trustees	23,773
General institution	333,276
Institutional research	-
Administrative data processing	1,174,192
Other	730,195
Total institutional support	<u>3,371,503</u>

Scholarships, student grants, and waivers

2,893,191

Total current funds expenditures \$ 16,700,585

CERTIFICATION OF CHARGEBACK REIMBURSEMENT

SPOON RIVER COLLEGE DISTRICT NO. 534

Certification of Chargeback Reimbursement for Fiscal Year 2015

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

Education Fund		\$ 8,328,474
Operations and Maintenance Fund		1,078,591
Bond and Interest Fund		1,664,508
Restricted Purposes Fund		3,255,965
Audit Fund		27,700
Liability, Protection, and Settlement Fund		<u>724,415</u>
 Total Noncapital Expenditures		 15,079,653
 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds		 <u>234,231</u>
 Total Costs Included		 (A) \$ <u>15,313,884</u>
 Total certified semester credit hours for FY 2014	(B) \$	<u>31,327</u>
 Per Capita Cost (A/B)		 \$ 488.84
 All FY 2014 state and federal operating grants for noncapital expenditures DO NOT INCLUDE ICCB GRANTS	(C) \$	 <u>1,212,204</u>
 FY 2014 state and federal grants per semester credit hour (C/B)		 \$ <u>38.70</u>
 District's average ICCB grant rate (excluding equalization grants) for FY 2015		 \$ <u>29.16</u>
 District's student tuition and fee rate per semester credit hour for FY 2015		 \$ <u>160.00</u>
 Chargeback reimbursement per semester credit hour		 \$ <u><u>260.98</u></u>

Approved: _____ Date _____
 Chief Fiscal Officer

Approved: _____ Date _____
 Chief Executive Officer

ILLINOIS COMMUNITY COLLEGE BOARD
STATE GRANTS FINANCIAL - COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

Report on Financial Statements

We have audited the accompanying balance sheets of the Career and Technical Education-Program Improvement, and State Adult Education and Family Literacy Grants of Spoon River College District No. 534 as of June 30, 2014, and the related statements of revenues, expenditures, and changes in fund balances for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement, and State Adult Education and Family Literacy Grant Programs of Spoon River College District No. 534 as of June 30, 2014, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

The grant program financial statements present only the Grant Programs referred to above and do not purport to, and do not present the financial position of the College as of June 30, 2014, or the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Our audit was conducted for the purpose of forming opinions on the grant program financial statements of the College. The Expenditure Amounts and Percentages for ICCB Grant Funds Only on page 64 is presented for purposes of additional analysis and is not a required part of the grant program financial statements. Such information has been subjected to the auditing procedures applied in the audits of the grant program financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the grant program financial statements or to the grant program financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Expenditure Amounts and Percentages for ICCB Grant Funds Only on page 64 is fairly stated, in all material respects, in relation to the grant program financial statements as a whole.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014

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

June 30, 2014

Assets

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

Liabilities

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

Fund Balance

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

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

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

Year ended June 30, 2014

	<u>Actual</u>
<u>Revenue</u>	
State sources	\$ <u>4,311</u>
<u>Expenditures</u>	
<u>Current Year's Grant</u>	
Materials and supplies	4,311
Instructional Equipment	-
<u>Payment of Prior Year's</u>	
<u>Encumbrances</u> (Note 2)	<u>-</u>
Total expenditures	<u>4,311</u>
Excess of revenue over (under) expenditures	-
Fund balance reserved for encumbrances - July 1, 2013	<u>-</u>
Fund balance reserved for encumbrances - June 30, 2014	\$ <u><u>-</u></u>

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

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

June 30, 2014

	State Basic	Public Assistance	Performance	Total
<u>Assets</u>				
Cash	\$ -	-	-	-
Grants receivable	5,302	3,039	5,925	14,266
Total assets	\$ 5,302	3,039	5,925	14,266
<u>Liabilities</u>				
Accounts payable	\$ -	-	-	-
Accrued payroll	775	326	1,451	2,552
Due to other funds	4,527	2,713	4,474	11,714
Total liabilities	5,302	3,039	5,925	14,266
<u>Fund Balance</u>				
Fund balance - reserved for encumbrances	-	-	-	-
Fund balance - unreserved	-	-	-	-
Total liabilities and fund balance	\$ 5,302	3,039	5,925	14,266

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

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

Year ended June 30, 2014

	State Basic	Public Assistance	Performance	Total
<u>Revenues</u>				
State grants	\$ 63,620	36,474	71,102	171,196
<u>Expenditures</u>				
Instruction	30,380	19,129	-	49,509
Social work services	16,915	-	3,571	20,486
Guidance services	8,490	13,453	3,572	25,515
Assessment & testing	4,580	-	-	4,580
Student transportation services	-	700	-	700
Literacy services	-	-	-	-
Subtotal instructional and student services	60,365	33,282	7,143	100,790
<u>Improvement of instructional services</u>				
General administration	-	-	58,517	58,517
Improvement of instructional services	-	-	-	-
Operation & maintenance of plant services	-	-	-	-
Data and information services	3,255	3,192	5,442	11,889
Subtotal program support	3,255	3,192	63,959	70,406
Total expenditures	63,620	36,474	71,102	171,196
Excess (deficiency) of revenue over expenditures	-	-	-	-
Fund balance reserved for encumbrances - July 1, 2013	-	-	-	-
Fund balance reserved for encumbrances - June 30, 2014	\$ -	-	-	-

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

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

Year ended June 30, 2014

	Audited Expenditure Amount	Actual Expenditure Percentage
<u>State Basic</u>	<u> </u>	<u> </u>
Instruction (45% Minimum Required)	\$ 30,380	47.8%
General Administration (15% Maximum Allowed)	\$ -	0.0%
<u>State Public Assistance</u>	<u> </u>	<u> </u>
Instruction (45% Minimum Required)	\$ 19,129	52.4%
General Administration (15% Maximum Allowed)	\$ -	0.0%

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

SPOON RIVER COLLEGE DISTRICT NO. 534
Notes to Financial Statements

June 30, 2014

NOTE 1. Summary of Significant Accounting Policies

General

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

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable and accrued payroll representing liabilities for goods and services actually received as of June 30, 2014. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to ICCB by October 15.

Fixed Assets

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

NOTE 2. Payments of Prior Year's Encumbrances

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

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

June 30, 2014

Unrestricted Grants

Base Operating Grants

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

Small College Grants

Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. The funds are intended to help small colleges pay for some of the "fixed costs" of operating a smaller institution.

Equalization Grants

Grants provided to institutions with less than the statewide average local tax dollars available per full-time equivalent student.

Restricted Grants/Special Initiatives

Career and Technical Education - Program Improvement Grants

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

Statewide Initiatives

Special Incentive Grants

A new request to provide flexible funding for unique initiatives needed in the community college system. The grants will be awarded on a request for proposal basis and will focus on higher education priorities such as accessibility, affordability, productivity, partnerships, quality, and responsiveness. In addition, a significant portion of the dollars available will focus on improving the availability of qualified information technology employees in the state of Illinois.

Other Grants

These other grants are additional contractual grants provided for special or specific system-related initiatives. These grants are supported by signed contracts between the college and the state of Illinois.

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

June 30, 2014

Restricted Adult Education Grants/State

State Basic

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

Public Assistance

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

Performance

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

APPORTIONMENT AID CLAIM DATA



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Spoon River College District No. 534 as of June 30, 2014.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Spoon River College District No. 534 as of June 30, 2014, in accordance with the Illinois Community College Board's *Fiscal Management Manual*.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014

SPOON RIVER COLLEGE DISTRICT NO. 534

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

Year ended June 30, 2014

Total Semester Credit Hours by Term (In-District and Out-of-District Reimbursable)										
Categories	Summer		Fall		Winter		Spring		(Note 3) TOTAL	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Notes 1 and 2										
Baccalaureate	2,385.5	-	9,892.5	-	-	-	9,485.5	-	21,763.5	-
Business Occupational	27.0	-	461.5	67.0	-	-	275.5	8.5	764.0	75.5
Technical Occupational	416.0	-	1,252.0	-	-	-	1,177.5	-	2,845.5	-
Health Occupational	463.5	-	1,199.5	-	-	-	1,253.0	-	2,916.0	-
Remedial Developmental	152.0	-	1,050.0	-	-	-	902.0	-	2,104.0	-
Adult Basic/ Secondary Education	-	-	-	474.0	-	-	-	384.0	-	858.0
TOTAL	3,444.0	-	13,855.5	541.0	-	-	13,093.5	392.5	30,393.0	933.5

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

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

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

	Attending In-District	Attending Out-of-District on Chargeback or a Cooperative/Contractual Agreement	TOTAL
Semester Credit Hours (All Terms)	26,701.0	-	26,701.0
		Dual Credit	Dual Enrollment
		2,577.0	75.0
District Equalized Assessed Valuation	\$812,622,513		

Correctional Semester Credit Hours by Term					
Categories	Summer	Fall	Winter	Spring	TOTAL
Baccalaureate	-	-	-	1.5	1.5
Business Occupational	-	38.0	-	6.5	44.5
Technical Occupational	-	-	-	-	-
Health Occupational	0.5	-	-	-	0.5
Remedial Developmental	-	-	-	-	-
Adult Basic/ Secondary Education	-	-	-	27.0	27.0
TOTAL	0.5	38.0	-	35.0	73.5

Signatures

Chief Executive Officer (CEO)

Chief Financial Officer (CFO)

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534

Reconciliation of Total Semester Credit Hours

Year ended June 30, 2014

<u>Categories</u>	<u>Total Unrestricted Credit Hours</u>	<u>Total Unrestricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>	<u>Total Restricted Credit Hours</u>	<u>Total Restricted Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	21,763.5	21,763.5	-	-	-	-
Business Occupational	764.0	764.0	-	75.5	75.5	-
Technical Occupational	2,845.5	2,845.5	-	-	-	-
Health Occupational	2,916.0	2,916.0	-	-	-	-
Remedial Developmental	2,104.0	2,104.0	-	-	-	-
Adult Basic/ Secondary Education	-	-	-	858.0	858.0	-
TOTAL	30,393.0	30,393.0	-	933.5	933.5	-

RECONCILIATION OF IN-DISTRICT/CHARGEBACK AND COOPERATIVE/CONTRACTUAL AGREEMENT CREDIT HOURS			
	<u>Total Attending (Unrestricted and Restricted)</u>	<u>Total Attending as Certified to the ICCB (Unrestricted and Restricted)</u>	<u>Difference</u>
In-District Residents	26,701.0	26,701.0	-
Out-of-District on Chargeback or Contractual Agreement	-	-	-
Total	26,701.0	26,701.0	-

	<u>Total Reimbursable</u>	<u>Total Reimbursable Certified to ICCB</u>	<u>Difference</u>
Dual Credit	2,577.0	2,577.0	-
Dual Enrollment	75.0	75.0	-

RECONCILIATION OF TOTAL CORRECTIONAL SEMESTER CREDIT HOURS FOR THE YEAR ENDED JUNE 30, 2014			
<u>Categories</u>	<u>Total Correctional Credit Hours</u>	<u>Total Correctional Credit Hours Certified to the ICCB</u>	<u>Difference</u>
Baccalaureate	1.5	1.5	-
Business Occupational	44.5	44.5	-
Technical Occupational	-	-	-
Health Occupational	0.5	0.5	-
Remedial Developmental	-	-	-
Adult Basic/ Secondary Education	27.0	27.0	-
TOTAL	73.5	73.5	-

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

Residency Policy

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

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

Verification of Residency

Students must provide one of the following to verify residency:

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

SPOON RIVER COMMUNITY COLLEGE DISTRICT NO. 534
Summary of Assessed Valuations
Most Recent Three Years

Tax Levy Year

2013	\$	812,622,513
2012	\$	792,854,827
2011	\$	785,854,087

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

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

We have audited the financial statements of the business-type activities of Spoon River College District No. 534 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Spoon River College District No. 534's basic financial statements. We issued our report thereon dated September 10, 2014, which contained an unmodified opinion on the financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014

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

Year ended June 30, 2014

	Federal Grantor/ Pass-through Grantor/ <u>Program Title</u>	Federal CFDA <u>Number</u>	Pass Through Grantor's <u>Number</u>	Program or Award <u>Amount</u>	Accrued or (Deferred) Revenue at July 1, <u>2013</u>	Receipts or Revenue <u>Recognized</u>	Disbursements/ <u>Expenditures</u>	Accrued or (Deferred) Revenue at June 30, <u>2014</u>
Department of Education								
Direct Program - Student Financial Aid Cluster (Major):								
	Pell Grant Program	84.063	N/A	\$ -	\$ 130,559	2,547,549	2,546,433	129,443
	College Work Study Program	84.033	N/A	-	2,087	23,889	19,443	(2,359)
	Supplemental Educational Grant Program	84.007	N/A	-	17,584	63,781	55,704	9,507
	Subtotal Student Financial Aid Cluster (Direct)				150,230	2,635,219	2,621,580	136,591
76	TRIO - Student Support Services (Direct)	84.042A	N/A	220,000	12,189	238,037	237,237	11,389
Passed through ICCB:								
	Federal Basic	84.002A	53401	57,014	15,578	67,244	57,014	5,348
	CTE Innovation	84.048	CTEL13534	1,485	1,485	1,485	-	-
	Perkins	84.048	CTE53413	71,530	26,204	59,023	71,530	38,711
					27,689	60,508	71,530	38,711
	Total Department of Education				205,686	3,001,008	2,987,361	192,039
	Total Federal Assistance				\$ 205,686	3,001,008	2,987,361	192,039

Note: The District's participation in the U.S. Department of Education's Student Financial Assistance Program includes the Federal Direct Loan Program. Direct loans made during the year ended June 30, 2014, totaled \$1,519,502

See note to Schedule of Expenditures of Federal Awards.

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

June 30, 2014

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Spoon River College District No. 534 for the year ended June 30, 2014, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

Note 2 – Non-Cash Assistance

The District did not receive any non-cash assistance through federal award programs during the year ended June 30, 2014. In addition, there was no insurance in effect during the year which came from federal sources.

Note 3 – Loans Outstanding

The award programs of the District had no outstanding loan balances nor were there any loan guarantees as of June 30, 2014.

Note 4 – Subrecipients

The District did not award any federal funds to subrecipients during the year ended June 30, 2014.



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

**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**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities of Spoon River College District No. 534 as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Spoon River College District No. 534's basic financial statements, and have issued our report thereon dated September 10, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014



CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

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

Report on Compliance for Each Major Federal Program

We have audited Spoon River College District No. 534's (the "District") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control over Compliance

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

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Gordon, Stockman & Waugh, P.C.

Peoria, Illinois
September 10, 2014

SPOON RIVER COLLEGE DISTRICT NO. 534

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section I - Summary of Auditors' Results

June 30, 2014, Financial Statement

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified:

_____ yes X no

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

_____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified:

_____ yes X no

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

_____ yes X none reported

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

Unqualified

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

_____ yes X no

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

Student Financial Assistance Cluster:

84.063

Federal Pell Grant Program

84.007

Federal Supplemental Educational
Opportunity Grant Program

84.033

Federal Work Study

84.268

Federal Direct Loan Program

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

\$300,000

Auditee qualified as low-risk auditee?

 X yes _____ no

SPOON RIVER COLLEGE DISTRICT NO. 534

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2014**

Section II - Financial Statement Findings

None.

Section III - Federal Awards Findings and Questioned Costs

None

SPOON RIVER COLLEGE DISTRICT NO. 534
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2014

13-01 Student Financial Aid Cluster – Direct Loan Program – CFDA#84.268
Grant Period – Year Ended June 30, 2014

Condition: Out of the sixty students selected for file testing, two students had not completed entrance counseling. The two students completed financial awareness counseling.

Criteria: All students who receive federal student loans must participate in entrance counseling prior to certifying the first loan.

Effect: This finding did not result in any questioned costs, however, under the Special Tests and Provisions Compliance Requirement for Direct Loans, instances of non-compliance occurred when the students did not complete the entrance counseling procedure.

Cause: The students completed financial awareness counseling on August 12, 2012 and on September 12, 2012. During this time period, the financial awareness link was listed above the entrance counseling link on the studentloans.gov website. When searching for completed counseling on COD, we mistakenly took the financial awareness for entrance counseling. Both students have been contacted to complete entrance counseling.

Recommendation: We recommend the College institute procedures to determine that students have completed entrance counseling before certifying the loan.

Corrective Action Plan

We now are able to search by date range and counseling type results in COD. This enables us to only see entrance counseling results, eliminating the possibility of mistaking financial awareness counseling for entrance counseling. This is the process we are now using to identify students who have completed entrance counseling.

2014 Update

This finding was not repeated for the year ended June 30, 2014.