

SALE DATE AND TIMES:

MAY 5, 2026

10:00 A.M. CDT – Series 2026A

10:15 A.M. CDT – Series 2026B

NEW ISSUES – BOOK-ENTRY ONLY

– BANK QUALIFIED – 2026B BONDS ONLY

RATING⁺: MOODY'S "Aa3"

Interest on the 2026A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Subject to compliance by the District with certain covenants, in the opinion of Chapman and Cutler LLP, Chicago, Illinois ("Bond Counsel"), under present law, interest on the 2026B Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the 2026B Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See "TAX MATTERS" herein for a more complete discussion. The 2026B Bonds are "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. See "QUALIFIED TAX-EXEMPT OBLIGATIONS" herein.

**COMMUNITY COLLEGE DISTRICT NO. 506
COUNTIES OF WHITESIDE, LEE, CARROLL, OGLE, BUREAU AND HENRY
AND STATE OF ILLINOIS
(SAUK VALLEY COMMUNITY COLLEGE)
\$1,055,000* TAXABLE GENERAL OBLIGATION BONDS, SERIES 2026A
\$4,685,000* GENERAL OBLIGATION BONDS, SERIES 2026B**

Dated: Date of Issuance

Due: February 1, as Shown on the Inside Cover Page

The Taxable General Obligation Bonds, Series 2026A (the "2026A Bonds"), and General Obligation Bonds, Series 2026B (the "2026B Bonds" and, together with the 2026A Bonds, the "Bonds"), of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the "District"), are issuable as fully-registered bonds under the global book-entry system operated by The Depository Trust Company, New York, New York ("DTC"). Individual purchases will be made in book-entry system form only. Beneficial owners of the Bonds will not receive physical delivery of the Bonds. The Bonds are issued in fully-registered form in denominations of \$5,000 and integral multiples thereof, and will bear interest payable on February 1 and August 1 of each year, with February 1, 2027, as the first interest payment date. The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, will act as registrar and paying agent for the Bonds. Details of payment of the Bonds are described herein. Interest is calculated based on a 360-day year consisting of twelve 30-day months.

Proceeds of the Bonds will be used to (i) increase the working cash fund of the District, (ii) pay certain interest on the Bonds and (iii) pay costs associated with the issuance of the Bonds. See "USE OF PROCEEDS" herein.

The Bonds, in the opinion of Bond Counsel, are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors' rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion. See "THE BONDS – Security and Payment" herein.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are offered at public sale, subject to the approval of legality by Bond Counsel. Chapman and Cutler LLP, Chicago, Illinois, is also acting as Disclosure Counsel to the District. Delivery of the Bonds through the facilities of DTC will be on or about May 26, 2026.



The date of this Official Statement is May __, 2026.

*Preliminary, subject to change.

+See "BOND RATING" herein.

MATURITY SCHEDULES, AMOUNTS, INTEREST RATES, YIELDS AND CUSIP NUMBERS

\$1,055,000* Taxable General Obligation Bonds, Series 2026A

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)</u>	<u>Rate (%)</u>	<u>Yield (%)</u>	<u>CUSIP</u> <u>(966068)</u>
2028	40,000			
2029	1,015,000			

\$4,685,000* General Obligation Bonds, Series 2026B

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)</u>	<u>Rate %</u>	<u>Yield (%)</u>	<u>CUSIP</u> <u>(966068)</u>
2029	1,020,000			
2030	2,195,000			
2031	1,470,000			

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If any principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a Bond.

(1) CUSIP data herein is provided by CUSIP Global Services ("CGS"). CGS is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. No representations are made as to the correctness of the CUSIP numbers. These CUSIP numbers are subject to change after the issuance of the Bonds.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the District from time to time (collectively, the “Official Statement”), may be treated as an Official Statement with respect to the Bonds described herein that is deemed final by the District as of the date hereof (or of any such supplement or amendment), except for the omission of certain information permitted to be omitted pursuant to such Rule.

No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as statements of the District or the underwriter of the 2026A Bonds and the underwriter of the 2026B Bonds (together, the “Underwriters”). This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person, in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. Unless otherwise indicated, the District is the source of all tables and statistical and financial information contained in this Official Statement. The information set forth herein relating to governmental bodies other than the District has been obtained from such governmental bodies or from other sources believed to be reliable. The information and opinions expressed herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date of this Official Statement.

PMA Securities, LLC, Naperville, Illinois, is serving as municipal advisor (the “Municipal Advisor”) to the District in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

Any statements made in this Official Statement, including the Appendices, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of such estimates will be realized. This Official Statement contains certain forward-looking statements and information that are based on the District’s beliefs as well as assumptions made by and information currently available to the District. Such statements are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or expected.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their respective responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter do not guarantee the accuracy or completeness of such information.

This Official Statement should be considered in its entirety and no one factor considered less important than any other by reason of its position in this Official Statement. Where statutes, resolutions, reports or other documents are referred to herein, reference should be made to such statutes, resolutions, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

Upon issuance, the Bonds will not be registered under the Securities Act of 1933, as amended, and will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other Federal, State, Municipal or other governmental entity, other than the District, shall have passed upon the accuracy or adequacy of this Official Statement.

Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois
(Sauk Valley Community College)
173 Illinois Route 2
Dixon, Illinois 61021
(815) 288-5511

* * * * *

Board of Trustees

Robert Thompson, Chair
Brian Duncan, Vice Chair
Margaret Tyne, Secretary
Danelle Burrs
Tom Demmer
Sam Ramirez
Lisa Wiersema

Madison Krum, non-voting Student Trustee

President

Dr. Dave Hellmich*

Vice President of Business Services/Treasurer

Kent A. Sorenson

* * * * *

Paying Agent/Registrar

The Bank of New York Mellon Trust Company, N.A.
311 South Wacker Drive, Suite 6200B
Chicago, Illinois 60606

Independent Auditors

Wipfli LLP
403 East Third Street
Sterling, Illinois 61081

Municipal Advisor

PMA Securities, LLC
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

Bond and Disclosure Counsel

Chapman and Cutler LLP
320 South Canal Street
Chicago, Illinois 60606

2026A Underwriter

2026B Underwriter

*The President is retiring on June 30, 2026. Dr. Jon Mandrell, the incoming President, will assume his new role on June 1, 2026.

TABLE OF CONTENTS

PAGE

INTRODUCTION.....	1
THE BONDS.....	1
General Description	1
Registration and Exchange.....	2
Authority and Purpose	2
Security and Payment.....	2
USE OF PROCEEDS	3
SOURCES AND USES.....	4
BOOK-ENTRY SYSTEM	4
REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES.....	7
Summary of Property Assessment, Tax Levy and Collection Procedures	7
Tax Levy and Collection Procedures	7
Unpaid Taxes and Annual Tax Sales	7
Exemptions	8
Property Tax Extension Limitation Law	10
Truth in Taxation Law	11
RISK FACTORS.....	11
Construction Risks	11
Finances of the State of Illinois.....	12
Federal Revenues	12
Local Economy	12
Unemployment.....	13
Loss or Change of Bond Rating.....	13
Cybersecurity	13
Secondary Market for the Bonds.....	13
Continuing Disclosure.....	14
Suitability of Investment.....	14
Future Changes in Laws.....	14
Factors Relating to Tax Exemption.....	14
Bankruptcy.....	15
THE DISTRICT	15
General Description	15
Educational Facilities	16
Student Tuition and Fees.....	17
Enrollment.....	17
Credit Hours.....	18
The Board of Trustees.....	19
Administration	19
Employees.....	19
SOCIO-ECONOMIC CHARACTERISTICS	20
Population Trend.....	20
Income and Housing	20
Residential Housing Building Permits	21
Retail Sales.....	21
Corporate Personal Property Replacement Taxes	22
Largest Area Employers.....	22
Historical Unemployment Statistics	23
FINANCIAL INFORMATION.....	24
Trend of EAV	24
EAV by County.....	24
Tax Increment Financing Districts Located within the District	25
Enterprise Zone Located within the District	26
Tax Rates	26
Representative Tax Rates for Property within the District.....	27
Tax Extensions and Collections.....	27

Largest Taxpayers	28
Summary of Outstanding Bonded Debt	28
Debt Repayment Schedule	29
Overlapping General Obligation Bonded Debt	30
Debt Statement.....	31
Debt Ratios.....	31
Short-Term Financing Record.....	31
Future Financing	31
Default Record	32
SUMMARY OF OPERATING RESULTS	32
Combined Education Fund and Operation and Maintenance Fund Revenue Sources	32
Combined Education Fund and Operations and Maintenance Fund	33
Working Cash Fund	33
Working Cash Fund Summary.....	34
Budget Summary	34
STATE AID	35
General.....	35
Direct Operating Support.....	35
Indirect Operating Support.....	35
Institutional Grant Programs.....	36
Student Financial Aid.....	36
History of State Funding.....	36
FEDERAL AID.....	37
General.....	37
Federal COVID-19 Funds Distributed to the District	37
RETIREMENT PLAN	37
Pension and Retirement Plan	37
Financial Reporting under GASB Standards.....	38
TAX MATTERS	39
The 2026A Bonds	39
The 2026B Bonds	39
QUALIFIED TAX-EXEMPT OBLIGATIONS.....	42
LITIGATION	42
BOND RATING	42
LIMITED CONTINUING DISCLOSURE	42
CERTAIN LEGAL MATTERS	43
UNDERWRITING.....	44
MUNICIPAL ADVISOR	44
THE OFFICIAL STATEMENT.....	45
Accuracy and Completeness of the Official Statement.....	45

Appendices:

- A. Forms of Legal Opinions of Bond Counsel
- B. Annual Financial Report for Fiscal Year Ended June 30, 2025
- C. Form of Continuing Disclosure Undertaking
- D. Official Notices of Sale and Bid Forms

Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois
(Sauk Valley Community College)
\$1,055,000* Taxable General Obligation Bonds, Series 2026A
\$4,685,000* General Obligation Bonds, Series 2026B

INTRODUCTION

The purpose of this Official Statement is to set forth certain information concerning Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “District”), in connection with the offering and sale of its \$1,055,000* Taxable General Obligation Bonds, Series 2026A (the “2026A Bonds”) and \$4,685,000* General Obligation Bonds, Series 2026B (the “2026B Bonds” and, together with the 2026A Bonds, the “Bonds”). This Official Statement includes the cover page, the reverse thereof and the Appendices. Certain factors that may affect an investment decision concerning the Bonds are described throughout this Official Statement. Persons considering a purchase of the Bonds should read this Official Statement in its entirety.

THE BONDS

General Description

The Bonds will be issued in fully-registered form, without coupons, in denominations of \$5,000 each or authorized integral multiples thereof under a book-entry only system operated by The Depository Trust Company, New York, New York (“DTC”). Principal of and interest on the Bonds will be payable as described under the caption “BOOK-ENTRY SYSTEM” by The Bank of New York Mellon Trust Company, N.A., Chicago, Illinois, as paying agent and registrar (the “Registrar”).

The Bonds will be dated as of the date of delivery and will mature as shown on the inside cover page of this Official Statement. Interest on the Bonds will be payable on each February 1 and August 1, beginning February 1, 2027. The Bonds will bear interest from their dated date, or from the most recent interest payment date to which interest has been paid or provided for, computed on the basis of a 360-day year consisting of twelve 30-day months. The principal of the Bonds will be payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Registrar in Chicago, Illinois. Interest on each Bond will be paid by check or draft of the Registrar payable upon presentation in lawful money of the United States of America to the person in whose name such Bond is registered at the close of business on the record date, which is the 15th day of the month next preceding the interest payment date (the “Record Date”).

The Bonds are not subject to optional redemption prior to maturity.

*Preliminary, subject to change.

Registration and Exchange

The Bonds may be transferred, registered and assigned only on the registration books of the Registrar, and such registration shall be at the expense of the District; provided, however, that the District or the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Upon surrender for transfer of any Bond at the principal corporate trust office of the Registrar, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Registrar and duly executed by, the registered owner or his or her attorney duly authorized in writing, the District shall execute and the Registrar shall authenticate, date and deliver in the name of the transferee or transferees a new fully-registered Bond or Bonds of the same series and maturity of authorized denominations for a like aggregate principal amount. Any fully-registered Bond or Bonds may be exchanged at said office of the Registrar for a like aggregate principal amount of Bond or Bonds of the same series and maturity of other authorized denominations. The execution by the District of any fully-registered Bond shall constitute full and due authorization of such Bond and the Registrar shall thereby be authorized to authenticate, date and deliver such Bond, provided, however, the principal amount of outstanding Bonds of each series and maturity authenticated by the Registrar shall not exceed the authorized principal amount of Bonds for such series and maturity less previous retirements.

The Registrar shall not be required to transfer or exchange any Bond during the period beginning at the close of business on the Record Date with respect to any interest payment date on such Bond and ending at the opening of business on such interest payment date.

Authority and Purpose

The Bonds are issued pursuant to the Public Community College Act of the State of Illinois, (the “Community College Act”), the Local Government Debt Reform Act of the State of Illinois (the “Debt Reform Act”), and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board of Trustees (the “Board”) of the District on April 27, 2026, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the working cash fund of the District (the “Working Cash Fund”), (ii) pay certain interest on the Bonds and (iii) pay costs associated with the issuance of the Bonds. See “USE OF PROCEEDS” herein.

Security and Payment

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by

equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds except for the interest due on the Bonds on February 1, 2027, which will be paid from Bond proceeds. The Bond Resolution will be filed with the County Clerks of The Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry, Illinois (the “County Clerks”), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

Reference is made to Appendix A for the proposed forms of legal opinions of Bond Counsel.

USE OF PROCEEDS

Proceeds of the 2026A Bonds will be deposited into the Working Cash Fund, which will provide future operational flexibility for the District. There are no plans to spend such proceeds.

After proper abatement and transfer from the Working Cash Fund, proceeds of the 2026B Bonds will be used to pay for several projects, including the replacement of windows and doors, restroom renovations and equipment needs (the “Project”). A breakdown of the Project costs are as follows:

East End Restrooms	\$1,400,000
Windows and Doors Replacement	500,000
Equipment	1,200,000
Other Projects	<u>1,700,000</u>
Total	<u>\$4,800,000</u>

The District expects to complete the Project before school commences in 2028.

SOURCES AND USES

Estimated Sources of Funds

	<u>2026A Bonds</u>	<u>2026B Bonds</u>
Par Amount of the Bonds		
[Net] Original Issue Premium/(Discount).....		
Total Sources	<u>\$ -</u>	<u>\$ -</u>

Estimated Uses of Funds

	<u>2026A Bonds</u>	<u>2026B Bonds</u>
Deposit into the Working Cash Fund.....		
Pay Interest on the Bonds.....		
Costs of Issuance. ⁽¹⁾		
Total Uses	<u>\$ -</u>	<u>\$ -</u>

(1) Includes Underwriters' discount, Bond and Disclosure Counsel fees, Municipal Advisor's fee, Registrar's fee, rating agency fee and other costs of issuance.

BOOK-ENTRY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of each series of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks,

trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P Global Ratings (“S&P”) rating of “AA+”. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission (the “Commission”). More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as

possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the District or Registrar, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Registrar, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District or the Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District or the Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from DTC, and the District takes no responsibility for the accuracy thereof.

The District will have no responsibility or obligation to any Securities Depository, any Participants in the Book-Entry System or the Beneficial Owners with respect to (i) the accuracy of any records maintained by the Securities Depository or any Participant; (ii) the payment by the Securities Depository or by any Participant of any amount due to any Beneficial Owner in respect of the principal amount or redemption price of, or interest on, any Bonds; (iii) the delivery of any notice by the Securities Depository or any Participant; (iv) the selection of the Beneficial Owners to receive payment in the event of any partial redemption of the Bonds; or (v) any other action taken by the Securities Depository or any Participant.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

Summary of Property Assessment, Tax Levy and Collection Procedures

A separate tax to pay principal of and interest on the Bonds will be levied on all taxable real property within the District. The information under this caption describes the current procedures for real property assessments, tax levies and collections in Whiteside, Lee, Carroll, Ogle, Bureau and Henry Counties, Illinois. There can be no assurance that the procedures described herein will not change.

Tax Levy and Collection Procedures

Local Assessment Officers determine the assessed valuation of taxable real property and railroad property not held or used for railroad operations. The Illinois Department of Revenue (the "Department") assesses certain other types of taxable property, including railroad property held or used for railroad operations. Local Assessment Officers' valuation determinations are subject to review at the county level and then, in general, to equalization by the Department. Such equalization is achieved by applying to each county's assessments a multiplier determined by the Department. The purpose of equalization is to provide a common basis of assessments among counties by adjusting assessments toward the statutory standard of 33-1/3% of fair cash value. Farmland is assessed according to a statutory formula, which takes into account factors such as productivity and crop mix. Taxes are extended against the assessed values after equalization.

Property tax levies of each taxing body are filed in the office of the county clerk of each county in which territory of that taxing body is located. The county clerk computes the rates and amount of taxes applicable to taxable property subject to the tax levies of each taxing body and determines the dollar amount of taxes attributable to each respective parcel of taxable property. The county clerk then supplies to the appropriate collecting officials within the county the information needed to bill the taxes attributable to the various parcels therein. After the taxes have been collected, the collecting officials distribute to the various taxing bodies their respective shares of the taxes collected. Taxes levied in one calendar year are due and payable in two installments during the next calendar year.

Unpaid Taxes and Annual Tax Sales

Taxes that are not paid when due, or that are not paid by mail and postmarked on or before the due date, are deemed delinquent and bear interest at the rate of 1.5% per month (or portion thereof) until paid. Unpaid property taxes, together with penalties, interest and costs, constitute a lien against the property subject to the tax. If taxes go unpaid for 13 months, each county treasurer is required to sell the delinquent property taxes at the "Annual Tax Sale" — a sale of tax liens, not properties. A public sale is held, at which time successful tax buyers pay the unpaid taxes plus penalties. Taxpayers can redeem their property by paying the amount paid at the sale, plus interest penalties and fees. If no redemption is made within the applicable redemption period, then the tax buyer can secure a court-ordered deed to the home. If a tax buyer can prove the home has been abandoned, the period for seeking a deed can be shortened to two

years. Owners of vacant, commercial and industrial properties have six months to redeem their taxes before the tax buyer can seek ownership of the property.

If there is no sale of the tax lien on a parcel of property at the Annual Tax Sale, the taxes are forfeited and the property becomes eligible to be purchased at any time thereafter at an amount equal to all delinquent taxes and interest accrued to the date of purchase. Redemption periods and procedures are the same as applicable to the Annual Tax Sale.

When taxes go unpaid for more than 20 years, Illinois law states that the property is “forfeited to the state.” As a practical matter, this does not happen. Instead, the taxes are wiped out, as the property remains in its distressed condition barring a change in the owner’s circumstances or it being sold.

Recent federal court decisions have challenged the constitutionality of tax sale systems similar to the Illinois tax sale system in other states. In December 2025, a federal court determined that Cook County’s tax sale system is likewise unconstitutional based on those earlier rulings. The General Assembly (the “General Assembly”) of the State of Illinois (the “State”) has not yet considered legislation to modify the tax sale system in the State. The District makes no prediction as to the effect of such rulings on the State’s tax sale process or the likelihood, or effect, of any legislation modifying such tax sale process in the future.

Exemptions

The Illinois Property Tax Code, as amended (the “Property Tax Code”), exempts certain property from taxation. Certain property is exempt from taxation on the basis of ownership and/or use, including, but not limited to, public parks, not-for-profit schools, public schools, churches, not-for-profit hospitals and public hospitals. In addition, the Property Tax Code provides a variety of homestead exemptions, which are discussed below.

An annual General Homestead Exemption provides that the Equalized Assessed Valuation (“EAV”) of certain property owned and used for residential purposes (“Residential Property”) may be reduced by the amount of any increase over the 1977 EAV, up to a maximum reduction of \$6,000. Beginning with tax year 2023, the maximum reduction in the five collar counties (DuPage, Kane, Lake, McHenry and Will) (the “Collar Counties”) is \$8,000.

The Homestead Improvement Exemption applies to Residential Property that has been improved or rebuilt in the two years following a catastrophic event, as defined in the Property Tax Code. The exemption is limited to an annual maximum amount of \$75,000 for up to four years to the extent the assessed value is attributable solely to such improvements or rebuilding.

The Senior Citizens Homestead Exemption annually reduces the EAV on residences owned and occupied by senior citizens. The maximum exemption is \$5,000. Beginning with tax year 2023, the maximum exemption in the Collar Counties is \$8,000.

The Senior Citizens Assessment Freeze Homestead Exemption freezes property tax assessments for homeowners who are 65 and older, reside in their property as their principal

place of residence and receive a household income not in excess of the maximum income limitation. The maximum income limitation is \$65,000. This exemption grants to qualifying senior citizens an exemption equal to the difference between (a) the current EAV of the residence and (b) the EAV of a senior citizen's residence for the year prior to the year in which he or she first qualifies and applies for the exemption, plus the EAV of improvements since such year.

Purchasers of certain single family homes and residences of one to six units located in certain targeted areas (as defined in the Property Tax Code) can apply for the Community Stabilization Assessment Freeze Pilot Program. To be eligible the purchaser must meet certain requirements for rehabilitating the property, including expenditures of at least \$5 per square foot, adjusted by the Consumer Price Index ("CPI"). Upon meeting the requirements, the assessed value of the improvements is reduced by (a) 90% in the first seven years, (b) 65% in the eighth year and (c) 35% in the ninth year. The benefit ceases in the tenth year. The program will be phased out by June 30, 2029.

The Natural Disaster Homestead Exemption (the "Natural Disaster Exemption") applies to homestead properties containing a residential structure that has been rebuilt following a natural disaster. A natural disaster is an occurrence of widespread or severe damage or loss of property resulting from any catastrophic cause including but not limited to fire, flood, earthquake, wind, or storm. The Natural Disaster Exemption is equal to the EAV of the residence in the first taxable year for which the taxpayer applies for the exemption minus the base amount. To be eligible for the Natural Disaster Exemption, the residential structure must be rebuilt within two years after the date of the natural disaster, and the square footage of the rebuilt residential structure may not be more than 110% of the square footage of the original residential structure as it existed immediately prior to the natural disaster. The Natural Disaster Exemption remains at a constant amount until the taxable year in which the property is sold or transferred.

Several exemptions are available to veterans of the United States armed forces. The Veterans with Disabilities Exemption for Specially-Adapted Housing exempts up to \$100,000 of the Assessed Valuation of property owned and used exclusively by veterans with a disability, their spouses or unmarried surviving spouses. Qualification for this exemption requires the veteran's disability to be of such a nature that the federal government has authorized payment for purchase of specially adapted housing under the U.S. Code as certified to annually by the Illinois Department of Veterans Affairs or for housing or adaptations donated by a charitable organization to such disabled veteran.

The Standard Homestead Exemption for Veterans with Disabilities provides an annual homestead exemption to veterans with a service-connected disability based on the percentage of such disability. If the veteran has a (a) service-connected disability of 30% or more but less than 50%, the annual exemption is \$2,500, (b) service-connected disability of 50% or more but less than 70%, the annual exemption is \$5,000, and (c) service-connected disability of 70% or more, the property is exempt from taxation.

The Returning Veterans' Homestead Exemption is available for property owned and occupied as the principal residence of a veteran in the assessment year, and the year following

the assessment year, in which the veteran returns from an armed conflict while on active duty in the United States armed forces. This provision grants a one-time, two-year homestead exemption of \$5,000.

Finally, the Homestead Exemption for Persons with Disabilities provides an annual homestead exemption in the amount of \$2,000 for property that is owned and occupied by certain disabled persons who meet State-mandated guidelines.

Property Tax Extension Limitation Law

The Property Tax Extension Limitation Law, as amended (the “Limitation Law”), limits the amount of the annual increase in property taxes to be extended for certain Illinois non-home rule units of government. In general, the Limitation Law restricts the amount of such increases to the lesser of 5% or the percentage increase in the CPI during the calendar year preceding the levy year. Currently, the Limitation Law applies only to and is a limitation upon all non-home rule taxing bodies (including community college districts) in Cook County, the Collar Counties and numerous other counties.

The effect of the Limitation Law is to limit the amount of property taxes that can be extended for a taxing body. In addition, general obligation bonds, notes and installment contracts payable from ad valorem taxes unlimited as to rate and amount cannot be issued by the affected taxing bodies unless the obligations first are approved at a direct referendum, are alternate bonds or are for certain refunding purposes.

Public Act 89-510 permits the county boards of all counties not currently subject to the Limitation Law to initiate binding referenda to extend the provisions of the Limitation Law to all non-home rule taxing bodies in the county.

Under the legislation, the county board of any such county can initiate a binding tax cap referendum at any regularly scheduled election other than the consolidated primary, which is the February election in odd-numbered years. If the referendum is successful, then the Limitation Law will become applicable to those non-home rule taxing bodies having all of their EAV in the county beginning January 1 of the year following the date of the referendum. With respect to multi-county taxing bodies, the Limitation Law becomes applicable only after (a) each county in which the taxing body is located has held a referendum and (b) the proposition is passed in a county or counties containing a majority of the EAV of the taxing body.

As of the date of the referendum causing tax caps to be applicable to a taxing body, referendum approval would be required in order for the taxing body to issue unlimited tax general obligation bonds. Lee County held a successful referendum on the applicability of the Limitation Law in 1996. The Counties of Whiteside and Carroll each held an unsuccessful referendum on the applicability of the Limitation Law in November 1997 and the County of Bureau held an unsuccessful referendum in March 1998. A referendum on the applicability of the Limitation Law has yet to be initiated in the Counties of Ogle and Henry. No guarantee exists, however that such a referendum will not be held in the future.

If the Limitation Law were to apply in the future to the District, the limitations set forth therein will not apply to the taxes levied by the District to pay the principal of and interest on the Bonds.

Illinois legislators have introduced several proposals to modify the Limitation Law, including freezing property taxes and extending tax caps to all taxing bodies in the State. The District cannot predict whether, or in what form, any change to the Limitation Law may be enacted into law, nor can the District predict the effect of any such change on the District's finances.

Truth in Taxation Law

Legislation known as the Truth in Taxation Law (the "Law") limits the aggregate amount of certain taxes which can be levied by, and extended for, a taxing district to 105% of the amount of taxes extended in the preceding year unless specified notice, hearing and certification requirements are met by the taxing body. The express purpose of the Law is to require published disclosure of, and hearing upon, an intention to adopt a levy in excess of the specified levels.

The provisions of the Law do not apply to levies made to pay principal of and interest on the Bonds. The District covenanted in the Bond Resolution that it will not take any action or fail to take any action which in any way would adversely affect the ability of the District to levy and collect the taxes levied by the District for payment of principal of and interest on the Bonds. The District also covenanted that it and its officers will comply with all present and future applicable laws to assure that such taxes will be levied, extended, collected and deposited as provided in the Bond Resolution.

RISK FACTORS

The purchase of the Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Bonds should make an independent evaluation of the entirety of the information presented in this Official Statement and its appendices in order to make an informed investment decision. Certain of the investment risks are described below. The following statements, however, should not be considered a complete description of all risks to be considered in the decision to purchase the Bonds, nor should the order of the presentation of such risks be construed to reflect the relative importance of the various risks. There can be no assurance that other risk factors are not material or will not become material in the future.

Construction Risks

There are potential risks that could affect the ability of the District to timely complete the Project. While preliminary costs have been projected by the District's consulting architects, not all of the construction contracts have been let by the District. No assurance can be given that the cost of completing the Project will not exceed available funds.

Completion of the Project involves many risks common to construction projects such as shortages or delays in the availability of materials and labor, work stoppages, labor disputes,

contractual disputes with contractors or suppliers, weather interferences, construction accidents, delays in obtaining legal approvals, unforeseen engineering, archeological or environmental problems and unanticipated cost increases, any of which could give rise to significant delays or cost overruns.

Finances of the State of Illinois

State funding sources constituted 10.84% of the District's combined Education Fund and Operations and Maintenance Fund revenue sources for the fiscal year ended June 30, 2025. While the finances of the State have significantly improved in recent years, the State continues to deal with a severe underfunding of its pension systems, which, based on the comprehensive annual financial reports of the State's five retirement systems, have a combined unfunded pension liability of approximately \$140 billion and a combined funded ratio of approximately 45%. Also, despite nine credit rating upgrades since June 2021, the State's long-term general obligation bonds carry the lowest ratings of all states.

Federal Revenues

Illinois community college districts receive direct and indirect funding from various federal programs. These programs are subject to the priorities and policies of the federal government, which may change significantly from one administration to another, and such programs may be modified through executive action or through legislation enacted by the Congress of the United States ("Congress"). Under the current administration, the federal government has taken executive actions to reduce the size and scope of the U.S. Department of Education, to terminate or restrict certain programs and services for students with disabilities, low-income students, and students from diverse backgrounds, and to impose new conditions and requirements for federal funding. These actions may impact the availability and amount of federal revenues received by Illinois community college districts, such as the District. A reduction or interruption in federal funding, or an increase in compliance costs, could adversely affect the District's financial condition and operations. The District makes no prediction as to the effect of these actions on the District's federal revenues or the District's ability to comply with federal laws and regulations in the future. See "FEDERAL AID" herein for more information.

Local Economy

The financial health of the District is in part dependent on the strength of the local economy. Many factors impact the local economy, including rates of employment and economic growth and the level of residential and commercial development. It is not possible to predict to what extent any changes in economic conditions, demographic characteristics, population or commercial and industrial activity will occur and what impact such changes would have on the finances of the District.

Unemployment

Unemployment rates are not specifically compiled for the District. However, the Cities of Dixon and Rock Falls located within the District have had higher unemployment rates as compared to the State for the last three and five years respectively. Unemployed workers who reside within the District may lack the financial resources to pay taxes owed to the District in a timely manner or at all. The high number of unemployed workers residing within the District could increase the likelihood that the District will not be able to collect the full amount of taxes levied, both to pay the Bonds and to fund the District's operations, which could adversely affect the District's ability to repay or the timing of repayment of the Bonds.

Loss or Change of Bond Rating

The Bonds have received a credit rating from Moody's Ratings, New York, New York ("Moody's"). The rating can be changed or withdrawn at any time for reasons both under and outside the District's control. Any change, withdrawal or combination thereof could adversely affect the ability of investors to sell the Bonds or may affect the price at which they can be sold.

Cybersecurity

Computer networks and data transmission and collection are vital to the efficient operation of the District. Despite the implementation of network security measures by the District, its information technology and infrastructure may be vulnerable to deliberate attacks by hackers, malware, ransomware or computer viruses, or may otherwise be breached due to employee error, malfeasance or other disruptions. Any such breach could compromise networks and the information stored thereon could be disrupted, accessed, publicly disclosed, lost or stolen. Although the District does not believe that its information technology systems are at a materially greater risk of cybersecurity attacks than other similarly-situated governmental entities, any such disruption, access, disclosure or other loss of information could have an adverse effect on the District's operations and financial health. Further, as cybersecurity threats continue to evolve, the District may be required to expend significant additional resources to continue to modify and strengthen security measures, investigate and remediate any vulnerabilities, or invest in new technology designed to mitigate security risks.

Secondary Market for the Bonds

No assurance can be given that a secondary market will develop for the purchase and sale of the Bonds or, if a secondary market exists, that such Bonds can be sold for any particular price. The hereinafter-defined Underwriters are not obligated to engage in secondary market trading or to repurchase any of the Bonds at the request of the owners thereof.

Prices of the Bonds as traded in the secondary market are subject to adjustment upward and downward in response to changes in the credit markets and other prevailing circumstances. No guarantee exists as to the future market value of the Bonds. Such market value could be substantially different from the original purchase price.

Continuing Disclosure

A failure by the District to comply with the Undertaking (as defined herein) for continuing disclosure (see “LIMITED CONTINUING DISCLOSURE” herein) will not constitute an event of default on the Bonds. Any such failure must be reported in accordance with Rule 15c2-12 (the “Rule”) adopted by the Commission under the Exchange Act, and may adversely affect the transferability and liquidity of the Bonds and their market price.

Suitability of Investment

The interest rates borne by the Bonds are intended to compensate the investor for assuming the risk of investing in the Bonds. Furthermore, the tax-exempt feature of the 2026B Bonds is currently more valuable to high tax bracket investors than to investors that are in low tax brackets. As such, the value of the interest compensation to any particular investor will vary with individual tax rates and circumstances. Each prospective investor should carefully examine this Official Statement and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Bonds are an appropriate investment for such investor.

Future Changes in Laws

Various state and federal laws, regulations and constitutional provisions apply to the District and to the Bonds. The District can give no assurance that there will not be a change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the District, or the taxing authority of the District. For example, many elements of local government finance, including the issuance of debt and the levy of property taxes, are controlled by State government. Future actions of the State may affect the overall financial conditions of the District, the taxable value of property within the District, and the ability of the District to levy property taxes or collect revenues for its ongoing operations.

Factors Relating to Tax Exemption

As discussed under “TAX MATTERS – THE 2026B BONDS” herein, interest on the 2026B Bonds could become includible in gross income for purposes of federal income taxation, retroactive to the date the 2026B Bonds were issued, as a result of future acts or omissions of the District in violation of its covenants in the Bond Resolution. Should such an event of taxability occur, the 2026B Bonds are not subject to any special redemption.

There are or may be pending in Congress legislative proposals relating to the federal tax treatment of interest on the 2026B Bonds, including some that carry retroactive effective dates, that, if enacted, could affect the market value of the 2026B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Finally, reduction or elimination of the tax-exempt status of obligations such as the 2026B Bonds could have an adverse effect on the District’s

ability to access the capital markets to finance future capital or operational needs by reducing market demand for such obligations or materially increasing borrowing costs of the District.

The tax-exempt bond office of the Internal Revenue Service (the “Service”) is conducting audits of tax-exempt bonds, both compliance checks and full audits, to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether the Service will commence any such audit. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2026B Bondholders may have no right to participate in such proceeding. The commencement of an audit with respect to any tax-exempt obligations of the District could adversely affect the market value and liquidity of the 2026B Bonds, regardless of the ultimate outcome.

Bankruptcy

The rights and remedies of the Bondholders may be limited by and are subject to the provisions of federal bankruptcy laws, to other laws or equitable principles that may affect the enforcement of creditors’ rights, to the exercise of judicial discretion in appropriate cases and to limitations on legal remedies against local governments. The various opinions of counsel to be delivered with respect to the Bonds will be similarly qualified.

THE DISTRICT

General Description

Sauk Valley Community College was created by the citizens of the District through public referendum in June of 1965. Since that time, the District has expanded its program to provide opportunities not only in the traditional transfer areas, but also in vocational-technical, adult and continuing education, community service, and career education. In recent years, the District’s commitment to the public has included intercollegiate athletics and cultural offerings.

The District contains an area of approximately 1,625 square miles, has an estimated population of approximately 120,000 and services a majority of Whiteside County (43% of the District’s 2024 EAV) and Lee County (37% of the District’s 2024 EAV) and small portions of Carroll, Ogle, Bureau and Henry Counties. The District is located approximately 100 miles west of the City of Chicago and 65 miles northeast of the Quad-City metropolitan area. The District offices and 160-acre main campus are located in the City of Dixon, the County Seat of Lee County. Other larger population centers of the District include the City of Morrison, the County Seat of Whiteside County, and the Cities of Sterling and Rock Falls, which are both located in Whiteside County.

The District is fully-accredited by The Higher Learning Commission and is recognized by the Illinois Community College Board (the “ICCB”) and the Illinois Board of Higher Education (the “IBHE”). Establishment of standards and criteria for statewide planning and coordination, for evaluation and recognition of the various community colleges, and for certain specific approvals of District board actions is the responsibility of the ICCB.

The District, in its efforts to be a comprehensive yet cost-effective community college, strives to use available community resources as part of its total educational delivery system wherever and whenever possible.

The District is a comprehensive community college that provides access to multiple educational degrees and certificates for students. The District confers A.A. and A.S. general transfer degrees with 38 suggested programs of study, one A.F.A. specialized transfer degree, one A.L.S. degree, 15 A.A.S. (career-technical) degrees, and 25 career-technical certificates. The District also offers academic skills training for students who need additional basic concepts before entering an occupation or transfer program. Adult Basic Education (ABE), GED preparation and testing, English as a Second Language (ESL), and Continuing Education courses are scheduled at the College and at off-campus sites throughout the District.

Educational Facilities

<u>Facility</u>	Year	<u>Years of Additions/Renovations</u>
	<u>Constructed</u>	
Sauk Valley Community College Main Campus.....	1967	2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025

The District's facilities consist of one main building and ancillary buildings for athletics and maintenance.

During fiscal year 2025, the District completed several significant capital improvement projects aimed at enhancing campus infrastructure, improving energy efficiency and supporting instructional and student activities. Major projects completed and placed in service during the year include the District's primary backup generator, the West Mall Rotary Plaza, HVAC upgrades, the installation of District campus letters and HVAC Chiller Rebuild Phase 1. Several of these projects, including the primary backup generator and HVAC upgrades, were partially funded through the Illinois Capital Development Board as deferred maintenance projects.

Additional facility improvements completed during the year included a new roof on the T-1 Building, window and door upgrades, gymnasium bleacher replacements, a new press box for the outdoor athletic fields and gym floor resurfacing.

The District expects to address the following capital projects in Fiscal Year 2029 through Fiscal Year 2031:

2004 Roof Replacement	\$2,000,000
Solar Field Expansion	500,000
Equipment	2,100,000
Other Projects	<u>2,000,000</u>
Total	\$6,600,000

The District expects to issue general obligation bonds in 2029 to pay for these projects.

Student Tuition and Fees

<u>Fiscal Year</u>	<u>Tuition (\$)</u>	<u>Tech Fees (\$)</u>	<u>Activity Fees (\$)</u>	<u>Student Support Fees (\$)</u> ⁽³⁾	<u>Total (\$)</u>	<u>Increase (\$)</u>	<u>% of Increase</u>
2016 ⁽¹⁾	104.00	2.00	5.00	0.00	111.00	4.00	3.74
2016 ⁽²⁾	104.00	3.00	6.00	0.00	113.00	2.00	1.80
2017	111.00	3.00	8.00	0.00	122.00	9.00 ⁽⁴⁾	7.96
2018	123.00	3.00	8.00	0.00	134.00	12.00 ⁽⁴⁾	9.84
2019	127.00	0.00	0.00	12.00	139.00	5.00	3.73
2020	132.00	0.00	0.00	14.00	146.00	7.00	5.04
2021	135.00	0.00	0.00	16.00	151.00	5.00	3.42
2022	139.00	0.00	0.00	16.00	155.00	4.00	2.65
2023	143.00	0.00	0.00	16.00	159.00	4.00	2.58
2024	147.00	0.00	0.00	16.00	163.00	4.00	2.52
2025	150.00	0.00	0.00	18.00	168.00	5.00	3.07
2026	155.00	0.00	0.00	19.00	174.00	6.00	3.57
2027	160.00	0.00	0.00	23.00	183.00	9.00	5.17

(1) Fall

(2) Spring

(3) Beginning with fiscal year 2019, the Tech Fees and the Activity Fees were combined into the Student Support Fees.

(4) The Board raised the tuition by a higher percentage in these years due to the uncertainty regarding State funding.
Source: The District

Enrollment

Below is the historical and projected enrollment for the District.

<u>School Year</u>	<u>FTE</u>	<u>School Year</u>	<u>FTE</u> ⁽¹⁾
2021-22	1,027	2026-27	1,137
2022-23	1,024	2027-28	1,162
2023-24	1,051	2028-29	1,177
2024-25	1,087	2029-30	1,189
2025-26	1,110	2030-31	1,194

(1) Projected.

Source: The District

As of April 2026, the District is experiencing significant enrollment growth, reporting a 12.1% increase in student headcount for Spring 2026, reaching 1,755 students compared to 1,565 in Spring 2025. This upward trend is driven by a 32.2% rise in dual credit enrollment, with high school students now representing nearly 30% of the total student body.

Credit Hours

The table below includes historical and projected hours for the District.

<u>School Year</u>	<u>Credit Hours</u>	<u>School Year</u>	<u>Credit Hours</u> ⁽¹⁾
2021-22	30,816	2026-27	34,094
2022-23	30,734	2027-28	34,844
2023-24	31,515	2028-29	35,297
2024-25	32,624	2029-30	35,650
2025-26	33,295	2030-31	35,828

(1) Projected.

Source: The District

A key driver of the District’s long-term enrollment strategy is the Sauk Valley Community College Impact Program (the “Impact Program”), an earned-tuition initiative designed to strengthen college access and community engagement across the District. The Impact Program is locally funded through the Sauk Valley College Foundation’s (the “Foundation”) campaign. So far it has reached \$8 million of its \$10 million goal. The Impact Program is a last dollar program—students must first apply for Pell Grants and other scholarships. In the fall of 2022, prospective students were allowed to apply as high school freshmen as part of a pilot program. The Impact Program was offered to students in the entire District beginning in the fall of 2023.

Participation in the program continues to expand, with more than 1,800 students currently enrolled and participants collectively completing over 100,000 hours of community service. The Impact Program partners with over 290 organizations, including non-profits, schools, places of worship and community events. The District anticipates that the first cohort of Impact Program students will become eligible to enroll in Fall 2026, and administration estimates the program could increase traditional student enrollment by approximately 20 percent of recent high school graduates withing the District once fully implemented.

The District continues to expand workforce-focused programs designed to meet regional labor market needs. The State-recognized Police Academy, launched in 2023, continues to train an average of three cohorts per year with approximately 33 cadets in each cohort, providing essential training for law enforcement agencies throughout the region. In addition, the District’s Diagnostic Medical Sonography program is expected to graduate 12 to 15 students annually once fully implemented, helping address workforce shortages in regional healthcare fields.

The Board of Trustees

The District is governed by the Board, whose members are elected for staggered terms of office. The Board is a policy making body whose primary functions are to establish policies for the District, provide for the general operation and personnel of the District, and oversee the property and facilities of the District. The Board elects a Chair, Vice Chair and Secretary from its membership. The present members are as follows:

<u>Title</u>	<u>Name</u>	<u>Current Term Expires</u>
Chair.....	Robert Thompson	2027
Vice Chair.....	Brian Duncan	2027
Secretary.....	Margaret Tyne	2029
Trustee.....	Danelle Burrs	2031
Trustee.....	Tom Demmer	2031
Trustee.....	Sam Ramirez	2027
Trustee.....	Lisa Wiersema	2029
Student Trustee ⁽¹⁾	Madison Krum	2026
Treasurer.....	Kent Sorenson	Appointed

(1) Non-voting.

Administration

The District's President is Dr. Dave Hellmich, who has been with the District since July 2015. Dr. Hellmich's prior position was Vice President of Academics at Bluegrass Community Technical College in Lexington, Kentucky. Dr. Hellmich is retiring on May 31, 2026. Dr. Jon Mandrell has been named the seventh president of the District effective June 1, 2026. Dr. Mandrell is an alumnus of the District and currently serves as its Vice President of Academics and Student Services. Kent Sorenson is the Vice President of Business Services/Treasurer and has been with the District since 2019. Mr. Sorenson previously served as an audit manager at Clifton, Larson, Allen LLP.

Employees

The District has approximately 144 full-time employees and 109 part-time employees. Of the total number, the Sauk Valley Community College Adjunct Faculty Association represents 49 employees and Sauk Valley Community College Faculty Association represents 52 employees. The contracts expire on June 30, 2027. The District considers its relationship with its employees to be one of mutual respect in keeping with the District's core values of respect, responsibility, fairness, integrity, and caring. The District considers its relationship with the unions to be collaborative and in good standing.

SOCIO-ECONOMIC CHARACTERISTICS

Population Trend

Below are the population statistics for Lee County and Whiteside County (together, the “Counties”), which comprise over 79% of the District’s 2024 EAV, and the State. None of the other counties within the District comprise more than 7.74% of the District’s 2024 EAV.

	<u>2000</u>	<u>2010</u>	<u>2020</u>	<u>% Change</u> <u>2010-2020</u>
Lee County.....	36,062	36,031	34,145	-5.23
Whiteside County.....	60,653	58,498	55,691	-4.80
The State.....	12,419,293	12,830,632	12,812,508	-0.14

Source: U.S. Census Bureau, 2000 Census, 2010 Census and 2020 Census

Income and Housing

The following table sets forth the comparative income and home value levels for the Cities of Dixon, Morrison, Rock Falls and Sterling (collectively, the “Cities”), the Counties, the State and the United States.

	<u>City of</u> <u>Dixon</u>	<u>City of</u> <u>Morrison</u>	<u>City of</u> <u>Rock Falls</u>	<u>City of</u> <u>Sterling</u>
Median Home Value.....	\$120,800	\$118,000	\$83,900	\$108,700
Median Household Income....	59,406	69,089	49,600	57,350
Median Family Income.....	72,155	90,313	64,575	76,516
Per Capita Income.....	29,511	32,843	33,035	36,040

	<u>Lee</u> <u>County</u>	<u>Whiteside</u> <u>County</u>	<u>The</u> <u>State</u>	<u>United</u> <u>States</u>
Median Home Value.....	\$154,600	\$127,100	\$263,300	\$332,700
Median Household Income....	70,292	67,500	83,390	80,734
Median Family Income.....	88,313	86,228	106,018	99,999
Per Capita Income.....	35,945	37,312	46,406	44,673

Source: 2020-2024 American Community Survey 5-year Estimates, U.S. Census Bureau as released by the U.S. Census Bureau on January 29, 2026

Residential Housing Building Permits

The following table sets forth the reported number of residential building permits issued and relative construction costs in the Cities of Dixon, Rock Falls and Sterling for each of the years listed.

<u>Year</u>	<u>City of Dixon</u>		<u>City of Rock Falls</u>	
	Reported	Construction	Reported	Construction
	Number of <u>Building Permits</u>	<u>Cost</u>	Number of <u>Building Permits</u>	<u>Cost</u>
2020.....	14	\$ 1,320,000	2	\$ 330,000
2021.....	7	1,350,000	3	950,000
2022.....	7	1,235,000	5	2,839,000
2023.....	10	2,210,535	0	-
2024.....	16	4,909,585	2	605,000
2025 ⁽¹⁾	12	3,825,399	1	302,500

<u>Year</u>	<u>City of Sterling</u>	
	Reported	Construction
	Number of <u>Building Permits</u>	<u>Cost</u>
2020.....	0	\$ -
2021.....	1	235,000
2022.....	1	400,000
2023.....	3	1,120,000
2024.....	2	780,292
2025 ⁽¹⁾	2	763,479

(1) Through December, 2025.

Source: U.S. Census Bureau

Retail Sales

The following table demonstrates the estimated sales reported by retailers in the Cities for the last five calendar years.

	<u>City of Dixon</u>	<u>City of Morrison</u>	<u>City of Rock Falls</u>	<u>City of Sterling</u>
2021	\$364,316,294	\$56,316,814	\$139,341,705	\$511,540,371
2022	375,280,930	55,695,165	146,623,033	524,891,944
2023	401,077,316	55,963,726	152,837,495	533,779,245
2024	407,711,145	56,575,451	163,886,860	555,425,523
2025	465,850,297	75,181,043	186,427,883	607,383,622

Source: The Department

Corporate Personal Property Replacement Taxes

Corporate Personal Property Replacement Taxes (“CPPRT”) are revenues received from a tax imposed on corporations, partnerships, trusts, S corporations and public utilities in the State. The purpose of the CPPRT is to replace revenues lost by units of local government (including the District) as a result of the abolishment of the corporate personal property tax (the “Personal Property Tax”) with the adoption of the Illinois Constitution of 1970. The State Revenue Sharing Act (the “Sharing Act”) was passed in 1979, implementing the CPPRT to replace the lost Personal Property Tax revenues and providing the mechanism for distributing collections of CPPRT to taxing districts (including the District) entitled to receive such tax revenues under the Sharing Act. The following table sets forth the amount of CPPRT received by the District during fiscal year ended June 30, 2021, through the most recently completed fiscal year of June 30, 2025, and the estimated amount of CPPRT to be received in fiscal year ending June 30, 2026:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>CPPRT</u> <u>Receipts</u>
2021	\$ 693,527
2022	1,499,531
2023	1,564,972
2024	943,022
2025	632,369
2026 ⁽¹⁾	697,113

(1) Estimated.

Source: The District’s Annual Financial Report for the fiscal years ended June 30, 2021-2025 and the Department for fiscal year 2026.

Largest Area Employers

The following table reflects the major employers in the area surrounding the District by the products manufactured or services performed and approximate number of employees.

<u>Company Name</u>	<u>Description</u>	<u>Location</u>	<u>Approximate employees at location</u>
OSF Saint Katharine Medical Center.....	Hospital & healthcare services.....	Dixon	1,600
CGH Medical Center.....	Hospital & healthcare services.....	Sterling	1,561
Wahl Clipper Corp.....	Corporate headquarters, personal care appliances.....	Sterling	1,000
Raynor Garage Doors.....	Corporate headquarters, residential garage doors & openers.....	Dixon	700
HALO Branded Solutions, Inc.....	Corporate headquarters & promotional products distribution.....	Sterling	500
Allied-Locke Industries, Inc.....	Corporate headquarters, agricultural & precision rollers & industrial chains.....	Dixon	330
BorgWarner Emissions & Thermal Systems.....	Commercial diesel & automotive emissions control components.....	Dixon	300
Sewer Equipment.....	Sewer cleaning & vacuum excavation equipment, parts & accessories.....	Dixon	300
Sterling Commercial Roofing, Inc.....	Commercial roofing contractor.....	Sterling	215
Donaldson Co., Inc.....	Industrial & construction equipment filtration systems.....	Dixon	200
Climco Coils Co.....	Engineered coils, stators & solenoids.....	Morrison	150

Source: 2026 Manufacturers’ News, Inc. Illinois Manufacturers and Illinois Services Directories

Historical Unemployment Statistics

Unemployment statistics are not compiled specifically for the District. The following table shows the trend in annual average unemployment rates as well as the monthly unemployment rates for January 2025 and January 2026 for the Cities compared with the Counties and the State.

	City of <u>Dixon</u>	City of <u>Morrison</u>	City of <u>Rock Falls</u>	City of <u>Sterling</u>
Average, 2021. ⁽¹⁾	5.5%	4.1%	6.4%	5.3%
Average, 2022.....	4.7	3.7	5.0	4.3
Average, 2023.....	5.0	4.6	5.1	4.8
Average, 2024.....	5.1	4.4	5.4	4.8
Average, 2025.....	4.8	4.5	5.1	4.6
January, 2025. ⁽²⁾	N/A	N/A	N/A	N/A
January, 2026. ⁽²⁾	N/A	N/A	N/A	N/A

	Lee <u>County</u>	Whiteside <u>County</u>	The <u>State</u>
Average, 2021. ⁽¹⁾	5.1%	5.0%	6.1%
Average, 2022.....	4.6	4.2	4.6
Average, 2023.....	4.9	4.7	4.5
Average, 2024.....	4.9	4.7	5.0
Average, 2025.....	4.6	4.6	4.6
January, 2025.....	4.9	4.9	5.0
January, 2026.....	5.6	5.5	5.4

(1) The District attributes the higher unemployment rates to the COVID-19 pandemic.

(2) There is no monthly data available for the Cities since they are communities with a population of less than 25,000.

Source: Illinois Department of Employment Security

FINANCIAL INFORMATION

Trend of EAV

(Estimated 33-1/3% of Fair Market Value)

The following table reflects the EAV trend of the District by property type, growth rate and new property.

<u>Property Type</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Residential	\$ 992,098,148	\$ 1,023,574,580	\$ 1,096,536,986	\$ 1,201,180,150	\$ 1,315,760,965
Farm	506,224,452	543,042,434	585,042,752	636,390,274	695,803,827
Commercial	211,275,051	219,427,727	226,993,414	235,998,951	246,586,216
Industrial	180,210,435	178,089,714	185,758,432	208,071,850	210,892,860
Mineral.....	43,671,940	41,974,834	43,966,400	43,811,097	60,257,724
Railroad	41,467,244	46,339,764	51,168,547	54,831,052	51,677,544
Total..... ⁽¹⁾	<u>\$ 1,974,947,270</u>	<u>\$ 2,052,449,053</u>	<u>\$ 2,189,466,531</u>	<u>\$ 2,380,283,374</u>	<u>\$ 2,580,979,136</u>
Percent of Change.....	6.16% ⁽²⁾	3.92%	6.68%	8.72%	8.43%
New Property Amounts.....	\$ 50,365,867	\$ 11,286,965	\$ 15,006,572	\$ 20,459,538	\$ 43,773,698

(1) Excludes tax increment financing (“TIF”) incremental EAV and abated enterprise zone EAV. See “Tax Increment Financing Districts Located within the District” and “Enterprise Zone Located within the District” herein.

(2) Based on the District’s 2019 EAV of \$1,860,304,249.

Source: County Clerks’ Offices

EAV by County

<u>Tax Year</u>	<u>Whiteside County</u>	<u>Lee County</u>	<u>Carroll County</u>	<u>Ogle County</u>	<u>Bureau County</u>	<u>Henry County</u>	<u>Total ⁽¹⁾</u>
2020	\$ 872,520,259	\$ 710,899,691	\$ 99,102,783	\$ 138,607,227	\$ 149,277,949	\$ 4,539,361	\$ 1,974,947,270
2021	904,820,038	734,738,605	103,807,967	149,224,571	155,017,478	4,840,394	2,052,449,053
2022	958,432,508	790,214,555	109,451,843	160,762,305	165,382,528	5,222,792	2,189,466,531
2023	1,022,069,935	870,317,301	120,297,306	175,183,221	186,730,443	5,685,168	2,380,283,374
2024	1,097,740,781	962,048,736	126,309,541	189,022,982	199,689,202	6,167,894	2,580,979,136

(1) Excludes TIF incremental EAV and abated enterprise zone EAV. See “Tax Increment Financing Districts Located within the District” and “Enterprise Zone Located within the District” herein.

Source: County Clerks’ Offices

Tax Increment Financing Districts Located within the District

A portion of the District's EAV is contained in TIF districts, as detailed below. When a TIF district is created within the boundaries of a taxing body, such as the District, the EAV of the portion of real property designated as a TIF district is frozen at the level of the tax year in which it was designated (the "Base EAV"). Any incremental increases in property tax revenue produced by the increase in EAV derived from the redevelopment project area during the life of the TIF district are not provided to the District until the TIF district expires. The TIF districts are not expected to expire in the near future. A TIF district in the City of Sterling was established in June 2025, and the District will have a revenue sharing agreement for this TIF district.

	Year			
<u>Location</u>	<u>Established</u>	<u>Base EAV</u>	<u>2024 EAV</u>	<u>Incremental EAV</u>
City of Dixon - Fargo Creek.....	2022	\$ 5,178,947	\$ 7,626,165	\$ 2,447,218
Dixon-City Riverfront.....	2004	4,097,377	9,666,534	5,569,157
City of Dixon - Industrial Park.....	2022	241,122	304,458	63,336
Fulton (Rte 136 & 84).....	2004	655,838	2,799,852	2,144,014
Fulton (Rte 84 & 31st Ave).....	2014	5,590	418,432	412,842
Manlius	1996 ⁽¹⁾	1,046,229	2,819,401	1,773,172
Milledgeville Village.....	2017	2,596,102	8,454,272	5,858,170
Milledgeville Business Park.....	2008	-	817,283	817,283
Ohio.....	1992 ⁽¹⁾	896,185	3,053,124	2,156,939
Polo.....	2008 ⁽¹⁾	2,906,640	4,645,888	1,739,248
Prophetstown.....	2002	2,117,210	5,559,996	3,442,786
Rock Falls Downtown.....	2010	1,520,451	3,445,863	1,925,412
Sterling-Rock River.....	2003 ⁽¹⁾	3,159,500	10,548,470	7,388,970
Sterling Lincolnway/Lynn Blvd.....	2010	598,599	1,666,827	1,068,228
Sterling East Central Business.....	2016	909,781	1,198,963	289,182
Sterling Lincoln Hwy.....	2021	594,042	2,505,521	1,911,479
		<u>\$ 26,523,613</u>	<u>\$ 65,531,049</u>	<u>\$ 39,007,436</u>

(1) The expiration date of these TIF districts has been extended.

Source: County Clerks' Offices

Enterprise Zone Located within the District

A portion of the District's EAV is contained in an enterprise zone ("EZ"), as detailed below. When an EZ is established, all or a portion of taxes on real property located within the EZ and upon which new improvements have been constructed or upon which existing improvements have been renovated or rehabilitated may be abated. The abatement applies only to taxes on the increase in assessed value attributable to the new construction, renovation or rehabilitation.

<u>Name</u>	<u>2024 EAV</u>	<u>Abated EAV</u>
Lee-Ogle Enterprise Zone (LOEZ).....	\$ 37,796,447	\$ 5,875,372
Total.....	<u>\$ 37,796,447</u>	<u>\$ 5,875,372</u>

Source: Lee County Clerk's Office

Tax Rates

(Per \$100 EAV)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>Statutory Maximum Rate</u>
Education.....	\$ 0.2450	\$ 0.2444	\$ 0.2450	\$ 0.2441	\$ 0.2405	\$0.2450
Bonds.....	0.0953	0.0915	0.0917	0.0844	0.0779	N/A
Building.....	0.0300	0.0300	0.0300	0.0299	0.0295	0.0300
Audit.....	0.0025	0.0024	0.0024	0.0027	0.0024	0.0050
Tort Fund.....	0.0000	0.0044	0.0131	0.0472	0.0403	N/A
Social Security	0.0045	0.0078	0.0078	0.0075	0.0093	N/A
Prior Year Adjustment.....	(0.0002)	(0.0005)	0.0000	0.0000	0.0000	N/A
Statewide Additional Tax ⁽¹⁾	0.0159	0.0157	0.0083	0.0000	0.0066	0.0129
Health Safety.....	0.0457	0.0439	0.0365	0.0000	0.0000	0.0500
Total.....	<u>\$ 0.4387</u>	<u>\$ 0.4396</u>	<u>\$ 0.4348</u>	<u>\$ 0.4158</u>	<u>\$ 0.4065</u>	

(1) The first year that the District was eligible to levy this tax was 2016. The District has always received State funding through the ICCB. In addition to a base operating grant, the District has received the equalization grant for each year since the Illinois budget impasse. Qualification for the equalization grant, in combination with the District's total tax rate falling below the State average tax rate for all Illinois community colleges, has enabled the District to access an additional operating tax levy authority. This levy is referred to as the Statewide Additional Tax. Also referred to as an equity tax, this levy varies with authority and the formula. It provided approximately \$301,000 to the District in fiscal year 2021, \$318,000 in fiscal year 2022, \$252,000 in fiscal year 2023, \$91,000 in fiscal year 2024, \$85,000 in fiscal year 2025 and is expected to generate approximately \$125,000 in fiscal year 2026 .

Source: Whiteside County Clerk's Office

Representative Tax Rates for Property within the District
(Per \$100 EAV)

The following table of representative tax rates is for a resident of the District living in the City of Sterling.

<u>Taxing Body</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
The District.....	\$ 0.4387	\$ 0.4396	\$ 0.4348	\$ 0.4158	\$ 0.4065
Whiteside County.....	1.1200	1.0736	1.0441	1.0167	0.9787
Sterling SSA #1.....	0.1659	0.1819	0.2004	0.1877	0.2140
City of Sterling.....	3.0880	3.1221	3.0365	2.9404	2.9141
Sterling Township Road.....	0.2831	0.2872	0.2735	0.3778	0.3745
Sterling Township.....	0.5132	0.4097	0.3962	0.3263	0.3210
Sterling Park District.....	1.1335	1.1356	1.0782	1.0465	0.9994
Sterling CUSD Number 5.....	4.2728	4.2839	4.2212	4.1729	4.2184
Total.....	<u>\$ 11.0152</u>	<u>\$ 10.9336</u>	<u>\$ 10.6849</u>	<u>\$ 10.4841</u>	<u>\$ 10.4266</u>

Source: Whiteside County Clerk's Office

Tax Extensions and Collections

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Extensions	\$8,675,021	\$9,028,304	\$8,799,698	\$9,896,030	\$10,485,792
Collections	8,649,502	9,011,045	8,803,283	9,790,697	10,463,030
% Collected	99.71%	99.81%	100.04%	98.94%	99.78%

Source: Whiteside, Lee, Carroll, Ogle, Bureau and Henry County Treasurers' Offices

Largest Taxpayers

The taxpayers listed below represent 3.86% of the District's 2024 EAV which is \$2,580,979,136 (which excludes TIF incremental EAV and abated EZ EAV totaling \$44,882,808). Reasonable efforts have been made to determine and report the largest taxpayers and to include all taxable property of those taxpayers listed. Many of the taxpayers listed, however, may own multiple parcels, and it is possible that some parcels and their valuations may not be included.

<u>Taxpayer</u>	<u>Description</u>	<u>2024 EAV</u>	<u>% of EAV</u>
Invenergy Nelson LLC.....	Natural gas-fired power generation plant.....	\$ 22,605,014	0.88%
Walmart.....	Discount retail store.....	17,526,210	0.68%
Duke Energy Lee II LLC.....	Power generating station.....	11,460,101	0.44%
Wahl Clipper Corporation.....	Industrial.....	11,191,657	0.43%
1500 S Lynn Blvd Real Estate LLC.....	Real estate.....	11,049,214	0.43%
Edinburgh Logistics Assets LLC.....	Improved industrial land.....	6,144,734	0.24%
AGNL Stabilizer LLC.....	Improved industrial land.....	5,666,396	0.22%
41 US 30 Owner LLC.....	Improved industrial land.....	5,264,469	0.20%
CGH Medical Center.....	Medical facility.....	4,730,989	0.18%
Sterling Steel Company LLC.....	Steel distributor.....	3,995,105	0.15%
Total.....		<u>\$ 99,633,889</u>	<u>3.86%</u>

Source: Whiteside and Lee County Clerks' Offices, other than the taxpayer descriptions, which are derived from publicly-available sources.

Summary of Outstanding Bonded Debt

Shown below is a summary of the outstanding bonded debt of the District as of the closing of the Bonds.

<u>Issue Description</u>	<u>Dated Date</u>	<u>Original Amount of Issue</u>	<u>Current Amount Outstanding</u>	<u>Final Maturity Date</u>
G.O. Bonds, Series 2021A.....	07/27/21	\$ 4,395,000	\$ 1,165,000	02/01/27
G.O. Bonds, Series 2022A.....	08/23/22	4,620,000	2,585,000	02/01/28
The 2026A Bonds.....	05/26/26	1,055,000 *	1,055,000 *	02/01/29
The 2026B Bonds.....	05/26/26	4,685,000 *	4,685,000 *	02/01/31
Total			<u>\$ 9,490,000 *</u>	

*Preliminary, subject to change.

Debt Repayment Schedule

Shown below is the maturity schedule for the outstanding bonded debt of the District as of the closing of the Bonds.

Fiscal Year	Principal Outstanding	The 2026A Bonds*	The 2026B Bonds*	Total Principal*	Cumulative Amount*	Retirement Percent*
2027	\$ 1,890,000	\$ -	\$ -	\$ 1,890,000	\$ 1,890,000	19.92%
2028	1,860,000	40,000	-	1,900,000	3,790,000	39.94
2029	-	1,015,000	1,020,000	2,035,000	5,825,000	61.38
2030	-	-	2,195,000	2,195,000	8,020,000	84.51
2031	-	-	1,470,000	1,470,000	9,490,000	100.00
	<u>\$ 3,750,000</u>	<u>\$ 1,055,000</u>	<u>\$ 4,685,000</u>	<u>\$ 9,490,000</u>		

*Preliminary, subject to change.

[The remainder of this page intentionally left blank]

Overlapping General Obligation Bonded Debt
(As of March 20, 2026)

<u>Taxing Body</u>	<u>Bonded Debt</u> ⁽¹⁾	<u>Applicable to District</u>	
		<u>Percent</u>	<u>Amount</u>
Lost Nation/New Landing River Conservancy District.....	\$762,000	97.821%	\$ 745,396
Franklin Grove Fire Protection District.....	1,415,000	92.726%	1,312,073
Mt. Morris Fire Protection District.....	4,475,000	0.841%	37,635
Coloma Park District.....	350,000	100.000%	350,000
Dixon Park District.....	207,780	100.000%	207,780
Prophetstown Park District.....	125,000	99.888%	124,860
Sterling Park District.....	1,840,000	100.000%	1,840,000
Walnut Park District.....	266,000	100.000%	266,000
Rock Falls Elementary School District #13.....	2,755,000	100.000%	2,755,000
Ohio Community Consolidated School District #17.....	261,000	99.547%	259,818
East Coloma-Nelson Consolidated Elementary School District #20....	361,000	100.000%	361,000
Montmorency Community Consolidated School District #145.....	1,039,700	100.000%	1,039,700
Rock Falls Township High School District #301.....	980,000	100.000%	980,000
Princeton Township High School District #500.....	2,085,000	0.125%	2,606
Ohio Community High School District #505.....	261,000	99.668%	260,133
River Bend Community Unit School District #2.....	4,546,974	100.000%	4,546,974
Sterling Community Unit School District #5.....	36,200,000	100.000%	36,200,000
Morrison Community Unit School District #6.....	3,355,000	100.000%	3,355,000
Dixon School District #170.....	21,765,000	99.987%	21,762,171
Oregon Community Unit School District #220.....	13,435,000	0.092%	12,360
Polo Community Unit School District #222.....	12,264,500	99.900%	12,252,236
Paw Paw Community Unit School District #271.....	3,065,000	0.421%	12,904
Amboy Community Unit School District #272.....	12,414,098	100.000%	12,414,098
Ashton-Franklin Center Community Unit School District #275.....	6,020,000	100.000%	6,020,000
West Carroll Community Unit School District #314.....	2,574,700	28.917%	744,526
Bureau Valley Community Unit School District #340.....	11,390,000	67.278%	7,662,964
Chadwick-Milledgeville Community Unit School District #399.....	5,360,000	100.000%	5,360,000
Total.....			<u>\$ 120,885,233</u>

(1) Does not include alternate revenue bonds. Under the Debt Reform Act, alternate revenue bonds are not included in the computation of indebtedness of the overlapping taxing bodies unless the taxes levied to pay the principal of and interest on the alternate revenue bonds are extended for collection. The District provides no assurance that any of the taxes so levied have not been extended, nor can the District predict whether any of such taxes will be extended in the future.

Source: With respect to the applicable taxing bodies and the percentage of overlapping EAV, the County Clerks' Offices. Information regarding the outstanding indebtedness of the overlapping taxing bodies was obtained from publicly-available sources.

Debt Statement

General Obligation Direct Debt.....	\$3,750,000	
The 2026A Bonds.....	\$1,055,000	*
The 2026B Bonds.....	\$4,685,000	*
Leases.....	\$0	
Net Direct Debt	\$9,490,000	*
Overlapping Bonded Debt. ⁽¹⁾	\$120,885,233	
Net Direct Debt and Overlapping Bonded Debt.....	\$130,375,233	*
EAV (2024)	\$2,580,979,136	
Statutory Debt Limit (2.875% of EAV).....	\$74,203,150	
Statutory Debt Margin	\$64,713,150	*

(1) Excludes TIF incremental EAV and abated EZ EAV. See “Tax Increment Financing Districts Located within the District” and “Enterprise Zone Located within the District” herein.

*Preliminary, subject to change.

Debt Ratios

Estimated Market Valuation, 2021.....	\$7,742,937,408	
EAV (2024) ⁽¹⁾	\$2,580,979,136	
Population Estimate 2024.....	187,614	
Net Direct Debt to EAV.....	0.37%	*
Net Direct Debt to Estimated Market Valuation	0.12%	*
Net Direct Debt and Overlapping Bonded Debt to EAV	5.05%	*
Net Direct Debt and Overlapping Bonded Debt to Estimated Market Valuation	1.68%	*
Net Direct Debt Per Capita	\$50.58	*
Net Direct Debt and Overlapping Bonded Debt Per Capita.....	\$694.91	*

(1) Excludes TIF incremental EAV and abated EZ EAV. See “Tax Increment Financing Districts Located within the District” and “Enterprise Zone Located within the District” herein.

*Preliminary, subject to change.

Short-Term Financing Record

In the last five years, the District has not issued any tax anticipation warrants or revenue anticipation notes and has no plans to issue tax anticipation warrants or revenue anticipation notes in the foreseeable future.

Future Financing

The District does not intend to issue any additional long-term debt in the next six months.

Default Record

The District has no record of default and has met its debt repayment obligations promptly.

SUMMARY OF OPERATING RESULTS

Combined Education Fund and Operation and Maintenance Fund Revenue Sources (Years Ended June 30)

Below is a combined summary of the Education Fund and Operations and Maintenance Fund revenue sources exclusive of “on-behalf” payments made by the State to the SURS, as defined herein. This summary is provided since the rating agency combines these funds as the “General Fund” in its report.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Local Sources	45.39 %	49.07 %	50.09 %	45.66 %	46.48 %
State Sources	12.24	11.67	11.47	11.92	10.84
Federal Sources.....	9.55 ⁽¹⁾	8.08 ⁽¹⁾	0.99	0.00	0.01
Student tuition and fees ..	31.13	30.30	32.02	32.23	32.26
Other Sources	<u>1.68</u>	<u>0.88</u>	<u>5.43</u>	<u>10.19</u> ⁽²⁾	<u>10.42</u> ⁽²⁾
Total.....	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %	<u>100.00</u> %

(1) Higher Federal Sources is due in large part to the District’s receipt of hereinafter-defined HEERF funds. See “STATE AID—Federal COVID-19 Funds Distributed to the District” herein.

(2) The increase in other sources is due to the additional operating revenues from the Police Academy at the District (established in August 2022 with first class in January 2023), supplemented by increases in investment revenue.

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2021-2025.

Combined Education Fund and Operations and Maintenance Fund (Years Ended June 30)

Below is a combined summary of the Education Fund and Operations and Maintenance Fund. This summary is provided since the rating agency currently combines these funds and labels the same as the “General Fund” in its report.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Receipts.....	\$ 13,783,522	\$ 14,945,060	\$ 15,240,967	\$ 15,988,961	\$ 16,022,638
Disbursements.....	<u>12,091,960</u>	<u>15,548,558</u> ⁽²⁾	<u>13,695,185</u>	<u>15,291,294</u>	<u>16,017,726</u>
Net Surplus (Deficit).....	1,691,562	(603,498)	1,545,782	697,667	4,912
Other Sources (Uses).....	(125,991)	(131,714)	(137,975)	(310,167)	(312,497)
Beginning Fund Balance.....	<u>9,556,981</u> ⁽¹⁾	<u>11,122,552</u>	<u>10,387,340</u>	<u>11,795,147</u>	<u>12,585,264</u> ⁽³⁾
Ending Fund Balance.....	<u>\$ 11,122,552</u>	<u>\$ 10,387,340</u>	<u>\$ 11,795,147</u>	<u>\$ 12,182,647</u>	<u>\$ 12,277,679</u>
Fund Balance as a % of Expenditures.....	91.98%	66.81%	86.13%	79.67%	76.65%

(1) As a result of the implementation of GASB Statement No. 84 for student club balances net position at July 1, 2020 was restated to include \$73,716.

(2) Fiscal Year 2022 Education Fund expenditures include a \$1,940,057 payment to the Foundation for the Impact Program. See “THE DISTRICT – Credit Hours” herein for more information on the Impact Program.

(3) Restated beginning balance.

Source: Compiled from the District’s Annual Financial Reports for fiscal years ended June 30, 2021-2025.

Working Cash Fund

The Working Cash Fund is established by Section 3-33.1 of the Community College Act. The fund is established for the purpose of enabling the District to have on hand at all times sufficient money to meet the demands for ordinary and necessary expenditures for all community college purposes. By making temporary transfers, the Working Cash Fund is used as a source of working capital by other funds. Such temporary transfers assist funds in meeting the demands for ordinary and necessary expenditures during periods of temporary low cash balances. Working Cash Fund Bonds may be issued for the purpose of creating or increasing a working cash fund.

Moneys in the Working Cash Fund are not regarded as current assets available for community college purposes and may only be used by to provide moneys with which to meet ordinary and necessary disbursements for salaries and other community college purposes. The moneys may be loaned to the educational or operations and maintenance funds in order to avoid the issuance of tax anticipation warrants and notes.

Public Act 103-0278, effective July 28, 2023, provides that a community college district may abate its working cash fund at any time, upon the adoption of a resolution providing for the same, and may direct the transfer at any time of moneys in the Working Cash Fund to any fund or funds of the district most in need of the money, provided that the district maintains an amount to the credit of the Working Cash Fund at least equal to 0.05% of the then-current value, as equalized or assessed by the Department of the taxable property in the District. The legislation provides community colleges additional flexibility in meeting their operational and capital needs.

Working Cash Fund Summary

(Years Ended June 30)

Below is a summary of the Working Cash Fund.

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Receipts.....	\$ 9,664	\$ (63,913) ⁽¹⁾	\$ 15,645	\$ 65,487	\$ 77,748
Disbursements.....	-	-	-	-	-
Net Surplus (Deficit).....	9,664	(63,913)	15,645	65,487	77,748
Other Sources (Uses).....	28,173	30,742	31,204	1,316	-
Beginning Fund Balance..	<u>2,333,879</u>	<u>2,371,716</u>	<u>2,338,545</u>	<u>2,385,394</u>	<u>2,452,197</u>
Ending Fund Balance.....	<u>\$ 2,371,716</u>	<u>\$ 2,338,545</u>	<u>\$ 2,385,394</u>	<u>\$ 2,452,197</u>	<u>\$ 2,529,945</u>

(1) Deficit is due to the allocation of unrealized pooled investment losses during Fiscal Year 2022 from short duration holdings in interest rate sensitive positions.

Source: Compiled from the District's Annual Financial Reports for fiscal years ended June 30, 2021-2025.

Budget Summary

Below is the District's budget summary for the fiscal year ending June 30, 2026.

<u>Fund</u>	<u>Fund Balances</u> <u>July 1, 2025</u> ⁽¹⁾	<u>FY26</u> <u>Revenue</u>	<u>FY26</u> <u>Expenditures</u>	<u>FY26</u> <u>Other Sources/Uses</u>	<u>Fund Balances</u> <u>June 30, 2026</u>
Education.....	\$ 11,670,186	\$ 15,206,605	\$ 15,143,805	\$ (364,117)	\$ 11,368,869
Operations and Maintenance.....	116,410	1,577,573	1,801,534	132,826	25,275
Operations and Maintenance (Restricted)....	2,156,799	3,630,000	7,312,500	5,000,000	3,474,299
Restricted Purposes.....	13,101	8,155,935	8,219,148	38,094	(12,018)
Audit.....	16,760	63,500	62,000	-	18,260
Liability, Protection and Settlement.....	912,404	1,333,700	1,297,994	-	948,110
Working Cash.....	2,502,198	96,000	-	-	2,598,198
Bond and Interest.....	985,852	2,018,384	2,001,362	-	1,002,874
Auxiliary Enterprises.....	550,937	4,871,356	5,099,398	193,197	516,092
Total All Funds	<u>\$ 18,924,647</u>	<u>\$ 36,953,053</u>	<u>\$ 40,937,741</u>	<u>\$ 5,000,000</u>	<u>\$ 19,939,959</u>

(1) The beginning fund balance was revised from the adopted budget to reflect the actual ending fund balance for the prior fiscal year. The budget is adopted before the audit for the prior fiscal year is available.

Source: The District

STATE AID

General

The State provides aid to local community college districts via grant programs administered by the ICCB. Many community college districts rely on such “State Aid” for a significant portion of their budgets. For the fiscal year ended June 30, 2025, the District received approximately 10.84% of its general fund revenue from sources at the State, including State Aid. See “SUMMARY OF OPERATING RESULTS – Combined Education Fund and Operations and Maintenance Fund Revenue Sources” herein for additional information.

The State subsidizes the costs of higher education by allocating tax dollars between the following four areas: (a) direct operating support, (b) indirect operating support, (c) institutional grant programs and (d) student financial aid programs.

The Community College System Operating Budget was funded based upon unrestricted and restricted grants. Unrestricted grants have no grant guidelines or expenditure requirements and can be used for any operating purpose. Such grants include but are not limited to the Base Operating Grant, Equalization Grant, Small College Grant and Technical Education Formula Grant (as more fully discussed below). Restricted grants must be spent according to grant and expenditure guidelines and include the Workforce Development Grant, Adult Education Grant and Career and Technical Education Grant (as more fully discussed below).

Various proposals for changing the Illinois system of state financial aid have been considered over the years. The nature of future modifications to the process for distributing State Aid cannot be predicted, but such modifications could have an adverse effect on the finances of the District should they be enacted.

Direct Operating Support

Public community colleges are funded primarily through direct operating support. Most of the funds for operating support are used for meeting general costs such as salaries, contracts for services, energy, supplies, travel and scholarships; however, operating support can also be appropriated to specific activities such as workforce preparation programs, adult basic education, career and technical education or legislative initiatives.

Indirect Operating Support

Public community colleges also benefit from indirect operating support through payments or benefits provided by the State to or for faculty and staff. Rather than being paid to community colleges, such funds are spent by other State entities on behalf of community college employees. Examples of indirect operating support include employee health insurance provided by the State employee benefits plan and funding for community college employees’ pensions paid to SURS.

Institutional Grant Programs

Additionally, grant programs provide funds for specific activities undertaken by educational programs. Funding for such programs as Cooperative Work Study and Nursing Grants is appropriated to the IBHE and then distributed by the IBHE based upon competitive application and program criteria. Private community colleges are also eligible to apply for such grants.

As noted previously, the ICCB also administers grant programs and distributes funding to community colleges. The two principal operating grants for community colleges are the Base Operating Grant and the Equalization Grant, both of which are allocated to each local community college district based upon prescribed formulae. Generally, ICCB grants to community colleges amount to the difference between the total funds needed to offer educational programs and the total funds available from local property taxes and tuition and fees. Rate adjustments are required when State appropriations for ICCB grants fall short of equaling the calculated needs of the system. The funds of both the Base Operating Grant and the Equalization Grant are distributed on a monthly basis, though the State has delayed payment of these grants in recent years.

In addition to the grants discussed in this section, the State distributes numerous other grants to Illinois community colleges on an annual basis.

Student Financial Aid

State tax dollars support higher education through direct support to students; such financial aid is distributed through the Illinois Student Assistance Commission. The primary source of direct student assistance is need-based. Need-based programs, such as the Monetary Award Program (MAP), cover a portion of the costs of tuition and fees for students at public community colleges. The State also provides several programs that pay some or all of the costs of tuition and fees for students who have served in the military or are preparing for high-demand occupations such as nursing and certain teaching positions. In the event the federal government, the State or any agency pays tuition for any community college student, neither the district of such student's residence nor the student is required to pay that tuition, or any portion thereof, that is otherwise paid.

History of State Funding

	Year Ended June 30, 2021	Year Ended June 30, 2022	Year Ended June 30, 2023	Year Ended June 30, 2024	Year Ended June 30, 2025
Base Operating Grants.....	\$ 1,549,444	\$ 1,604,201	\$ 1,601,214	\$ 1,761,091	\$ 1,520,225
Career & Technical Education.....	138,073	140,016	147,001	144,456	146,116
Restricted State Grants.....	1,052,414	859,640	1,441,670	1,101,719	881,917
Total.....	\$ 2,739,931	\$ 2,603,857	\$ 3,189,885	\$ 3,007,266	\$ 2,548,258
MAP Grants.....	\$ 288,440	\$ 300,797	\$ 424,610	\$ 461,319	\$ 382,527

Source: Compiled from the District's Annual Financial Reports for fiscal years ended June 30, 2021-2025

FEDERAL AID

General

Community colleges, like the District, receive federal funding. Most federal funding for the District goes toward financial aid to students and research grants, not operating funds. The District participates in federal financial aid programs like the Federal Pell Grant, Federal Supplemental Educational Opportunity Grant (FSEOG) and the Federal Direct Loan Program. See below for a description of each program.

- Federal Pell Grant: This grant is for students with financial need who are pursuing their first undergraduate degree.
- Federal Supplemental Educational Opportunity Grant: This grant is designed to help students with the lowest expected family contribution with their education costs.
- Federal Direct Loan Program: This program offers different types of student loans, including Direct Subsidized Loans, Direct Unsubsidized Loans and Direct Parent PLUS loans.

Federal COVID-19 Funds Distributed to the District

The COVID-19 pandemic, along with various governmental measures taken to protect public health in light of the pandemic, had an adverse impact on global economies, including economic conditions in the United States. In response to the pandemic, federal legislation, particularly the (i) Coronavirus Aid, Relief, and Economic Security Act, (ii) Coronavirus Response and Relief Supplemental Appropriations Act of 2021, and (iii) American Rescue Plan of 2021, was enacted to provide funds to mitigate the economic downturn and health care crisis caused by COVID-19.

The District was appropriated Higher Education Emergency Relief Funding (“HEERF”) of \$2.8 million which was provided directly to students (anticipated to bolster student enrollment). Also, \$3.86 million was appropriated to the District (60% used to cover lost tuition/fee revenue, 20% to address technological barriers for students and 20% for contracted services or additional compensation costs tied to remote learning).

RETIREMENT PLAN

Pension and Retirement Plan

The District contributes to the State Universities Retirement System (“SURS”), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation whereby the State makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941, to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of

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

Currently, plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State on behalf of the individual employers at an actuarially determined amount. The State's contribution is calculated by an actuary pursuant to the provisions of the Illinois Pension Code, as amended (the "Pension Code"). The Pension Code requires the State to contribute annually the constant percent of payroll necessary to allow SURS to achieve a 90% funded ratio by fiscal year 2045.

Financial Reporting under GASB Standards

The Governmental Accounting Standards Board ("GASB") promulgates standards for financial reporting with respect to financial statements prepared by public pension systems and governments sponsoring such pension systems. Although SURS's actuary utilizes these standards in preparing certain aspects of the annual actuarial valuation and the State uses these standards for financial reporting purposes, such standards do not impact the calculation of the State contribution or the District contribution for SURS.

The GASB Standards provide standards for financial reporting and accounting related to pension plans.

The GASB Standards require calculation and disclosure of a "Net Pension Liability" or "Net Pension Asset," which is the difference between the actuarial present value of projected benefit payments that is attributed to past periods of employee service calculated pursuant to the methods and assumptions set forth in the GASB Standards (referred to in such statements as the "Total Pension Liability") and the fair market value of the pension plan's assets (referred to as the "Fiduciary Net Position").

Furthermore, the GASB Standards employ a rate, referred to in such statements as the "Discount Rate," which is used to discount projected benefit payments to their actuarial present values. The Discount Rate is a blended rate comprised of (1) a long term expected rate of return on a pension plan's investments (to the extent that such assets are projected to be sufficient to pay benefits), and (2) a tax exempt municipal bond rate meeting certain specifications set forth in the GASB Standards.

Finally, the GASB Standards require that the Net Pension Liability be disclosed in the notes to the financial statements of the pension system and that a proportionate share of the Net Pension Liability be recognized on the balance sheet of the employer, and that an expense be recognized on the income statement of the employer.

At June 30, 2024, SURS reported a Net Pension Liability of \$30,230,907,727. The proportionate share of the State's Net Pension Liability associated with the District is

\$61,077,619 or 0.2020%. The amount of the proportionate share of the Net Pension Liability to be recognized for the District as of the measurement date is \$0 due to a special funding situation. For the purposes of financial reporting, the State and participating employers (such as the District) are considered to be under a special funding situation.

The District's proportionate share of collective pension expense is recognized similarly to on-behalf payments for both the contributions made by the State and the matching expense in the financial statements. As a result, the District recognized on-behalf revenue and pension expense of \$4,033,236 for the fiscal year ended June 30, 2025.

TAX MATTERS

The 2026A Bonds

Interest on the 2026A Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the 2026A Bonds may result in other federal income tax consequences to certain taxpayers. Holders of the 2026A Bonds should consult their tax advisors with respect to the inclusion of interest on the 2026A Bonds in gross income for federal income tax purposes and any collateral tax consequences.

Interest on the 2026A Bonds is not exempt from present State income taxes. Ownership of the 2026A Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2026A Bonds. Prospective purchasers of the 2026A Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

The 2026B Bonds

Federal tax law contains a number of requirements and restrictions which apply to the 2026B Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The District has covenanted to comply with all requirements that must be satisfied in order for the interest on the 2026B Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the 2026B Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the 2026B Bonds.

Subject to the District's compliance with the above-referenced covenants, under present law, in the opinion of Bond Counsel, interest on the 2026B Bonds is excludible from the gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the 2026B Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Bond Counsel will rely upon certifications of the District with respect to certain material facts within the District's knowledge. Bond Counsel's opinion

represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the 2026B Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the 2026B Bonds should consult their tax advisors as to applicability of any such collateral consequences.

The issue price for original issue discount (as further discussed below) and market discount purposes (the “OID Issue Price”) for each maturity of the 2026B Bonds is the price at which a substantial amount of such maturity of the 2026B Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the 2026B Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the inside cover page hereof.

If the OID Issue Price of a maturity of the 2026B Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of each such maturity, if any, of the 2026B Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the District complies with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes; (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Based upon the stated position of the Department under State income tax law, accreted original issue discount on such OID Bonds is subject to taxation as it accretes, even though there may not be a corresponding cash payment until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of 2026B Bonds who dispose of 2026B Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase 2026B Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase 2026B Bonds subsequent to the initial public offering should consult their own tax advisors.

If a 2026B Bond is purchased at any time for a price that is less than the 2026B Bond's stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the "Revised Issue Price"), the purchaser will be treated as having purchased a 2026B Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a 2026B Bond is disposed of (to the extent such accrued discount does not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such 2026B Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the 2026B Bonds.

An investor may purchase a 2026B Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the 2026B Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax-exempt bond. The amortized bond premium is treated as a reduction in the tax-exempt interest received. As bond premium is amortized, it reduces the investor's basis in the 2026B Bond. Investors who purchase a 2026B Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the 2026B Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the 2026B Bond.

There are or may be pending in Congress legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the 2026B Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the 2026B Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the 2026B Bonds. If an audit is commenced, under current procedures the Service may treat the District as a taxpayer and the 2026B Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the 2026B Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the 2026B Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any 2026B Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any 2026B Bond owner who is notified

by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Interest on the 2026B Bonds is not exempt from present State income taxes. Ownership of the 2026B Bonds may result in other state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the 2026B Bonds. Prospective purchasers of the 2026B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Subject to the District's compliance with certain covenants, in the opinion of Bond Counsel, the 2026B Bonds are "qualified tax-exempt obligations" under the small issuer exception provided under Section 265(b)(3) of the Code, which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

LITIGATION

There is no controversy or litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or in any way contesting or affecting the validity of the Bonds or any proceedings of the District taken with respect to the issuance or sale thereof.

BOND RATING

Moody's has assigned its municipal rating of "Aa3" to the Bonds. The rating reflects only the views of Moody's and any explanation of the significance of such rating may only be obtained from Moody's. Certain information concerning the Bonds and the District not included in this Official Statement was furnished to Moody's by the District. There is no assurance that the rating will be maintained for any given period of time or that such rating may not be changed by Moody's, if, in the rating agency's judgment, circumstances so warrant. Any downward change in or withdrawal of the rating may have an adverse effect on the market price of the Bonds. Except as may be required by the Undertaking described below under the heading "LIMITED CONTINUING DISCLOSURE," neither the District nor the Underwriters undertake responsibility to bring to the attention of the owners of the Bonds any proposed change in or withdrawal of such rating or to oppose any such revision or withdrawal.

LIMITED CONTINUING DISCLOSURE

Because at the time of the delivery of the Bonds the District will be an "obligated person" (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds, the District is required to provide to the Municipal Securities Rulemaking Board (the "MSRB"), as specified in the Rule, annual financial information or operating data regarding the District which annual financial information and

operating data shall include, at a minimum, that annual financial information and operating data which is customarily prepared by the District and is publicly available. Consequently, pursuant to the Rule, the District will enter into a Continuing Disclosure Undertaking (the “Undertaking”) for the benefit of the beneficial owners of the Bonds to send the financial information to the MSRB for purposes of the Rule and to provide notice of certain events to the MSRB pursuant to the requirements of the Rule. No person, other than the District, has undertaken, or is otherwise expected, to provide continuing disclosure with respect to the Bonds. The financial information to be provided on an annual basis, the events which will be noticed on an occurrence basis and a statement of other terms of the Undertaking, including termination, amendment and remedies, are set forth in the form of the Undertaking, attached hereto as APPENDIX C.

The District has implemented disclosure policies and procedures which specifically include additional procedures to be followed by the District in relation to the two new reportable events required for undertakings entered into on and after February 27, 2019.

The District failed to file its audited financial statements in a timely manner for fiscal year ended June 30, 2023. The audited financial statements were filed May 14, 2024, on the Electronic Municipal Market Access (“EMMA”) system. The District has established procedures to ensure timely filings in the future. The District has retained PMA Securities, LLC, Naperville, Illinois (“PMA”), to act as the District’s Dissemination Agent for its continuing disclosure filings. A failure by the District to comply with the Undertaking will not constitute a default under the Bond Resolution and beneficial owners of the Bonds are limited to the remedies described in the Undertaking. The District must report any failure to comply with the Undertaking in accordance with the Rule. Any broker, dealer or municipal securities dealer must consider such report before recommending the purchase or sale of the Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds and their market price.

CERTAIN LEGAL MATTERS

Certain legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois (“Chapman and Cutler”), Bond Counsel, who has been retained by, and acts as, Bond Counsel to the District. Chapman and Cutler has also been retained by the District to serve as Disclosure Counsel to the District with respect to the Bonds. Although as Disclosure Counsel to the District, Chapman and Cutler has assisted the District with certain disclosure matters, Chapman and Cutler has not undertaken to independently verify the accuracy, completeness or fairness of any of the statements contained in this Official Statement or other offering material related to the Bonds and does not guarantee the accuracy, completeness or fairness of such information. Chapman and Cutler’s engagement as Disclosure Counsel was undertaken solely at the request and for the benefit of the District, to assist it in discharging its responsibility with respect to this Official Statement, and not for the benefit of any other person (including any person purchasing Bonds from the Underwriters), and did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection therewith. Further, Chapman and Cutler makes no representation as to the suitability of the Bonds for investment by any investor.

UNDERWRITING

The 2026A Bonds were offered for sale by the District at a public, competitive sale on May 5, 2026. The best bid submitted at the sale was submitted by _____, _____, _____ (the “2026A Underwriter”). The District awarded the contract for sale of the 2026A Bonds to the 2026A Underwriter at a price of \$ _____. The 2026A Underwriter has represented to the District that the 2026A Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The 2026A Underwriter may offer and sell the 2026A Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the 2026A Underwriter. The aggregate underwriting fee for the 2026A Bonds equals \$ _____.

The 2026B Bonds were offered for sale by the District at a public, competitive sale on May 5, 2026. The best bid submitted at the sale was submitted by _____, _____, _____ (the “2026B Underwriter” and, together with the 2026A Underwriter, the “Underwriters”). The District awarded the contract for sale of the 2026B Bonds to the 2026B Underwriter at a price of \$ _____. The 2026B Underwriter has represented to the District that the 2026B Bonds have been subsequently reoffered to the public at the approximate initial offering yields as set forth on the inside cover hereto. The 2026B Underwriter may offer and sell the 2026B Bonds to certain dealers and others at yields different than the offering yields stated on the inside cover hereto. The offering yields may be changed from time to time by the 2026B Underwriter. The aggregate underwriting fee for the 2026B Bonds equals \$ _____.

MUNICIPAL ADVISOR

PMA has been retained as municipal advisor (the “Municipal Advisor”) in connection with the issuance of the Bonds. In preparing this Official Statement, the Municipal Advisor has relied upon the District, and other sources, having access to relevant data to provide accurate information for this Official Statement. To the best of the Municipal Advisor’s knowledge, the information contained in this Official Statement is true and accurate. However, the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information.

PMA is a broker-dealer and municipal advisor registered with the Commission and the MSRB and is a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. In these roles, PMA generally provides fixed income brokerage services and public finance services to municipal entity clients, including municipal advisory services and advice with respect to the investment of proceeds of municipal securities. PMA is affiliated with PMA Financial Network, LLC, a financial services provider, and PMA Asset Management, LLC, and Public Trust Advisors, LLC, both investment advisers registered with the Commission. These entities operate under common ownership with PMA and are collectively referred to in this disclosure as the “Affiliates.” Each of these Affiliates also provides services to municipal entity clients and PMA and Affiliates market the services of the other Affiliates. Unless otherwise stated, separate fees are charged for each of these products and services and referrals to its Affiliates result in an increase in revenue to the overall Affiliated companies.

The Municipal Advisor's duties, responsibilities, and fees in connection with this issuance arise solely from the services for which it is engaged to perform as municipal advisor on the Bonds and also from the investment of Bond proceeds. PMA's compensation for serving as municipal advisor on the Bonds is conditional on the final amount and successful closing of the Bonds. PMA receives additional fees for the services used by the District, if any, described in the paragraph above. The fees for these services arise from separate agreements with the District and with institutions of which the District may be a member.

THE OFFICIAL STATEMENT

This Official Statement includes the cover page, reverse thereof and the Appendices hereto.

All references to material not purporting to be quoted in full are only summaries of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents and other materials for the complete provisions thereof, copies of which will be furnished upon request to the District.

Accuracy and Completeness of the Official Statement

This Official Statement has been approved by the District for distribution to the Underwriters.

The District's officials will provide to the Underwriters at the time of delivery of the Bonds, a certificate confirming to the Underwriters that, to the best of their knowledge and belief, this Official Statement as of the date hereof and at the time of the sale and delivery of the Bonds, was true and correct in all material respects and did not at any time contain any untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

/s/

Vice President of Business Services/Treasurer
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

May __, 2026

Appendix A

Forms of Legal Opinions of Bond Counsel

PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES 2026A

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community College District No. 506,
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Trustees of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered Taxable General Obligation Bonds, Series 2026A (the “*Bonds*”), to the amount of \$_____, dated _____, 2026, due serially on February 1 of the years and in the amounts and bearing interest as follows:

20__	\$	%
20__		%
20__		%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that under present law, interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Ownership of the Bonds may result in other federal income tax consequences to certain taxpayers. Bondholders should consult their own tax advisors concerning tax consequences of ownership of the Bonds.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District’s knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no

obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

PROPOSED FORM OF OPINION OF BOND COUNSEL – SERIES 2026B

[LETTERHEAD OF CHAPMAN AND CUTLER LLP]

[TO BE DATED CLOSING DATE]

Community College District No. 506,
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

We hereby certify that we have examined certified copy of the proceedings (the “*Proceedings*”) of the Board of Trustees of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “*District*”), passed preliminary to the issue by the District of its fully registered General Obligation Bonds, Series 2026B (the “*Bonds*”), to the amount of \$_____, dated _____, 2026, due serially on February 1 of the years and in the amounts and bearing interest as follows:

20__	\$	%
20__		%

and we are of the opinion that the Proceedings show lawful authority for said issue under the laws of the State of Illinois now in force.

We further certify that we have examined the form of bond prescribed for said issue and find the same in due form of law, and in our opinion said issue, to the amount named, is valid and legally binding upon the District and is payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

It is our opinion that, subject to the District’s compliance with certain covenants, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes and is not includible as an item of tax preference in computing the alternative minimum tax for individuals under the Internal Revenue Code of 1986, as amended (the “*Code*”). Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Failure to comply with certain of such District covenants could cause interest on the Bonds to be includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. Ownership of the Bonds may result in other federal tax consequences to certain taxpayers, and we express no opinion regarding any such collateral consequences arising with respect to the Bonds.

It is also our opinion that the Bonds are “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

We express no opinion herein as to the accuracy, adequacy or completeness of any information furnished to any person in connection with any offer or sale of the Bonds.

In rendering this opinion, we have relied upon certifications of the District with respect to certain material facts within the District's knowledge. Our opinion represents our legal judgment based upon our review of the law and the facts that we deem relevant to render such opinion and is not a guarantee of a result. This opinion is given as of the date hereof and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Appendix B

Annual Financial Report for Fiscal Year Ended June 30, 2025

The Annual Financial Report of the District contained in this Appendix B (the “Audit”), including the independent auditor’s report accompanying the Audit, has been prepared by Wipfli LLP, Sterling, Illinois (the “Auditor”), and approved by formal action of the Board of Trustees of the District. The District has not requested the Auditor to update information contained in the Audit; nor has the District requested that the Auditor consent to the use of the Audit in this Official Statement. Other than as expressly set forth in this Official Statement, the financial information contained in the Audit has not been updated since the date of the Audit. The inclusion of the Audit in this Official Statement in and of itself is not intended to demonstrate the fiscal condition of the District since the date of the Audit.

Sauk Valley Community College
District #506
Dixon, Illinois

Annual Financial Report

Year Ended June 30, 2025



Sauk Valley Community College District #506

Year Ended June 30, 2025

Table of Contents

Financial Section

Independent Auditor's Report.....	1
Management Discussion and Analysis.....	5

Basic Financial Statements

Statement of Net Position.....	15
Statement of Revenues, Expenses, and Changes in Net Position.....	16
Statement of Cash Flows.....	17
Notes to the Financial Statements.....	19

Required Supplementary Information

Schedule of Share of Net Pension Liability.....	59
Schedule of Pension Contributions.....	60
Schedule of Share of Net OPEB Liability.....	61
Schedule of OPEB Contributions.....	62
Notes to Required Supplementary Information.....	63

Special Reports Section

Supplemental Financial Information

Supplemental Financial Information Section.....	67
Uniform Financial Statements	68
Certification of Per Capita Cost	77

Other Information

Balance Sheet - All Fund Types.....	79
Combining Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Balance/Net Position (Deficit) - All Fund Types.....	83
Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections	87

ICCB State Grant Financial Compliance Section

Independent Auditor's Report on State Adult Education and Family Literacy Grants Financial Statements	89
Independent Auditor's Report on Compliance with State Requirements for the State Adult Education and Family Literacy Grants.....	91
Balance Sheet - State Adult Education and Family Literacy Grants.....	92
Statement of Revenues, Expenditures, and Changes in Fund Balance - State Adult Education and Family Literacy Grants.....	93
Notes to ICCB State Grant Financial Statements	94
Background Information on State Grants.....	95

Sauk Valley Community College District #506

Year Ended June 30, 2025

ICCB State Grant Financial Compliance Section (continued)

Independent Accountant's Report on Credit Hour Data and Other Bases Upon Which Claims are Filed.....	96
Schedule of Credit Hour Data and Other Bases Upon Which Claims are Filed.....	97
Reconciliation of Total Semester Credit Hours.....	98
Note to Schedule of Credit Hour Data and Other Bases Upon Which Claims are Filed.....	99

Annual Federal Financial Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	101
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	103
Schedule of Expenditures of Federal Awards.....	106
Notes to Schedule of Expenditures of Federal Awards.....	107
Schedule of Findings and Questioned Costs.....	108
Summary Schedule of Prior Audit Findings.....	111
Corrective Action Plan.....	112

Financial Section

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business type activities and the discretely presented component unit of the Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business type activities and the discretely presented component unit the Sauk Valley Community College District #506 as of June 30, 2025, and respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. The financial statements of Sauk Valley College Foundation were not audited in accordance with *Government Audit Standards*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sauk Valley Community College District #506 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Note 1 of the financial statements, the College adopted new accounting guidance, GASB Statement No. 101, Compensated Absences. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sauk Valley Community College District #506's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Sauk Valley Community College District #506's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sauk Valley Community College District #506's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The supplemental financial information section as listed in the table of contents and the accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all materiality respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the other information section as listed in the table of contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sauk Valley Community College District #506's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP

Sterling, Illinois

March 13, 2026

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

Introduction

This section of Sauk Valley Community College District 506's (the College) Annual Financial Report presents management's discussion and analysis (the MD&A) of the College's financial position as of June 30, 2025, and the results of the current year's operations. This MD&A should be read in conjunction with the College's basic financial statements noted in the table of contents. Responsibility for the completeness and accuracy of this information rests with the College.

Using This Annual Report

The College presents its financial statements in a "business-type activity" format, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*. The financial statements focus on the College as a whole and are prepared on the accrual basis of accounting and the economic resources measurement focus. Under the accrual basis of accounting, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred in accordance with generally accepted accounting principles. The financial statements consist of four primary parts: (1) Statement of Net Position, (2) Statement of Revenues, Expenses, and Changes in Net Position, (3) Statement of Cash Flows, and (4) Notes to the Financial Statements. Separate columns are presented for the College (which is considered the primary government) and the Sauk Valley College Foundation (the College's discretely presented component unit). Unless otherwise specified, the amounts presented in this MD&A are for the College.

The **Statement of Net Position** is the College's balance sheet. It reflects assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (equity) of the College as of June 30, 2025. Liabilities due within one year, and assets available to pay those liabilities, are classified as current. Other assets and liabilities are classified as noncurrent. Investment assets are carried at fair value. Capital assets, which include the College's land, buildings, improvements, and equipment, are shown net of accumulated depreciation. Net position is grouped in the following categories:

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

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

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

The **Statement of Revenues, Expenses, and Changes in Net Position** is the College's income statement. It details how net position has increased (or decreased) during the year ended June 30, 2025. Tuition revenue is shown net of scholarship allowances, depreciation is provided for capital assets, and there are required subtotals for net operating income (loss) and net income (loss).

It should be noted that the required subtotal for net operating income (loss) generally will reflect a "loss" for colleges and universities with a substantial amount of state support. This is primarily due to the way operating and non-operating items are defined under GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Operating expenses include virtually all College expenses, except for interest on long-term debt and certain investment management expenses. Operating revenues, however, exclude certain significant revenue streams that the College and other public institutions have traditionally relied upon to fund current operations, including State of Illinois (State) grants and on-behalf payments for employer pension and other post-employment benefits contributions, and non-operating federal grants, such as Pell grants to students.

The **Statement of Cash Flows** details how cash has increased (or decreased) during the year ended June 30, 2025. It breaks out the sources and uses of College cash into the following categories:

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

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

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

Sauk Valley Community College District #506

Management's Discussion and Analysis For the Year Ended June 30, 2025

Financial Highlights and Key Trends

Statement of Net Position

Summary of Net Position (in thousands)				
June 30,				
	2025	Restated* 2024	Increase (Decrease)	Percent Change
Current assets	\$25,847	\$29,561	(\$3,714)	(12.6%)
Noncurrent assets:				
Capital assets, net	41,658	38,589	3,069	8.0%
Total assets	67,505	68,150	(645)	(0.9%)
Deferred outflow of resources	764	1,051	(287)	(27.3%)
Total assets and deferred outflows	68,269	69,201	(932)	(1.3%)
Current liabilities	5,601	5,079	522	10.3%
Noncurrent liabilities	7,466	9,696	(2,230)	(23.0%)
Total liabilities	13,067	14,775	(1,708)	(11.6%)
Deferred inflows of resources	8,982	9,730	(748)	(7.7%)
Total liabilities and deferred inflows	22,049	24,505	(2,456)	(10.0%)
Net position:				
Net investment in capital assets	36,246	35,033	1,213	3.5%
Restricted	4,578	4,549	29	0.6%
Unrestricted	5,396	5,114	282	5.5%
Total net position	\$46,220	\$44,696	\$1,524	3.4%

*Fiscal year 2024 was restated for the implementation of GASB Statement No. 101, Compensated Absences.

The Statement of Net Position provides a snapshot of the College's assets, liabilities, and net position at year-end. The College's total net position as of June 30, 2025, increased by approximately \$1.5 million (3.4%) from \$44.7 million to \$46.2 million.

Total assets at June 30, 2025 were \$67.5 million, a decrease of \$0.6 million (0.9%) compared to June 30, 2024. Current assets declined by \$3.7 million (12.6%), primarily reflecting the planned use of bond proceeds and other available cash resources to fund ongoing capital projects and equipment purchases. This decrease in current assets was partially offset by growth in capital assets.

Capital assets, net of depreciation, increased by \$3.1 million (8.0%), rising from \$38.6 million to \$41.7 million. This increase reflects the College's continued investment in facilities and equipment to support instructional programs and campus infrastructure improvements.

Deferred outflows of resources decreased by \$0.3 million (27.3%), primarily reflecting the scheduled amortization of other post-employment benefit related deferrals.

Total liabilities decreased by \$1.7 million (11.6%), declining from \$14.8 million to \$13.1 million. The reduction was primarily driven by scheduled principal payments on the College's outstanding general obligation bonds and

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

other long-term obligations. Noncurrent liabilities decreased by \$2.2 million (23.0%), while current liabilities increased by \$0.5 million (10.3%), largely due to the timing of vendor payments and other short-term operating obligations at year-end.

Deferred inflows of resources decreased by \$0.7 million (7.7%), reflecting the continued amortization of actuarial adjustments related to OPEB obligations.

Net investment in capital assets increased by \$1.2 million (3.5%), reflecting the net effect of capital asset additions and ongoing debt repayments. Restricted net position remained consistent compared to June 30, 2024 with an increase of 0.6%, while unrestricted net position increased by \$0.3 million (5.5%), primarily reflecting the use of unrestricted resources to support capital investments and operational needs.

Statement of Revenues, Expenses, and Changes in Net Position

Summary of Revenues, Expenses, and Changes in Net Position (in thousands) For the Year Ended June 30

	2025	Restated* 2024	Increase (Decrease)	Percent Change
Revenues:				
Tuition and fees	\$2,706	\$3,088	(\$382)	(12.4%)
Auxiliary	1,410	1,299	111	8.5%
Property taxes	10,170	9,694	476	4.9%
Personal property replacement tax	632	943	(311)	(33.0%)
State sources	5,962	6,315	(353)	(5.6%)
Federal sources	4,196	4,718	(522)	(11.1%)
Interest income	931	1,061	(130)	(12.3%)
Other	588	2,289	(1,701)	(74.3%)
Total revenues	26,595	29,407	(2,812)	(9.6%)
Expenses:				
Instruction	6,845	7,005	(160)	(2.3%)
Academic support	1,328	1,372	(44)	(3.2%)
Student services	3,051	3,267	(216)	(6.6%)
Public services	1,383	1,363	20	1.5%
Organized research	75	322	(247)	(76.7%)
Auxiliary services	1,442	1,125	317	28.2%
Operations and maintenance	2,260	2,229	31	1.4%
Institutional support	4,906	4,675	231	4.9%
Scholarships, grants and waivers	1,687	2,059	(372)	(18.1%)
Depreciation	1,827	1,448	379	26.2%
Gain/loss on disposal of assets	150	76	74	97.4%
Interest	117	143	(26)	(18.2%)
Total expenses	25,071	25,084	(13)	(0.1%)
Change in net position	\$1,524	\$4,323	(\$2,799)	(64.7%)

*Fiscal year 2024 was restated for the implementation of GASB Statement No. 101, Compensated Absences.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

The Statement of Revenues, Expenses, and Changes in Net Position provides information about the College's operating performance during the fiscal year. For the year ended June 30, 2025, the College's net position increased by \$1.5 million, compared to an increase of \$4.3 million in the prior year.

Total revenues declined by \$2.8 million (9.6%), decreasing from \$29.4 million in fiscal year 2024 to \$26.6 million in fiscal year 2025.

Several key revenue trends contributed to this decline. Tuition and fee revenue decreased by \$0.4 million (12.4%), a reduction driven by a change in methodology to estimate the College's scholarship allowance. Gross tuition and fee revenue increased by \$0.5 million due to increases in both enrollment and the tuition and fee rate set by the College. Federal revenue decreased by \$0.5 million (11.1%), primarily due to reduced federal grant activity compared to the prior year. Personal Property Replacement Tax (PPRT) revenue continued its downward trend, declining by \$0.3 million (33.0%), reflecting statewide reductions in PPRT distributions.

The largest year-over-year change occurred in the "Other" revenue category, which declined by \$1.7 million compared to fiscal year 2024. The prior year included several non-recurring revenue items that did not repeat in fiscal year 2025, largely represented by capital contributions from the State of Illinois.

Partially offsetting these declines, property tax revenue increased by \$0.5 million (4.9%), reflecting continued growth in the District's Equalized Assessed Valuation (EAV). Auxiliary revenues increased by \$0.1 million (8.5%), driven by continued activity in workforce development programs and other auxiliary operations.

Total expenses remained fairly consistent compared to fiscal year 2024 at \$25.1 million for both years.

Depreciation expense increased by \$0.4 million (26.2%), reflecting the impact of recent capital investments being placed into service. Institutional support expenses increased by \$0.2 million (4.9%), reflecting continued investments in administrative services and operational support functions.

Auxiliary services expenses increased by \$0.3 million (28.2%), reflecting expanded program activity, including the Sauk Ready Textbook Program.

These increases were partially offset by reductions in scholarships, grants, and waivers, which declined by \$0.4 million (18.1%), primarily driven by a change in methodology to estimate the College's scholarship allowance, and reductions in organized research expenses.

Overall, the College maintained a positive change in net position, though the increase was smaller than the prior year due primarily to lower revenues rather than significant increases in expenses.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

Capital Assets

The College continues to invest in infrastructure, facilities, and instructional equipment to support its educational mission, improve operational efficiency, and maintain the long-term sustainability of its campus assets. As of June 30, 2025, the College's capital assets, net of accumulated depreciation, totaled \$41.7 million, representing an increase of approximately \$3.1 million (8.0%) compared to the prior year.

During fiscal year 2025, the College completed several significant capital improvement projects aimed at enhancing campus infrastructure, improving energy efficiency, and supporting instructional and student activities. Major projects completed and placed in service during the year included the College's primary backup generator, the West Mall Rotary Plaza, HVAC upgrades, the installation of the SVCC campus letters, and HVAC Chiller Rebuild Phase 1. Several of these projects, including the primary backup generator and HVAC upgrades, were partially funded through the State of Illinois Capital Development Board as deferred maintenance projects.

Additional facility improvements completed during the year included a new roof on the T-1 building, window and door upgrades, gymnasium bleacher replacements, a new press box for the outdoor athletic fields, and gym floor resurfacing. These improvements support both academic programming and the College's community engagement activities.

Several capital projects remained in progress at the end of fiscal year 2025. These include HVAC Chiller Rebuild Phase 2 and the renovation on the second floor of the West Mall to support Information Technology Services (ITS) operations and faculty office space. These projects reflect the College's ongoing efforts to modernize its facilities and improve space utilization to support both instructional and administrative functions.

In addition to facility improvements, the College continued to invest in instructional technology, software, and operational equipment. Major equipment and technology investments during the year included implementation of the Degree Works academic planning system, the purchase of new GE Logic IQ ultrasound equipment for the Sonography program, the acquisition of a new maintenance truck with snow removal equipment, and various furniture updates and instructional technology upgrades across campus.

Capital additions during fiscal year 2025 totaled approximately \$4.8 million. These investments support the College's long-term strategic priorities by improving campus infrastructure, strengthening academic programs, and enhancing the learning environment for students.

Depreciation expense for the year totaled approximately \$1.8 million, reflecting the continued capitalization of recent campus investments. The College remains committed to maintaining and modernizing its facilities to ensure that its physical assets continue to support student learning, workforce development, and community engagement.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

Long-Term Debt Activity

As of June 30, 2025, the College's total outstanding general obligation bond principal was \$5.6 million, representing a reduction of \$1.8 million from the prior year as a result of scheduled principal payments made during fiscal year 2025. The College continues to follow a structured debt repayment schedule, with its current series of general obligation bonds expected to be fully repaid by fiscal year 2028.

Over the next three fiscal years, the College's remaining debt service requirements include principal payments totaling \$5.6 million and interest payments of approximately \$0.3 million. These debt service obligations are funded through the College's annual bond and interest property tax levy, ensuring that repayment does not place additional pressure on operating resources.

In addition to bonded debt, the College reported a subscription liability of \$0.4 million as of June 30, 2025, associated with subscription-based information technology arrangements recognized under current accounting standards. The subscription liability will be repaid over the remaining term of the related agreements.

The College's general obligation bonded debt is limited by Illinois statute to 2.875% of the Equalized Assessed Valuation (EAV) of taxable property within the College District. The most recent certified EAV for tax year 2024 was \$2,580,979,136, resulting in a legal debt limit of approximately \$74,203,150.

As of June 30, 2025, the College had \$6,013,388 in outstanding obligations subject to the debt limit, consisting of \$5,580,000 in general obligation bonds and \$433,388 in subscription liabilities. This results in a legal debt margin of approximately \$68,189,762, providing the College with substantial remaining borrowing capacity to support future capital investments should the need arise.

The College continues to manage its debt portfolio prudently by steadily reducing outstanding obligations while maintaining the financial flexibility to support future capital improvements that align with its academic mission and long-term strategic priorities. With the current bond series scheduled to be fully repaid by fiscal year 2028, the College is approaching the end of its current debt repayment cycle and remains well positioned to evaluate future capital financing needs as part of its long-term facilities planning process.

Sauk Valley Community College District #506

Management's Discussion and Analysis

For the Year Ended June 30, 2025

Economic and Other Significant Financial Factors that Will Affect the Future

Sauk Valley Community College District 506 continues to operate in an environment shaped by demographic changes, evolving workforce demands, and broader economic conditions. Despite these challenges, the College remains financially stable and well positioned to serve the educational and workforce development needs of the Sauk Valley region. The College's financial position remains strong, highlighted by continued positive changes in net position, declining outstanding debt, and a substantial legal debt margin, which together provide the institution with flexibility to respond to future opportunities and challenges.

Enrollment trends remain an important factor influencing the financial outlook of community colleges throughout Illinois. During fiscal year 2025, the College experienced modest enrollment stabilization following the declines experienced during and after the COVID-19 pandemic. Total full-time equivalent (FTE) enrollment increased by 2.1 percent, while overall student headcount increased by 0.6 percent. Dual credit programs continued to demonstrate strong growth, with credit hours increasing by 6.5 percent and headcount increasing by 4.2 percent, reflecting strong partnerships with regional high schools and continued demand for early college opportunities.

A key driver of the College's long-term enrollment strategy is the Sauk Valley Community College Impact Program, an earned-tuition initiative designed to strengthen college access and community engagement across the district. Participation in the program continues to expand, with more than 1,800 students currently enrolled and participants collectively completing over 100,000 hours of community service. The College anticipates that the first cohort of Impact Program students will become eligible to enroll in Fall 2026, and administration estimates the program could increase traditional student enrollment by approximately 20 percent of recent high school graduates within the district once fully implemented.

Property tax revenue remains the College's largest single source of operating revenue and continues to be influenced by changes in Equalized Assessed Valuation (EAV) within the district. The College has experienced steady growth in EAV in recent years as property values and economic activity within the district continue to expand. Based on preliminary estimates, the College projects approximately 6 percent growth in district EAV between tax years 2024 and 2025, which would provide continued stability for property tax revenues that support the College's operations.

State funding continues to play an important role in the financial structure of Illinois community colleges. In recent years, the State of Illinois has provided modest increases to community college operating grants, reflecting continued support for higher education. While the State's fiscal condition has improved compared to the budget impasse years earlier in the decade, uncertainty remains regarding long-term State budget pressures related to pension funding and other structural obligations.

The College has also experienced continued volatility in Illinois Personal Property Replacement Tax (PPRT) revenues. After reaching elevated levels in recent years, PPRT distributions have declined significantly and are expected to remain variable in future years. As a result, the College continues to take a conservative approach to financial planning and budgeting in order to mitigate potential fluctuations in this revenue source.

Sauk Valley Community College District #506

Management's Discussion and Analysis For the Year Ended June 30, 2025

The College continues to expand workforce-focused programs designed to meet regional labor market needs. The State-recognized Police Academy, launched in 2023, continues to train an average of three cohorts per year with approximately 33 cadets in each cohort, providing essential training for law enforcement agencies throughout the region. In addition, the College's Diagnostic Medical Sonography program is expected to graduate 12 to 15 students annually once fully implemented, helping address workforce shortages in regional healthcare fields.

Looking ahead, the College will continue to invest in campus infrastructure and instructional resources to support student success and workforce development. The College is currently planning to issue approximately \$5.8 million in bonds in May 2026, consisting of \$4.8 million for capital investments and \$1.0 million for additional working cash. These investments will support the College's long-term facilities and equipment replacement plans while maintaining prudent financial management.

The College's financial outlook remains positive. Continued increases in net position, steady reductions in outstanding debt, and significant remaining legal debt capacity provide the College with a strong financial foundation. Combined with strategic initiatives such as the Impact Program, expanded workforce training programs, and ongoing capital investments, these factors position Sauk Valley Community College to continue fulfilling its mission of providing accessible, high-quality education and workforce training for the communities it serves.

Requests for Information

This Annual Financial Report is designed to provide a general overview of the College's finances for all those with an interest in the topic. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to:

Sauk Valley Community College District 506
Attn: Vice President of Business Services
173 Illinois Route 2
Dixon, IL 61021
Phone number (815) 835-6253

Basic Financial Statements

Sauk Valley Community College District #506

Statement of Net Position

	Primary Institution	Component Unit
	Business-Type	
As of June 30, 2025	Activities	Foundation
Assets		
Current assets:		
Cash and cash equivalents	\$ 8,154,327	\$ 1,744,729
Certificates of deposit	2,000,000	1,746,000
Investments	6,808,193	9,581,670
Property tax receivable	7,507,910	-
Student tuition receivables, net of allowance	423,191	-
Other receivables	948,896	258,254
Inventory	2,555	-
Prepaid expenses and other assets	2,000	2,866
Total current assets	25,847,072	13,333,519
Noncurrent assets:		
Capital assets	66,707,634	-
Accumulated depreciation and amortization	(25,050,089)	-
Total noncurrent assets	41,657,545	-
Total assets	67,504,617	13,333,519
Deferred outflows of resources		
SURS pension contribution	50,483	-
Other postemployment benefits - CIP	713,885	-
Total deferred outflow of resources	764,368	-
Liabilities		
Current liabilities:		
Accounts payable	2,250,025	-
Unearned tuition revenue	409,810	-
Assets held for others	-	100,264
Accrued compensated absences	729,137	-
Subscription liability, current	321,464	-
Bonds payable, current	1,890,858	-
Total current liabilities	5,601,294	100,264
Noncurrent liabilities:		
Accrued compensated absences	364,568	-
Subscription liability	111,924	-
Bonds payable, net	3,772,745	-
Net OPEB liability	3,216,602	-
Total noncurrent liabilities	7,465,839	-
Total liabilities	13,067,133	100,264
Deferred inflows of resources		
Deferred property taxes	5,242,896	-
Deferred grant revenue	193,136	-
Other postemployment benefits - CIP	3,546,252	-
Total deferred inflow of resources	8,982,284	-
Net position		
Net investment in capital assets	36,245,700	-
Restricted - nonexpendable, scholarships	-	9,136,088
Restricted - expendable:		
Debt service	1,059,552	-
Working cash	2,529,945	-
Audit	16,761	-
Tort liability	971,360	-
Grants and scholarships	-	3,441,059
Unrestricted	5,396,250	656,108
Total net position	\$ 46,219,568	\$ 13,233,255

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Statement of Revenues, Expenses, and Changes in Net Position

	Primary Institution	Component Unit
	Business-Type Activities	Foundation
<i>Year Ended June 30, 2025</i>		
Operating revenues		
Student tuition and fees, net of scholarship allowances of \$2,135,765	\$ 2,706,318	\$ -
Auxiliary enterprises revenue	1,410,113	-
Contributions	-	552,052
Other	-	401,508
Total operating revenues	4,116,431	953,560
Operating expenses		
Instruction	6,845,273	-
Academic support	1,328,245	-
Student services	3,050,560	-
Public service	1,383,163	-
Organized Research	75,393	-
Auxiliary services	1,441,615	-
Operations and maintenance	2,260,357	-
Institutional support	4,906,176	601,531
Scholarships, student grants, and waivers	1,687,199	264,398
Depreciation and amortization expense	1,826,597	-
Total operating expenses	24,804,578	865,929
Operating (loss) income	(20,688,147)	87,631
Non-operating revenues (expenses)		
Property taxes	10,170,315	-
Corporate personal property replacement tax	632,369	-
State governmental sources	3,001,292	-
On-behalf payments	2,960,181	-
Federal government sources	4,195,705	-
Facilities revenue	105,262	-
Investment income	930,821	1,035,672
Nongovernmental grants and gifts	7,216	-
Other revenue	351,128	-
Gain (loss) on disposal of assets	(149,749)	-
Interest, service charges, and issuance costs	(117,131)	-
Total non-operating revenues (expenses)	22,087,409	1,035,672
Capital contributions	124,652	-
Change in net position	1,523,914	1,123,303
Net position, beginning of year, as previously reported	45,231,462	12,109,952
Change in accounting principle	(535,808)	-
Net position, beginning of year, as restated	44,695,654	12,109,952
Net position, end of year	\$ 46,219,568	\$ 13,233,255

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Statement of Cash Flows

	Primary Institution Business-Type Activities
<i>Year Ended June 30, 2025</i>	
Cash flows from operating activities:	
Tuition and fees	\$ 5,670,898
Payments to suppliers	(7,577,012)
Payments to employees	(11,429,412)
Payments to students for scholarships	(4,677,290)
Auxiliary enterprise charges	1,410,113
Other	506,077
Net cash used in operating activities	(16,096,626)
Cash flows from non-capital financing activities:	
Proceeds from property taxes	9,988,626
Proceeds from grants	683,038
Proceeds from personal replacement taxes	7,537,482
Net cash provided by non-capital financing activities	18,209,146
Cash flows from capital and related financing activities:	
Purchases of capital assets	(4,920,450)
Principal paid on bonds payable	(2,060,154)
Proceeds from issuance of long-term debt	245,185
Interest paid on bonds payable and other long-term obligations	(240,814)
Net cash used in capital and related financing activities	(6,976,233)
Cash flows from investing activities:	
Interest received	935,764
Proceeds from maturities of investment securities	633,418
Purchases of investment securities	(261,141)
Net cash provided by investing activities	1,308,041
Net increase (decrease) in cash and cash equivalents	(3,555,672)
Cash and cash equivalents, beginning of year	11,709,999
Cash and cash equivalents, end of year	\$ 8,154,327

Sauk Valley Community College District #506

Statement of Cash Flows (Continued)

	Primary Institution Business-Type Activities
<i>Year Ended June 30, 2025</i>	
Reconciliation of operating income to net cash provided by operating activities:	
Operating income (loss)	\$ (20,688,147)
Adjustment to reconcile operating income (loss) to net cash used in operating activities:	
Depreciation	1,826,597
State on-behalf payments for fringe benefits	2,960,181
Other non-operating sources	456,390
Change in assets and liabilities:	
Receivables	(71,454)
Prepaid expenses	12,876
Inventories	825
Deferred outflow of resources	286,927
Accounts payable	178,712
Accrued liabilities	120,004
Accrued compensated absences	48,481
Unearned tuition and fees	95,630
OPEB liability	(212,368)
Deferred inflows of resources	(1,111,280)
	\$ (16,096,626)
Noncash capital and financing activities:	
Contributions of capital assets	\$ 124,652
State on-behalf payments	\$ 2,960,181
Total noncash capital and financing activities	\$ 2,960,181

See Accompanying Notes to the Financial Statements.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Sauk Valley Community College District #506 (the "College") is organized in accordance with the Public Community College Act (110 ILCS 805/). The Board of Trustees (the Board) has the governing responsibilities over all activities related to public post and secondary school education within the College's district. The College receives funding from local, state and federal sources and must comply with the requirements established by these funding source entities. Board members are elected by the public and have overall decision-making authority, the power to designate management authority and primary accountability for fiscal matters.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on all applicable Government Accounting Standards Board (GASB) pronouncements.

Reporting Entity

Accounting principles generally accepted in the United States of America require that the financial statements of the reporting entity include: (1) the primary government, (2) organizations of which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Sauk Valley College Foundation (the Foundation) has a significant relationship with the College and is therefore included as a discretely presented component unit of the College. The Foundation is reported in a separate column in the basic financial statements to emphasize it is legally separate from the College.

The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Board of the Foundation is self-perpetuating. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Foundation is a private not-for-profit organization that reports its financial results with accounting guidance prescribed by the Financial Accounting Standard Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 12) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained at 173 Illinois Route 2, Dixon, Illinois 61021.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

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

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

Cash and Equivalents

Cash includes deposits held at banks plus small amounts maintained for a change fund. Cash equivalents are defined as short-term investments readily converted to cash with original maturities of three months or less. The College has deposits with financial institutions, which at times exceed the federally insured limits. Management does not believe this represents any significant risk to the College.

Investments

Investment securities are stated at fair value based on quoted market prices. Income is recognized on the accrual basis of accounting. The types of investments allowed are regulated by Illinois State laws and include municipal bonds, fixed income mutual funds, U.S. Government or Illinois obligations, insured deposits or other investments of state or national banks, Federal National Mortgage Association obligations, Illinois Funds, and agreements collateralized by securities or mortgages in an amount at least equal to the fair value of the funds deposited.

Receivables

All property tax, student tuition and governmental claims and grant receivables are expected to be received within one year. Governmental claims and grants are from state and federal funding agencies. The College has a reserve of \$556,039 for uncollectible student tuition and fees for the year ended June 30, 2025.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

The College's property taxes are levied each calendar year on all taxable real property located in the College's district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board's resolution, property tax levies are allocated 50 percent for each of the two fiscal years after the levy year. Accordingly, the College estimates 50 percent of property taxes extended for the 2024 tax year and collected in calendar year 2024 are recorded as revenue in fiscal year 2025. The remaining 50 percent of revenues related to tax year 2024 has been deferred and will be recorded as revenue in fiscal year 2026. The 50 percent allocation is an approximation based on tax collections in prior years.

Property taxes are collected by the County Collectors and are submitted to the County Treasurers, who remit to the taxing bodies their respective share of collections. Taxes levied in one year become due and payable in two installments during the following year, generally on June 1st and September 1st. Taxes must be levied by the last Tuesday in December for the following collection year. The levy becomes an enforceable lien against the property as of January 1, immediately following the levy year.

Inventories

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

Capital Assets

Capital assets include property, equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Gains and losses realized upon retirement or disposition of capital assets are recognized in Statement of Revenues, Expenses, and Changes in Net Position as incurred. Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Unearned Tuition and Fee Revenue

Tuition and fee revenues received prior to the end of the fiscal year that are related to the subsequent fiscal year.

Long-term Debt

Long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds and are recorded in other assets or liabilities.

Compensated Absences

Compensated absences are those absences for which employees will be paid, such as vacation leave. Liabilities for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the College and its employees, are accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the College and its employees are accounted for in the period in which such services are rendered or in which such events take place. Support staff, professional staff, and administrators earn from 1 to 2 days of vacation per month of employment. All vacation earned must be taken within 18 months of the close of the fiscal year during which the vacation time has been earned. Sick leave accrues at the rate of .423 days per pay period (biweekly). An employee will not be paid for unused sick leave when termination or resignation from the College occurs.

Amounts have been recorded consistent with the compensated absences reporting standards of GASB Statement No. 101, Compensated Absences, including an accrual for accumulated sick leave and vacation in the year-ended compensated absence liability.

Subscription Based Information Technology Arrangements

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

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Subscription Based Information Technology Arrangements (Continued)

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

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

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

Other Post-Employment ("OPEB") Obligations

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

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

Deferred Outflows/Inflows of Resources

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

The deferred contributions to SURS represent the federal, trust, or grant contributions made by the College to SURS subsequent to the pension liability measurement date. The contributions will be recognized as an expense in the next fiscal year.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and will be recognized as an inflow of resources (revenue) at that time. Deferred revenue, which is derived from property taxes, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Other postemployment benefits (OPEB) expense, as well as deferred outflows of resources and deferred inflows of resources related to OPEB, should be recognized for the employers' (and non-employer contributing entity's) proportionate shares of collective OPEB expense and collective deferred outflows of resources and deferred inflows of resources related to OPEB.

Other than differences between projected and actual investment earnings, deferred inflows and outflows of resources are recognized in OPEB expense beginning in the current period, using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the OPEB plan (active and inactive), determined as of the beginning of the measurement period.

Classification of Revenues and Expenses

Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and service fees. Revenue from exchange transactions is recognized when earned. Student tuition and fees are recorded on the statement of revenues, expenses, and changes in net position, net of scholarship allowance and student aid. Nonoperating revenues include activities that have the characteristics of non-exchange transactions, such as local property taxes, state appropriations, most federal, state and local grants and interest. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. Expenses not meeting this definition are reported as nonoperating expenses.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Federal Financial Assistance Programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Direct Loan programs. Federal programs are audited in accordance with the Single Audit Act of 1984 and the Single Audit Act Amendments of 1996, the U.S. Office of Management and Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Uniform Guidance Compliance Supplement. The College elected to use the 10% de minimis indirect cost rate during the year ended June 30, 2025.

On-Behalf Payments for Fringe Benefits

For financial reporting purposes, the State of Illinois and its community colleges are under a special funding situation for State Universities Retirement Systems (pension) and College Insurance Plan (OPEB). A special funding situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension or OPEB plan that is used to provide benefits to the employees of another entity (the College). The College recognizes its proportionate share of the State's pension or OPEB expense relative to the College's employees as nonoperating revenue and operating expense, with the expense further allocated to the related function performed by the employees. In fiscal year 2025, the College recognized nonoperating revenue and operating expense of \$2,960,181.

Pensions

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

For financial reporting purposes, the State of Illinois (State) and its public universities and community colleges are under a special funding situation. This situation exists when a non-employer entity (the State) is legally responsible for making contributions directly to a pension plan that is used to provide pensions to the employees of another entity (the College) and the non-employer (the State) is the only entity with a legal obligation to make contributions directly to a pension plan. The College recognizes its proportionate share of the State's pension expense relative to the College's employees as non-operating revenue and pension expense, with the expense further allocated to the related function by employees.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position

The College's net position is classified as follows:

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

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

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

Use of Estimates

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

Recently Adopted Accounting Pronouncement

GASB Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. The adoption of this guidance resulted in a restatement of the beginning net position for the year ended June 30, 2024. See Note 13 for the details of the restatement.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 2: Cash, Deposits, and Investments

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

As of June 30, 2025, the carrying value of cash and deposits consist of the following:

Cash on hand	\$ 14,838
Deposits with financial institutions	6,423,404
Cash equivalents - highly liquid short term investments	3,716,085
Total	\$ 10,154,327

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will decrease as a result of an increase in interest rates. The College's investment policy limits investment maturities to remain sufficiently liquid to meet all operating requirements as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk – investments – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The College's investment policy minimizes credit risk by limiting investments to those which are rated with the 3 highest classifications established by Moody's or Standard and Poor's.

As of June 30, 2025, the College had the following investments with stated maturities:

	Fair Value	Investment Maturities (in Years)			
		Less than 1	1 - 5	6 - 10	More than 10
Money market mutual funds*	\$ 105,924	\$ 105,924	\$ -	\$ -	\$ -
Local government investment pool*	3,610,161	3,610,161	-	-	-
Certificate of deposit (brokered)	217,007	-	217,007	-	-
Fixed income mutual funds	6,591,186	6,591,186	-	-	-
Totals	\$ 10,524,278	\$ 10,307,271	\$ 217,007	\$ -	\$ -

*Cash equivalents on statement of net position

Sauk Valley Community College District #506

Notes to Financial Statements

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

As of June 30, 2025, the College had the following investments with stated ratings:

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA+	A	Unrated
Money market mutual funds*	\$ 105,924	\$ 105,924	\$ -	\$ -	\$ -
Local government investment pool*	3,610,161	3,610,161	-	-	-
Certificate of deposit (brokered)	217,007	-	-	-	217,007
Fixed income mutual funds	6,591,186	-	-	-	6,591,186
Totals	\$ 10,524,278	\$ 3,716,085	\$ -	\$ -	\$ 6,808,193

Custodial Credit Risk – Deposits

Custodial credit risk for deposits is the risk that in the event of a financial institution's failure, the College's deposits may not be returned to it. The College's policies require deposits in excess of the federally insured amounts be collateralized at the rate of 110% of such deposits. As of June 30, 2025, the bank balances of the College's deposits were \$7,221,694. The College had pledged securities of \$5,470,380, FDIC coverage of \$1,751,314, and \$0 was uncollateralized.

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a financial institution failure, the College will not be able to recover the value of its investments that are in the possession of an outside party. The College's investment policy requires that all securities be held in appropriate third-party safekeeping. Safekeeping is to be documented by an approved written agreement. At June 30, 2025, none of the College's investment securities are subject to custodial credit risk.

Concentration Risk

Concentration risk is the risk associated with having more than 5 percent of investments in any issuer, other than the U.S. Government. The College has no investments that represent 5 percent or more of the total investments.

Foreign Currency Risk

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

Sauk Valley Community College District #506

Notes to Financial Statements

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

Fair Value Measurement

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets.

Level 2: Inputs to the valuation methodology include

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets; or
- inputs other than quoted prices that are observable for the asset or liability

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

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

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2025:

	Total	Fair Value Measurements at Reporting Date		
		Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificate of deposit (brokered)	\$ 217,007	\$ -	\$ 217,007	\$ -
Fixed income mutual funds	6,591,186	6,591,186	-	-
Total investments	\$ 6,808,193	\$ 6,591,186	\$ 217,007	\$ -

Sauk Valley Community College District #506

Notes to Financial Statements

Note 3: Capital Assets

Capital asset balances and activity for the year ended June 30, 2025, were as follows:

	Balance 7/1/2024	Increases	Decreases	Transfers/ Adjustments	Balance 6/30/2025
Capital assets, not being depreciated:					
Land	\$ 162,651	\$ -	\$ -	\$ -	\$ 162,651
Construction in progress	4,027,877	3,752,858	(122,512)	(5,946,514)	1,711,709
Equipment in progress	125,733	212,223	-	(251,466)	86,490
Library Collection - Nonexpendable	34,569	-	-	-	34,569
Other Fixed Assets	6,905	-	-	-	6,905
Total capital assets, not being depreciated	4,357,735	3,965,081	(122,512)	(6,197,980)	2,002,324
Capital assets, being depreciated:					
Land improvements	4,271,006	-	(28,723)	1,468,372	5,710,655
Buildings	41,806,301	519,830	-	4,418,129	46,744,260
Equipment	10,030,480	285,197	-	311,479	10,627,156
Library Collection - Expendable	48,142	11,508	-	-	59,650
SBITA Assets	1,326,600	263,485	(26,496)	-	1,563,589
Total capital assets, being depreciated	57,482,529	1,080,020	(55,219)	6,197,980	64,705,310
Accumulated depreciation:					
Land improvements	1,487,072	123,000	(1,486)	-	1,608,586
Buildings	12,724,359	901,294	-	-	13,625,653
Equipment	8,534,308	444,619	-	-	8,978,927
Library Collection - Expendable	4,849	5,389	-	-	10,238
SBITA Assets	500,887	352,294	(26,496)	-	826,685
Total accumulated depreciation	23,251,475	1,826,596	(27,982)	-	25,050,089
Capital assets, net	\$ 38,588,789	\$ 3,218,505	\$ (149,749)	\$ -	\$ 41,657,545

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt

The following is a summary of the College's long-term and short-term debt transactions for the year ended June 30, 2025:

	Balance 7/1/2024	Increases	Decreases	Balance 6/30/2025	Current Portion
Long-term debt:					
General obligation bonds	\$ 7,350,000	\$ -	\$ 1,770,000	\$ 5,580,000	\$ 1,830,000
Bond premiums	181,067	-	97,464	83,603	60,858
Subscription liability	478,357	245,185	290,154	433,388	321,464
Compensated absences	1,045,230	48,475	-	1,093,705	729,137
Totals	\$ 9,054,654	\$ 293,660	\$ 2,157,618	\$ 7,190,696	\$ 2,941,459

Details on the debt as of June 30, 2025, are as follows:

- The College issued General Obligation Bonds Series 2021A dated July 27, 2021 in the amount of \$4,395,000 to refund the Series 2021 General Obligation Debt Certificates. The Series 2021A issue provided for serial retirement of principal on December 1 of each year starting in 2021 through 2027 with interest due February 1 and August 1, with an interest rate of 4.00%. 79.3% of the proceeds were used for the purchase of capital assets. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2026	\$ 1,120,000	\$ 91,400	\$ 1,211,400
2027	1,165,000	46,600	1,211,600
Totals	\$ 2,285,000	\$ 138,000	\$ 2,423,000

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ 710,000	\$ 77,762	\$ 787,762
2027	725,000	61,006	786,006
2028	1,860,000	43,896	1,903,896
Totals	\$ 3,295,000	\$ 182,664	\$ 3,477,664

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ 181,749	\$ 4,120	\$ 185,869
Totals	\$ 181,749	\$ 4,120	\$ 185,869

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ 17,014	\$ 872	\$ 17,886
2027	17,621	444	18,065
Totals	\$ 34,635	\$ 1,316	\$ 35,951

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

During the year ending June 30:	Principal	Interest	Total
2026	\$ 38,453	\$ 809	\$ 39,262
Totals	\$ 38,453	\$ 809	\$ 39,262

6. Ellucian TEM subscription agreement dated September 2022 in the original principal amount of \$45,601, due in annual installments in various amounts including imputed interest at 3.212%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2026	\$ 22,887	\$ 735	\$ 23,622
Totals	\$ 22,887	\$ 735	\$ 23,622

Sauk Valley Community College District #506

Notes to Financial Statements

Note 4: Debt (Continued)

7. Navigate360 subscription agreement dated March 2024 in the original principal amount of \$181,716, due in annual installments in various amounts including imputed interest at 2.312%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2026	\$ 43,493	\$ 3,186	\$ 46,679
2027	45,900	2,180	48,080
2028	48,403	1,119	49,522
Totals	\$ 137,796	\$ 6,485	\$ 144,281

8. Omni CMS subscription agreement dated July 2023 in the original principal amount of \$17,868, due in annual installments in various amounts including imputed interest at 2.901%. The annual debt service requirement is as follows:

During the year ending June 30:	Principal	Interest	Total
2026	\$ 17,868	\$ 432	\$ 18,300
Totals	\$ 17,868	\$ 432	\$ 18,300

The annual requirements to amortize all debt outstanding as of June 30, 2025, including interest, are as follows:

During the year ending June 30:	General Obligation Bonds	Compensated Absences	SBITAs	Total Principal	Interest	Total Principal and Interest
2026	\$ 1,830,000	\$ 729,137	\$ 321,464	\$ 2,880,601	\$ 179,316	\$ 3,059,917
2027	1,890,000	364,568	63,521	2,318,089	110,230	2,428,319
2028	1,860,000	-	48,403	1,908,403	45,015	1,953,418
Totals	\$ 5,580,000	\$ 1,093,705	\$ 433,388	\$ 7,107,093	\$ 334,561	\$ 7,441,654

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2025, is \$74,203,150. General obligation debt and subscription liability at June 30, 2025, total \$6,013,388 resulting in a legal debt margin of \$68,189,762.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans

General Information about the Pension Plan

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

Benefits provided - A traditional benefit plan was established in 1941. Public Act 90-0448 (effective January 1, 1998) established an alternative defined benefit program known as the portable benefit package. Tier 1 of the traditional and portable plan refers to members that began participation prior to January 1, 2011. Public Act 96-0889 revised the traditional and portable benefit plans for members who begin participation on or after January 1, 2011, and who do not have other eligible reciprocal system services. The revised plan is referred to as Tier 2. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in the traditional or portable benefit plans. A summary of the benefit provisions as of June 30, 2024 can be found in Financial Section of SURS ACFR.

Contributions - The State is primarily responsible for funding SURS on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a statutory funding plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members within SURS to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The normal cost for fiscal year 2024 and fiscal year 2025, respectively, was 12.53% and 11.98% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary, except for police officers and fire fighters who contribute 9.5% of their earnings. The contribution requirements of plan members and employers are established and may be amended by the State’s General Assembly.

Participating employers make contributions toward separately financed specific liabilities under Section 15-139.5(e) of the Illinois Pension Code (relating to contributions payable due to the employment of “affected annuitants” or specific return to work annuitants) and Section 15-155(g) (relating to contributions payable due to earning increases exceeding 6% during the final rate of earnings period), and Section 15-155(j-5) (relating to contributions payable due to earnings exceeding the salary set for the Governor).

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

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

Net Pension Liability

The net pension liability (NPL) was measured as of June 30, 2024. At June 30, 2024, SURS defined benefit plan reported a NPL of \$30,230,907,727.

Employer Proportionate Share of Net Pension Liability

The amount of the proportionate share of the NPL to be recognized for the College in fiscal year 2024 is \$0. The proportionate share of the State's NPL associated with the College at June 30, 2024 is \$61,077,619 or 0.2020%. The College's proportionate share changed by (0.0067)% from 0.2088% since the last measurement date on June 30, 2023. This amount is not recognized in the College's financial statements. The NPL and total pension liability as of June 30, 2024 was determined based on the June 30, 2023, actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2023.

Defined Benefit Pension Expense

For the year ending June 30, 2024, SURS defined benefit plan reported a collective net pension expense of \$1,996,285,670.

Employer Proportionate Share of Defined Benefit Pension Expense

The employer proportionate share of collective defined benefit pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS defined benefit plan during fiscal year 2023. As a result, the College recognized revenue and defined benefit pension expense of \$4,033,236 from this special funding situation during the year ended June 30, 2025.

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

Deferred outflows of resources are the consumption of net position by SURS that is applicable to future reporting periods. Conversely, deferred inflows of resources are the acquisition of net position by SURS that is applicable to future reporting periods.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

<i>Fiscal year ended June 30, 2024 (measurement date)</i>	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 305,114,071	\$ -
Changes in assumption	483,809,428	-
Net difference between projected and actual earnings on pension plan investments	-	27,577,324
Totals	\$ 788,923,499	\$ 27,577,324

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

<i>Fiscal year ended June 30, 2024 (measurement date)</i>	Net Deferred Outflows (Inflows) of Resources
2025	\$ 126,531,380
2026	756,545,086
2027	(49,545,529)
2028	(72,184,762)
Total	\$ 761,346,175

College's Deferral of Fiscal Year 2025 Contributions

The College paid \$50,483 in federal, trust or grant contributions to SURS defined benefit pension plan during the year ended June 30, 2025. These contributions were made subsequent to the pension liability measurement date of June 30, 2024, and are recognized as deferred outflows of resources as of June 30, 2025.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period June 30, 2017 through June 30, 2020. The total pension liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.15% to 15.00%, including inflation
Investment rate of return	6.50%

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

The long-term expected rate of return on defined benefit pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultants and actuary. For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2024, these best estimates are summarized in the following table:

Asset Class	Strategic Policy Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Traditional Growth		
Global Public Equity	36.0 %	7.13 %
Stabilized Growth		
Core Real Assets	8.0 %	5.06 %
Public Credit Fixed Assets	6.5 %	4.10 %
Private Credit	2.5 %	7.36 %
Non-Traditional Growth		
Private Equity	11.0 %	10.92 %
Non-Core Real Assets	4.0 %	9.09 %
Inflation Sensitive		
U.S. TIPS	5.0 %	2.12 %
Principal Protection		
Core Fixed Income	10.0 %	1.34 %
Crisis Risk Offset		
Systematic Trend Following	10.0 %	2.90 %
Alternative Risk Premia	3.0 %	2.62 %
Long Duration	2.0 %	2.84 %
Long Volatility/Tail Risk	2.0 %	(1.22)%
Totals	100 %	5.63 %
Inflation		2.80 %
Expected Arithmetic Return		8.43 %

Sauk Valley Community College District #506

Notes to Financial Statements

Note 5: Defined Benefit Pension Plans (Continued)

Discount Rate. A single discount rate of 6.35% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 6.50%, and a municipal bond rate of 3.97% (based on the Fidelity 20-Year Municipal GO AA Index as of June 30, 2024). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under SURS funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2075. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2075, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the State's NPL, calculated using a single discount rate of 6.35% , as well as what the State's NPL net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 5.35%	Current Single Discount Rate Assumption 6.35%	1% Increase 7.35%
\$ 36,700,168,358	\$ 30,230,907,727	\$ 24,839,790,537

Additional information regarding the SURS basic financial statements, including the plan's net position can be found in the SURS Annual Comprehensive Financial Report by accessing the website at www.surs.org.

Note 6: Defined Contribution Pension Plan

General Information about the Pension Plan

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 6: Defined Contribution Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided. A defined contribution pension plan, originally called the Self-Managed Plan, was added to SURS benefit offerings as a result of Public Act 90-0448 enacted effective January 1, 1998. The plan was renamed the RSP effective September 1, 2020, after an extensive plan redesign. New employees are allowed six months after their date of hire to make an irrevocable election whether to participate in either the traditional or portable defined benefit pension plans or the RSP. A summary of the benefit provisions as of June 30, 2024, can be found in SURS Annual Comprehensive Financial Report - Notes to the Financial Statements.

Contributions. All employees who have elected to participate in the RSP are required to contribute 8.0% of their annual covered earnings. Section 15-158.2(h) of the Illinois Pension Code provides for an employer contribution to the RSP of 7.6% of employee earnings. The State is primarily responsible for contributing to the RSP on behalf of the individual employers. Employers are required to make the 7.6% contribution for employee earnings paid from "trust, federal, and other funds" as described in Section 15-155(b) of the Illinois Pension Code. The contribution requirements of plan members and employers were established and may be amended by the State's General Assembly.

Forfeitures. Employees are not vested in employer contributions to the RSP until they have attained five years of service credit. Should an employee leave SURS-covered employment with less than five years of service credit, the portion of the employee's RSP account designated as employer contributions is forfeited. Employees who later return to SURS-covered employment will have these forfeited employer contributions reinstated to their account, so long as the employee's own contributions remain in the account. Forfeited employer contributions are managed by SURS and are used both to reinstate previously forfeited contributions and to fund a portion of the State's contributions on behalf of the individual employers. The vesting and forfeiture provisions of the RSP were established and may be amended by the State's General Assembly.

Pension Expense Related to Defined Contribution Pensions

Defined Contribution Pension Expense

For the year ended June 30, 2024, the State's contributions to the RSP on behalf of individual employers totaled \$96,741,887. Of this amount, \$89,857,115 was funded via an appropriation from the State and \$6,884,772 was funded from previously forfeited contributions.

Employer Proportionate Share of Defined Contribution Pension Expense

The employer proportionate share of collective defined contribution pension expense is recognized as nonoperating revenue with matching operating expense (compensation and benefits) in the financial statements. The basis of allocation used in the proportionate share of collective defined contribution pension expense is the actual reported pensionable contributions made to the RSP during fiscal year 2024. The College's share of pensionable contributions was 0.1523%. As a result, the College recognized revenue and defined contribution pension expense of \$147,353 from this special funding situation during the year ended June 30, 2025, of which \$10,487 constituted forfeitures.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits

Plan Administration - The Community College Health Insurance Security Fund (CCHISF) (also known as The College Insurance Program, "CIP") is a non-appropriated trust fund held outside the State Treasury, with the State Treasurer as custodian. Additions deposited into the Trust are for the sole purpose of providing the health benefits to retirees, as established under the plan, and associated administrative costs. CIP is a cost-sharing multiple-employer defined benefit post-employment healthcare plan that covers retired employees and their dependents of Illinois community college districts throughout the State of Illinois, excluding the City Colleges of Chicago. As a result of the Governor's Executive Order 12-01, the responsibilities in relation to CIP were transferred to the Department of Central Management Services (Department) as of July 1, 2013. The Department administers the plan with the cooperation of the State Universities Retirement System and the boards of trustees of the various community college districts.

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

Benefits Provided - CIP health coverage includes provisions for medical, prescription drugs, vision, dental and behavioral health benefits. Eligibility to participate in the CIP is defined in the State Employees Group Insurance Act of 1971 (ACT) (5 ILCS 375/3). The Act (5 ILCS 375/6.9) also establishes health benefits for community college benefit recipients and dependent beneficiaries.

Contributions - Beginning July 1, 2023 through June 30, 2024, the State Employees Group Insurance Act of 1971 (5 ILCS 375/6.10) requires every active contributor of the State Universities Retirement System (SURS), who is a full-time employee of a community college district or an association of community college boards, to make contributions to the plan at the rate of 0.75% of the salary. The same section of statute requires every community college district or association of community college boards that is an employer under the SURS, to contribute to the plan an amount equal to 0.75% of the salary paid to its full-time employees who participate in the plan. Beginning July 1, 2024 and through June 30, 2026, the contribution rate shall be a percentage of salary to be determined by the Department, which in each fiscal year shall not exceed a 0.1 percentage point increase in the amount of salary actually required to be contributed for the previous fiscal year. Beginning July 1, 2026, the active member and employer contribution rates shall not exceed 105% of the percentage of salary actually required to be contributed for the previous fiscal year. The State Pension Funds Continuing Appropriate Act (40 ILCS 15/1.4) requires the State to make an annual appropriation to the fund in an amount certified by the SURS Board of Trustees. The State Employees Group Insurance Act of 1971 (5 ILCS 375/6.9) requires the Director of the Department to determine the rates and premiums for annuitants and dependent beneficiaries and establish the cost-sharing parameter, as well as funding. At the option of the board of trustees, the college districts may pay all or part of the balance of the cost of coverage for retirees from their district. Administrative costs are paid by the CCHISF.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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

Net OPEB Liability

The net OPEB liability was measured as of June 30, 2024. CIP reported a net OPEB liability at June 30, 2024 of \$665,190,300.

Employer Proportionate Share of Net OPEB Liability

The amount of the proportionate share of the net OPEB liability to be recognized for the College in fiscal year 2025 is \$3,216,602 or 0.4836%. This amount is recognized in the financial statement. The change in the College's proportionate net OPEB liability was a decrease of 0.0019%. The proportionate share of the State's net OPEB liability associated with the College is \$3,216,602. The total proportionate share of the net OPEB liability associated with the College is \$6,433,204. The net OPEB liability and total OPEB liability as of June 30, 2024 was determined based on the June 30, 2023 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net OPEB liability is the actual reported OPEB contributions made to CIP during fiscal year 2024.

OPEB Expense

At June 30, 2024, CIP reported a collective net OPEB expense (income) of \$(252,150,464).

Employer Proportionate Share of OPEB Expense

The employer proportionate share of collective OPEB expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective OPEB expense is the actual reported OPEB contributions made to CIP during fiscal year 2024. As a result, the College recognized on-behalf revenue and expense of \$(1,220,408) for the fiscal year ended June 30, 2025. Additionally, the College recognized OPEB expense of \$(1,069,747) for the fiscal year ended June 30, 2025.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

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

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

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

<i>Fiscal year ended June 30, 2024 (measurement date)</i>	Deferred Outflows of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 40,779	\$ 969,147
Changes in assumption	23,786	2,337,056
Net difference between projected and actual earnings on OPEB plan investments	0	1,595
Changes in proportion and differences between employer contributions and share of contributions	559,220	238,454
Total deferred amounts to be recognized in pension expense in future periods	623,785	3,546,252
OPEB contributions made subsequent to the measurement date	90,100	0
Totals	\$ 713,885	\$ 3,546,252

The College reported \$90,100 as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the reporting year ended June 30, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future periods as follows:

<i>Fiscal year ending June 30</i>	Net Deferred Outflows (Inflows) of Resources
2026	\$ (487,078)
2027	(487,078)
2028	(487,078)
2029	(487,078)
2030	(487,078)
2031	(487,077)
Total	\$ (2,922,467)

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

Assumptions and Other Inputs

Actuarial assumptions. The total OPEB liability was determined by an actuarial valuation as of June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement date, unless otherwise specified.

Inflation	2.25%
Salary increases	Depends on age and service and ranges from 12.75% at less than 1 year of service to 3.50% at 34 or more years of service for employees under 50 and ranges from 12.00% at less than 1 year of service to 3.00% at 34 or more years of service for employees over 50. Salary increase includes a 3.00% wage inflation assumption.
Investment rate of return	0%, net of OPEB plan investment expense, including inflation, for all plan years.
Healthcare cost trend rates	Trend rates for plan year 2024 are based on actual premium increases. For non-medicare costs, trend rates start at 8.00% for plan year 2026 and decrease gradually to an ultimate rate of 4.25% in 2041. For MAPD costs, trends rates are based on actual premium increases for 2025, 15.00% in 2026 to 2030, and 7.00% in 2031, declining gradually to an ultimate rate of 4.25% in 2041.
Asset Valuation Method	Market value

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

The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period June 30, 2017 to June 30, 2020.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

Discount Rate. Projected benefit payments were discounted to their actuarial present value using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bond with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). Since CIP is financed on a pay-as-you-go basis, a discount rate consistent with fixed income municipal bonds with the 20 years to maturity that include only federally tax-exempt municipal bonds reported in Fidelity's "20-year Municipal GO AA Index" has been selected. The discount rates are 3.97% as of June 30, 2024 and 3.86% as of June 30, 2023. The increase in the single discount rate from 3.86% to 3.97% caused the total OPEB liability to decrease by approximately \$6.3 million from 2023 to 2024.

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

The following presents the plan's net OPEB liability, calculated using a Single Discount Rate of 3.97% at June 30, 2024, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount rate that is one percentage point higher (4.97%) or lower (2.97%) than the current rate:

Sensitivity of Net OPEB Liability as of June 30, 2024 to the Single Discount Rate Assumption				
	1% Decrease (2.97%)	Current Single Discount Rate Assumption (3.97%)	1% Increase (4.97%)	
Net OPEB liability	\$ 3,514,184	\$ 3,216,602	\$ 2,961,834	

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the plan's net OPEB liability, calculated using the healthcare cost trend rates of well as what the plan's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point higher or lower.

Sensitivity of Net OPEB Liability as of June 30, 2024 to the Healthcare Cost Trend Rate Assumption				
	1% Decrease (a)	Healthcare Cost Trend Rates Assumption	1% Increase (b)	
Net OPEB liability	\$ 2,890,100	\$ 3,216,602	\$ 3,612,134	

- (a) Current healthcare trend rates Pre-Medicare per capita costs: 9.02% in 2025, 8.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 4.25% in 2041. Post-Medicare per capita costs: based on actual increase in 2025, 15.00% from 2026 to 2030, 7.00% in 2031 decreasing ratably to an ultimate trend rate of 4.25% in 2041.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 7: Other Post-Employment Benefits (Continued)

- (b) One percentage point decrease in current healthcare trend rates Pre-Medicare per capita costs: 8.02% in 2025, 7.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 3.25% in 2041. Post-Medicare per capita costs: based on actual increase in 2025, 14.00% from 2026 to 2030, 6.00% in 2031 decreasing ratably to an ultimate rate of 3.25% in 2041.
- (c) One percentage point increase in current healthcare trend rates Pre-Medicare per capita costs: 10.02% in 2025, 9.00% in 2026, decreasing by 0.25% per year to an ultimate rate of 5.25% in 2041. Post-Medicare per capita costs: based on actual increase in 2025, 16.00% from 2026 to 2030, 8.00% in 2031 decreasing ratably to an ultimate rate of 5.25% in 2041.

Note 8: Risk Management

The College is exposed to various risks of loss related to torts, property damage and general business risks. To cover such risks, the College participates in the Illinois Community College Risk Management Consortium (Consortium), which was established in 1981 by several Chicago area community colleges as a means of reducing the cost of general liability insurance. The Consortium is a public entity risk pool currently operating as a common risk management and insurance program for the member colleges. The main purpose of the Consortium is to jointly self-insure certain risks up to an agreed upon retention limit and to obtain excess catastrophic coverage and aggregate stop-loss reinsurance over the selected retention limit. No settlement has exceeded coverage since establishment of the Consortium. In 1992, the Consortium added statutory worker's compensation coverage. In fiscal year 2025, the College paid approximately \$177,304 to the Consortium for property, liability and worker's compensation protection. Since the Consortium requests initial payments to cover substantially any losses to be incurred for that policy year, the College anticipates no further liabilities for incurred losses.

Note 9: Commitments and Contingencies

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

Construction Commitments. In February 2025, the College entered into a professional services agreement with Nicam Construction to construct the 2nd floor renovation for \$1,934,581. As of June 30, 2025 total costs incurred are approximately, \$740,231. The estimated completion date for this project is fiscal year 2026.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 10: Impact of Pending Accounting Principles

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

GASB Statement No. 104, *Disclosures in Certain Capital Assets*, mandates the disclosure of specific types of capital assets, including lease, intangible, subscription, and assets held for sale, in the capital asset note disclosures. This aims to enhance consistency and comparability in financial reporting among governments. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The College has not determined the effect of this Statement.

GASB Statement No. 105, *Subsequent Events*, improves the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The requirements of this Statement are effective for fiscal years beginning after June 15, 2026. The College has not determined the effect of this Statement.

Note 11: Related Party Transactions

The College has the following related party transactions for fiscal year ended June 30, 2025:

Related Party	Location	Nature	Revenue (Expense)	Asset (Liability)
Sauk Valley College Foundation	Dixon, IL	In-kind (space and salaries)	(\$310,681)	
Sauk Valley College Foundation	Dixon, IL	Scholarships and Awards	\$264,398	

Note 12: Component Unit

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

Summary of Significant Accounting Policies

Nature of Business

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

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Basis of Accounting

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

Net Assets

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets of the Foundation and changes therein are classified and reported as follows:

Net assets without donor restrictions: net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions: net assets subject to donor or certain grantor imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time, long-lived assets placed in service, or other events specified by the donor. Other explicit donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

The Foundation considers all liquid investments with an initial maturity of three months or less when purchased to be cash equivalents.

Concentrations of Credit Risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents and certificates of deposits. As of June 30, 2025, the bank balances of the Foundation's deposits were \$3,490,728, and \$602,456 exceeded federally insured limits. The Foundation has not experienced any losses in these accounts and does not believe to any significant credit risk related to cash and cash equivalents.

Certificates of Deposit

The Foundation holds non-brokered certificates of deposit which are carried at cost. These securities are either explicitly or implicitly guaranteed by the U.S. government, are highly rated by major rating agencies, and have a long history of no credit losses. Based on this analysis, the Organization believes it will collect all amounts owed on these securities and has not recognized an allowance for credit losses and these securities.

Investments and Investment Earnings

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

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Pledges Receivable

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

Promises to give expected to be collected in less than one year are reported at net realizable value. Promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows on a discounted basis applicable to the years in which the promises were received. The amortization of the discount is recognized as contribution income over the duration of the pledge. As of June 30, 2025 the Foundation recorded a discount of \$11,485.

Management individually reviews all past due promises to give balances and estimates the portion, if any, of the balance that will not be collected. If balances are estimated to be uncollectible, the carrying amounts of pledge receivable are reduced by those allowances. Management determined there was no allowance for uncollectible pledges as of June 30, 2025.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional and natural classification basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The Foundation allocates its salaries and benefits in the basis of time and effort, and records actual costs incurred for other expenses. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Contributions and Revenues

Contributions are recognized when the donor or grantor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions received are recorded as support with donor restrictions or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. If a restriction is met in the same period that the contribution is received, the contribution is reported as net assets without donor restrictions.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

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

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

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

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

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

Contributed Nonfinancial Assets

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

Contributed services are recognized in the financial statements, if the services (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. These amounts are included in the financial statements as contributed nonfinancial asset revenues and expenses. For the year ended June 30, 2025, the Foundation received contributed administrative services totaling \$310,681 from the College and contributed goods of \$5,611. Contributed services are valued based on the allocable salaries and benefits paid to the personnel for their time contributed. These goods and services contributed have been allocated in the statement of activities wholly as management and general.

The Foundation also receives contributed services generally in the form of contributed time by volunteers. However, these contributed services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Assets Held for Others

In March 2021, the Foundation entered into an agreement with the Whiteside Area Career Center (WACC) to be the fiduciary agent for the Creating Entrepreneurial Opportunities (CEO) Program. This program prepares youth to be responsible, enterprising individuals who become entrepreneurs or entrepreneurial thinkers and contribute to economic development and sustainable communities. The Foundation will hold contributions in a designated account and disburse funds as requested by WACC.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Foundation is classified as public charity. The Foundation is also exempt from state income tax.

The Foundation assesses whether it is more likely than not that a tax position will be sustained upon examination of the technical merits or the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of the tax position is not recognized in the financial statements. The Foundation recorded no assets or liabilities for uncertain tax positions or unrecognized tax benefits.

Forms 990 filed by the Foundation are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return.

Subsequent Events

The Foundation has evaluated subsequent events through December 2, 2025 which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2025 have been incorporated herein.

Liquidity and Availability of Financial Assets

The Foundation's primary sources of support are contributions, fundraising and income from investing its endowment. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. The following table reflects the Foundation's financial assets as of June 30, 2025, reduced by amounts not available for general expenditures:

Total financial assets	\$ 13,330,653
Less those unavailable for general expenditure within one year due to:	
Funds held for others	100,264
Purpose restrictions	3,441,059
Perpetual endowments	9,136,088
Financial assets available to meet cash needs for general expenditures within one year	\$ 653,242

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Investments

Investments are presented in the financial statements in the aggregate at fair value. Investments are composed of the following as of June 30, 2025:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Brokered certificates of deposit	\$ 543,601	\$ 540,000	\$ 3,601
Money market funds	263,611	263,611	-
Mutual funds	3,423,882	3,373,458	50,424
Exchange traded funds	4,132,942	3,924,297	208,645
Annuities	1,217,634	1,200,000	17,634
Totals	\$ 9,581,670	\$ 9,301,366	\$ 280,304

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended June 30, 2025:

	Without Donor Restriction	With Donor Restriction	Total
Interest and dividends	\$ 13,819	\$ 133,825	\$ 147,644
Unrealized gains (losses)	-	808,569	808,569
Realized gains (losses)	100,000	-	100,000
Investment fees	(20,541)	-	(20,541)
Totals	\$ 93,278	\$ 942,394	\$ 1,035,672

Endowment Funds

The Foundation's endowment consists of approximately 60 donor-restricted individual funds established to be maintained permanently with earnings to be used for a variety of purposes.

The Foundation follows the laws prescribed by the Uniform Prudent Management of Institutional Funds Act (UPMIFA). UPMIFA establishes law for the management and investment of donor-restricted endowment funds.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Interpretation of Relevant Law

The Board of Directors of the Foundation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classified as permanently restricted net assets (a) the original value of the gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those assets have been appropriated for expenditure by the Foundation in a manner consistent with the standards of prudence prescribed in UPMIFA.

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

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

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

The endowment net asset composition by type of fund as of June 30, 2025 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds	\$ -	\$ 11,700,665	\$ 11,700,665

Changes in endowment net assets as of June 30, 2025 are as follows:

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	\$ -	\$ 10,280,486	\$ 10,280,486
Investment return:			
Interest income	-	122,591	122,591
Net appreciation (realized and unrealized) on investments	-	908,569	908,569
Total investment return	-	1,031,160	1,031,160
Contributions	-	652,519	652,519
Appropriation of endowment assets for expenditure	-	(263,500)	(263,500)
Totals	\$ -	\$ 11,700,665	\$ 11,700,665

Funds with Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. The Foundation had no individual donor-restricted endowment fund deficiencies at June 30, 2025.

Return Objectives and Risk Parameters

The Foundation has adopted investment policies to maximize total return (appreciation and income) and to achieve a specified income level while minimizing credit risk and avoiding excessive market risk. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a specified period(s), as well as the earnings on those funds which have not yet been appropriated. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to preserve the principal and provide liquidity of amounts over the principal while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized and current yield (interest and dividends). The Foundation's policy is that its investments should consist of a high-quality portfolio of securities following "the Prudent Man rule." Management believes this strategy will help to achieve the Foundation's long-term return objectives within prudent risk constraints. While this is the long-term strategy, on a short-term basis the Foundation chose to invest in highly liquid, short-term securities.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Foundation's spending policy is that income from donor-restricted funds will be spent on the intended service, program, or purpose, within a reasonable time period.

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of the following as of June 30, 2025:

Subject to expenditure for specified purpose:

Student scholarships, awards and College support	\$ 876,482
Endowment subject to spending policy and appropriation	11,700,665

Net assets with donor restrictions	\$ 12,577,147
------------------------------------	---------------

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2025 for scholarships, awards and College support totaled \$326,922.

The Foundation also reclassified \$87,871 of without donor restricted funds to with donor restrictions to transfer the profits from the special events related to the impact program and due to change in donor restrictions.

Pledges Receivable

Unconditional promises are included in the financial statements as pledges receivable and revenue of the appropriate net asset category. The breakdown of pledges receivable as of June 30, 2025, is as follows:

Impact program	\$ 236,623
Unrestricted	3,383

Pledges receivable	\$ 240,006
--------------------	------------

Amounts due in:

Less than one year	\$ 126,406
Due in more than one year	125,085
Less allowance for uncollectible pledges	(11,485)

Pledges receivable	\$ 240,006
--------------------	------------

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Assets Held for Others

The Foundation is holding assets for others as a fiduciary agent. According to GAAP, since the Foundation is acting as a fiduciary agent, no revenues or expenses are recorded for receipts and payments of pass-through monies. Assets held for others at year end are recorded as a payable to organization that controls the assets.

Transactions in funds held for others are summarized as follows:

	WACC CEO Program
Balance, beginning of year	\$ 94,840
Add (deduct):	
Contributions	160,919
Program expenses	(155,495)
Change in funds held for others	5,424
Balance, end of year	\$ 100,264

Fair Value of Financial Instruments

Current accounting standards establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy, as described under current accounting standards, are as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

The following table presents the Foundation's fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2025:

	Total	Nonrecurring Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a nonrecurring basis				
Money market funds	\$ 263,611	\$ 263,611	\$ -	\$ -
Exchange traded funds	4,132,942	4,132,942	-	-
Mutual funds	3,423,882	3,423,882	-	-
Annuities	1,217,634	-	1,217,634	-
Brokered certificates of deposit	543,601	-	543,601	-
Total investments	\$ 9,581,670	\$ 7,820,435	\$ 1,761,235	\$ -

The following methods and assumptions were used to estimate the fair value for each class of financial instrument measured at fair value.

Money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Exchange traded funds: Investments in equity vehicles are comprised of corporate stocks and daily traded mutual funds. Securities held in corporate stocks and daily traded mutual funds are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open end mutual funds that are registered with the U.S. Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Annuities: Valued at fair market value of annuities held at year end as provided by the broker.

Brokered certificates of deposit: Investments in certificates of deposit securities are classified as Level 2 as they are determined using similar benchmark quoted securities.

Sauk Valley Community College District #506

Notes to Financial Statements

Note 12: Component Unit (Continued)

Related Parties

The Foundation is a component unit of Sauk Valley Community College District 506 for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College provides office space and support services for the Foundation. The estimated fair value of such in-kind benefits to the Foundation was \$310,681 for the year ended June 30, 2025 and is recognized as both a revenue and expense in the statement of activities. The Foundation paid the College \$264,398 for scholarships and awards during the year ended June 30, 2025.

Note 13: Accounting Changes and Error Corrections

The College adopted GASB Statement No. 101, Compensated Absences (GASB 101) as of July 1, 2024. The objective of this Statement is to better meet the needs of the financial statement users by improving the accounting and financial reporting for compensated absences by governments. The College retroactively implemented GASB 101.

Net position as previously reported at July 1, 2024	\$ 45,231,462
Change in accounting principle:	
Compensated absence accrued for sick leave as of July 1, 2024	(535,808)
Total prior period adjustment	(535,808)
Net position as restated, July 1, 2024	\$ 44,695,654

Required Supplementary Information

Sauk Valley Community College District #506

Schedule of Share of Net Pension Liability

Last Ten Fiscal Years

Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion percentage of the collective net pension liability	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %	0 %
Proportion amount of the collective net pension liability	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$ 61,077,619	\$ 61,474,307	\$ 59,981,628	\$ 53,722,260	\$ 57,660,201	\$ 54,079,894	\$ 50,507,501	\$ 48,210,253	\$ 48,793,621	\$ 46,145,300
Employer covered payroll	\$ 8,894,862	\$ 8,095,927	\$ 7,985,241	\$ 7,711,562	\$ 7,021,309	\$ 6,829,004	\$ 6,586,952	\$ 6,703,531	\$ 6,808,741	\$ 7,068,559
Proportion of collective net pension liability associated with the College as a percentage of covered payroll	686.66 %	759.32 %	751.16 %	696.65 %	821.22 %	791.91 %	766.78 %	719.18 %	716.63 %	652.82 %
SURS plan net position as a percentage of total pension liability	44.06 %	44.06 %	43.65 %	45.45 %	39.05 %	40.71 %	41.27 %	42.04 %	39.57 %	42.37 %

Sauk Valley Community College District #506

Schedule of Pension Contributions

Last Ten Fiscal Years

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Federal, trust, grant and other contribution	\$ 50,483	\$ 83,507	\$ 51,692	\$ 82,854	\$ 100,174	\$ 60,487	\$ 45,900	\$ 48,230	\$ 33,963	\$ 30,773
Contribution in relation to required contribution	50,483	83,507	51,692	82,854	100,174	60,487	45,900	48,230	33,963	30,773
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Employer covered payroll	\$ 9,208,498	\$ 8,894,862	\$ 8,095,927	\$ 7,985,241	\$ 7,711,562	\$ 7,021,309	\$ 6,829,004	\$ 6,586,952	\$ 6,703,531	\$ 6,808,741
Contribution as a percentage of covered payroll	0.55 %	0.94 %	0.64 %	1.04 %	1.30 %	0.86 %	0.67 %	0.73 %	0.51 %	0.45 %

Sauk Valley Community College District #506

Schedule of Share of Net OPEB Liability

Last Ten Fiscal Years

(schedule to be built prospectively from 2016)

Measurement Date June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion percentage of the collective net OPEB liability	0.48 %	0.49 %	0.50 %	0.47 %	0.43 %	0.42 %	0.42 %	0.43 %	0.40 %	
Proportion amount of the collective net OPEB liability	\$ 3,216,602	\$ 3,428,970	\$ 3,394,613	\$ 8,210,540	\$ 7,804,644	\$ 8,003,973	\$ 7,956,259	\$ 7,902,056	\$ 7,311,338	
Portion of nonemployer contributing entities' total proportion of collective net OPEB liability associated with the College	\$ 3,216,602	\$ 3,428,970	\$ 3,394,613	\$ 8,210,540	\$ 7,804,644	\$ 8,003,973	\$ 7,956,259	\$ 7,797,981	\$ 7,311,338	
Total collective net OPEB liability associated with the College	\$ 6,433,204	\$ 6,857,940	\$ 6,789,226	\$ 16,421,080	\$ 15,609,288	\$ 16,007,946	\$ 15,912,518	\$ 15,700,037	\$ 14,622,676	
College's covered payroll	\$ 8,894,862	\$ 8,095,927	\$ 7,985,241	\$ 7,711,562	\$ 7,021,309	\$ 6,829,004	\$ 6,586,952	\$ 6,703,531	\$ 6,808,741	
Proportion of collective net OPEB liability associated with the College as a percentage of covered payroll	72.32 %	84.71 %	85.02 %	212.94 %	222.31 %	234.41 %	241.58 %	234.21 %	214.76 %	
College insurance plan net position as a percentage of total OPEB liability	(18.45)%	(17.87)%	(22.03)%	(6.38)%	(5.07)%	(4.13)%	(3.54)%	(2.87)%	(2.15)%	

Note: The College implemented GASB No. 75 in fiscal year 2017. The information is presented for as many years as available. The schedule is intended to show information for 10 years.

Sauk Valley Community College District #506

Schedule of OPEB Contributions

Last Ten Fiscal Years

Fiscal Year Ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 90,100	\$ 76,882	\$ 48,016	\$ 46,764	\$ 43,987	\$ 39,378	\$ 38,044	\$ 36,854	\$ 37,593	\$ 36,410
Contribution in relation to the required statutorily	90,100	76,882	48,016	46,764	43,987	39,378	38,044	36,854	37,593	36,410
Contribution deficiency (excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0			
District's covered payroll	\$ 9,208,498	\$ 8,894,862	\$ 8,095,927	\$ 7,985,241	\$ 7,711,562	\$ 7,021,309	\$ 6,829,004	\$ 6,586,952	\$ 6,703,531	\$ 6,808,741
Contribution as a percentage of covered payroll	0.98 %	0.86 %	0.59 %	0.59 %	0.57 %	0.56 %	0.56 %	0.56 %	0.56 %	0.53 %

Sauk Valley Community College District #506

Notes to Required Supplementary Information

Note 1: Changes of Pension Benefit Terms

Public Act 103-0548, effective August 11, 2023, made changes to the calculation of service and eliminated the part-time adjustment for participants on or after September 1, 2024. This change was first reflected in the Total Pension Liability as of June 30, 2024.

Note 2: Changes of Pension Assumptions

In accordance with *Illinois Compiled Statutes*, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of SURS. An experience review for the years June 30, 2020 to June 30, 2023 was performed in Spring 2024, resulting in the adoption of new assumptions as of June 30, 2024. These assumptions are listed below. Only the disability rates assumption changed for the June 30, 2024, actuarial valuations.

- Salary increases. The overall assumed rates of salary increase range from 3.15 percent to 15.00 percent based on years of service, with an underlying wage inflation rate of 2.40 percent. Separate rates of increase are assumed for members in academic and non-academic positions.
- Investment return. The investment return is assumed to be 6.50 percent. This reflects an assumed real rate of return to 4.10 percent and assumed price inflation of 2.40 percent.
- Effective rate of interest. The long-term assumption for the effective rate of interest for crediting the money purchase accounts is 7.00 percent.
- Normal retirement rates. Separate rates are assumed for members in academic positions, non-academic positions and public safety positions. Rates are generally highest for public safety positions and lowest for academic positions.
- Early retirement rates. Separate rates are assumed for members in academic positions and non-academic positions. Rates are generally higher for non-academic positions.
- Turnover rates. Assumed rates maintain the pattern of decreasing termination rates as years of service increase, with separate rates for academic and non-academic positions.
- Mortality rates. Use of Pub-2010 mortality tables reflects its high applicability to public pensions. The projection scale utilized is the MP-2021 scale, with separate rates for academic, non-academic, and public safety members.
- Disability rates. Separate rates are assumed for members in academic positions, non-academic positions, and public safety positions, as well as for males and females. Public safety disability incidence is assumed to be 50 percent line-of-duty related and 50 percent ordinary.
- Plan election. For non-academic members, assumed plan election rates are 75 percent for Tier 2 and 25 percent Retirement Savings Plan (RSP). For academic members, assumed plan election rates are 55 percent for Tier 2 and 45 percent for Retirement Savings Plan(RSP).
- Cost of living adjustment. Annual annuity increases are assumed to be 3.00 percent for Tier 1 members and 1.20 percent for Tier 2 members.

Sauk Valley Community College District #506

Notes to Required Supplementary Information (Continued)

Note 3: Changes of OPEB Benefit Terms

There were no benefit changes recognized in the Total OPEB Liability as of June 30, 2025.

Note 4: Changes of OPEB Assumptions

In accordance with Illinois Compiled Statutes, an actuarial review is to be performed at least once every three years to determine the reasonableness of actuarial assumptions regarding the retirement, disability, mortality, turnover, interest and salary of the members and benefit recipients of CIP. An experience review for the years June 30, 2017 to June 30, 2020, resulting in the adoption of new assumptions as of June 30, 2022. The following OPEB-related assumptions changes were made since the last valuation as of June 30, 2022:

- Per capita claim costs for plan year end June 30, 2024, were updated based on projected claims and enrollment experience through June 30, 2024, and updated premium rates through plan year end 2025;
- The healthcare trend assumption was updated based on claim and enrollment experience through June 30, 2023, projected plan cost for play year end June 30, 2024, premium changes through plan year end 2024, and expectation of future trend increases after June 30, 2024;
- The discount rate was changed from 3.86 percent at June 30, 2023, to 3.97 percent at June 30, 2024 .

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

Special Reports Section

Supplemental Financial Information

Sauk Valley Community College District #506

Supplemental Financial Information Section

Uniform Financial Statements

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

The Uniform Financial Statements include the following:

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

Certificate of Chargeback Reimbursement

- No. 6 - Certification of Per Capita Cost

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	Education Fund	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Bond and Interest Fund
Fund balance (deficit), beginning of year, as restated	\$ 12,204,078	\$ 381,186	\$ 4,692,888	\$ 1,009,424
Revenues:				
Local tax revenue	6,643,207	804,467	-	2,003,698
ICCB Grants	1,564,123	172,725	-	-
All other State revenue	-	-	-	-
Federal revenue	848	-	-	-
Student tuition and fees	4,680,571	487,852	-	-
On-Behalf CIP	-	-	-	-
On-Behalf SURS	-	-	-	-
All other revenue	1,613,559	55,286	511,983	21,397
Total revenues	14,502,308	1,520,330	511,983	2,025,095
Expenditures:				
Instruction	5,709,998	-	98,668	-
Academic support	1,054,825	-	55,853	-
Student services	2,025,326	-	-	-
Public service/continuing education	957,768	-	500	-
Organized research	25,622	-	-	-
Auxiliary services	55,755	-	135,853	-
Operations and maintenance	4,582	1,665,037	195,656	-
Institutional support	3,602,947	35,345	4,439,567	1,974,967
Scholarships, grants, waivers	880,521	-	-	-
Total expenditures	14,317,344	1,700,382	4,926,097	1,974,967
Transfers in	29,257	-	2,442,421	-
Transfers out	(341,754)	-	(2,442,420)	-
	(312,497)	-	1	-
Fund balance (deficit), end of year	\$ 12,076,545	\$ 201,134	\$ 278,775	\$ 1,059,552

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	Auxiliary Enterprises Fund	Restricted Purposes Fund	Working Cash Fund	Audit Fund
Fund balance (deficit), beginning of year, as restated	\$ 506,072	\$ 69,476	\$ 2,452,197	\$ 7,248
Revenues:				
Local tax revenue	-	-	-	63,013
ICCB Grants	-	746,343	-	-
All other State revenue	-	518,101	-	-
Federal revenue	-	4,194,857	-	-
Student tuition and fees	527,986	-	-	-
On-Behalf CIP	-	(1,220,408)	-	-
On-Behalf SURS	-	4,180,589	-	-
All other revenue	3,210,606	94,153	77,748	-
Total revenues	3,738,592	8,513,635	77,748	63,013
Expenditures:				
Instruction	-	1,709,463	-	-
Academic support	-	317,243	-	-
Student services	-	1,213,486	-	-
Public service/continuing education	-	464,422	-	-
Organized research	-	52,974	-	-
Auxiliary services	4,028,740	78,335	-	-
Operations and maintenance	-	225,991	-	-
Institutional support	-	630,549	-	53,500
Scholarships, grants, waivers	-	3,796,769	-	-
Total expenditures	4,028,740	8,489,232	-	53,500
Transfers in	352,000	50,135	-	-
Transfers out	(1,475)	(88,164)	-	-
	350,525	(38,029)	-	-
Fund balance (deficit), end of year	\$ 566,449	\$ 55,850	\$ 2,529,945	\$ 16,761

Sauk Valley Community College District #506

Uniform Financial Statement #1 - All Funds Summary

<i>Year Ended June 30, 2025</i>	Liability, Protection Settlement Fund	Total
Fund balance (deficit), beginning of year, as restated	\$ 880,788	\$ 22,203,357
Revenues:		
Local tax revenue	1,288,299	10,802,684
ICCB Grants	-	2,483,191
All other State revenue	-	518,101
Federal revenue	-	4,195,705
Student tuition and fees	-	5,696,409
On-Behalf CIP	-	(1,220,408)
On-Behalf SURS	-	4,180,589
All other revenue	58,406	5,643,138
Total revenues	1,346,705	32,299,409
Expenditures:		
Instruction	-	7,518,129
Academic support	26,709	1,454,630
Student services	-	3,238,812
Public service/continuing education	-	1,422,690
Organized research	-	78,596
Auxiliary services	6,038	4,304,721
Operations and maintenance	359,720	2,450,986
Institutional support	863,666	11,600,541
Scholarships, grants, waivers	-	4,677,290
Total expenditures	1,256,133	36,746,395
Transfers in	-	2,873,813
Transfers out	-	(2,873,813)
	-	-
Fund balance (deficit), end of year	\$ 971,360	\$ 17,756,371

Sauk Valley Community College District #506

Uniform Financial Statement #2

Summary of Capital Assets and Fixed Debt*

<i>Year Ended June 30, 2025</i>	Balance July 1, 2024	Additions	Deletions	Reclassification	Balance June 30, 2025
Capital assets:					
Land	\$ 162,651	\$ -	\$ -	\$ -	162,651
Construction in process	4,027,877	3,752,858	122,512	(5,946,514)	1,711,709
Equipment in process	125,733	212,223	-	(251,466)	86,490
Library collection - nonexpendable	34,569	-	-	-	34,569
Other fixed assets	6,905	-	-	-	6,905
Land improvements	4,271,006	-	28,723	1,468,372	5,710,655
Buildings and improvements	41,806,301	519,830	-	4,418,129	46,744,260
Equipment	10,030,480	285,197	-	311,479	10,627,156
Library collection - expendable	48,142	11,508	-	-	59,650
SBITA assets	1,326,600	263,485	26,496	-	1,563,589
Total capital assets	61,840,264	5,045,101	177,731	-	66,707,634
Accumulated depreciation and amortization					
	23,251,475	1,826,596	27,982	-	25,050,089
Total net capital assets	\$ 38,588,789	\$ 3,218,505	\$ 149,749	\$ -	\$ 41,657,545
Fixed debt:					
Bonds payable	\$ 7,350,000	\$ -	\$ 1,770,000	\$ -	5,580,000
Bond premium	181,067	-	97,464	-	83,603
Subscription liability	478,357	245,185	290,154	-	433,388
Total fixed debt	\$ 8,009,424	\$ 245,185	\$ 2,157,618	\$ -	\$ 6,096,991

* Sauk Valley Community College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2025.

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

<i>Year Ended June 30, 2025</i>	Education	Operations and Maintenance	Total
Revenues:			
Local government:			
Property taxes	\$ 6,080,398	\$ 734,907	\$ 6,815,305
Corporate personal property replacement tax	562,809	69,560	632,369
Total local government	6,643,207	804,467	7,447,674
State government:			
ICCB Base operating grants	1,353,000	167,225	1,520,225
ICCB Equalization grants	44,500	5,500	50,000
ICCB Performance grant	5,595	-	5,595
ICCB Career & technical education	146,116	-	146,116
Other ICCB grants	14,912	-	14,912
Total state government	1,564,123	172,725	1,736,848
Federal government:			
Other	848	-	848
Total federal government	848	-	848
Student tuition and fees:			
Tuition	4,018,318	487,852	4,506,170
Student fees	662,253	-	662,253
Total tuition and fees	4,680,571	487,852	5,168,423
Other sources:			
Sales and service fees	997,875	-	997,875
Facilities revenue	5,000	40,862	45,862
Investment income	530,365	4,182	534,547
Other revenue	78,504	10,242	88,746
Capital contributions	1,815	-	1,815
Total other sources	1,613,559	55,286	1,668,845
Total revenue	14,502,308	1,520,330	16,022,638
Less nonoperating items:			
Tuition chargeback	0	0	0
Adjusted revenue	\$ 14,502,308	\$ 1,520,330	\$ 16,022,638

Sauk Valley Community College District #506

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

<i>Year Ended June 30, 2025</i>	Education	Operations and Maintenance	Total
Operating expenditures:			
By program:			
Instruction	\$ 5,709,998	\$ -	\$ 5,709,998
Academic support	1,054,825	-	1,054,825
Student services	2,025,326	-	2,025,326
Public service	957,768	-	957,768
Organized Research	25,622	-	25,622
Auxiliary services	55,755	-	55,755
Operations and maintenance	4,582	1,665,037	1,669,619
Institutional support	3,602,947	35,345	3,638,292
Scholarships, student grants, and waivers	880,521	-	880,521
Total expenditures	14,317,344	1,700,382	16,017,726
Less nonoperating items:*			
Net transfers	312,497	0	312,497
Adjusted expenditures	\$ 14,629,841	\$ 1,700,382	\$ 16,330,223
By object:			
Salaries	9,302,360	782,034	10,084,394
Employee benefits	1,804,609	279,171	2,083,780
Contractual services	1,179,383	133,335	1,312,718
General materials and supplies	548,237	96,684	644,921
Travel, conference and meeting expense	348,412	187	348,599
Fixed charges	154,797	-	154,797
Utilities	3,017	408,952	411,969
Capital outlay	13,228	-	13,228
Other	963,301	19	963,320
Total expenditures	14,317,344	1,700,382	16,017,726
Less nonoperating items:			
Net transfers	312,497	0	312,497
Adjusted expenditures	\$ 14,629,841	\$ 1,700,382	\$ 16,330,223

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

Sauk Valley Community College District #506

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures

Year Ended June 30, 2025

Revenue by source:

State government:

ICCB - Adult Education	\$ 179,855
ICCB - Other	566,488
Illinois Student Assistance Commission	382,527
On-behalf CIP	(1,220,408)
On-behalf SURS	4,180,589
Other	135,574

Total state government	4,224,625
------------------------	-----------

Federal government:

Department of Education	3,988,570
Department of Health & Human Services	85,027
Other	121,260

Total federal government	4,194,857
--------------------------	-----------

Other sources:

Other revenue	86,937
Nongovernmental grants and gifts	7,216

Total other sources	94,153
---------------------	--------

Total revenues	\$ 8,513,635
----------------	--------------

Expenditures by program:

Instruction	1,709,463
Academic support	317,243
Student services	1,213,486
Public service	464,422
Organized Research	52,974
Auxiliary services	78,335
Operations and maintenance	225,991
Institutional support	630,549
Scholarships, student grants, and waivers	3,796,769

Total expenditures by program	\$ 8,489,232
-------------------------------	--------------

Expenditures by object:

Salaries	960,297
Employee benefits	3,153,425
Contractual services	201,761
General materials and supplies	170,097
Travel, conference and meeting expense	61,521
Fixed Charges	8,798
Utilities	228
Capital outlay	137,259
Other	3,795,846

Total expenditures by object	\$ 8,489,232
------------------------------	--------------

Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

Year Ended June 30, 2025

Instruction:

Instructional Programs	\$ 6,099,183
Support	1,320,278

Total instruction	7,419,461
-------------------	-----------

Academic support:

Library Center	281,649
Academic Computing Support	156,617
Academic Administration and Planning	537,618
Other Academic Support	422,893

Total academic support	1,398,777
------------------------	-----------

Student services:

Admissions & Records	434,211
Counseling & Career Guidance	1,193,680
Financial Aid Administration	312,032
Other Student Services	1,298,889

Total student services	3,238,812
------------------------	-----------

Public service/continuing education:

Community Education	252,281
Customized Training	644,432
Community Services	28,998
Other Public Services	496,479

Total public service/continuing education	1,422,190
---	-----------

Organized Research	78,596
--------------------	--------

Auxiliary	4,168,868
-----------	-----------

Operations and maintenance of plant:

Maintenance	364,964
Custodial Services	546,326
Grounds	183,538
Campus Security	382,704
Plant Utilities	413,452
Administration	129,245
Other Operations and Maintenance	235,101

Total operations and maintenance of plant	2,255,330
---	-----------

Sauk Valley Community College District #506

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity (Continued)

Year Ended June 30, 2025

Institutional support:

Executive Management	302,756
Fiscal Operations	528,129
Community Relations	934,175
Administrative Support Services	313,952
Board of Trustees	33,451
General Institution	1,098,000
Institutional Research	173,045
Administrative Data Processing	1,199,996
Other Institutional Support	602,503

Total institutional support	5,186,007
-----------------------------	-----------

Scholarships, Grants, Waivers	4,677,290
-------------------------------	-----------

Total current funds expenditures	\$ 29,845,331
----------------------------------	---------------

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

Sauk Valley Community College District #506

Fiscal Year 2026 Certification of Per Capital Cost For Fiscal Year Ended June 30, 2025

All fiscal year 2025 noncapital audited operating expenditures from the following funds:

1. Education Fund	14,032,648
2. Operations and Maintenance Fund	1,700,382
3. Operations and Maintenance Fund - Restricted	-
4. Bond and Interest Fund	247,399
5. Public Building Commission Rental Fund	-
6. Restricted Purposes Fund	5,385,018
7. Audit Fund	53,500
8. Liability, Protection, and Settlement Fund	1,238,425
9. Auxiliary Enterprises Fund (subsidy only)	<u>-</u>
10. Total noncapital expenditures (sum of lines 1-9)	<u>\$ 22,657,372</u>
11. Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$ 1,217,938</u>
12. Total costs included (line 10 plus line 11)	<u>\$ 23,875,310</u>
13. Total certified semester credit hours for FY 2025	<u>30,929</u>
14. Per capita cost (line 12 divided by line 13)	<u>\$ 771.94</u>

Approved:  3/13/2026
Chief Financial Officer Date

 3/13/2026
President Date

Other Information

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2025</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 1,815,956	\$ 150,308	\$ 2,819,945	\$ 696,223
Certificates of deposit	-	-	-	-
Investments	6,591,186	-	217,007	-
Property tax receivable	4,564,386	544,871	-	1,438,008
Student tuition receivables, net of allowance	441,391	(18,200)	-	-
Other receivables	200,848	18,848	1,340	-
Advances to other funds	2,453,339	-	-	-
Inventory	-	-	-	-
Prepaid expenses	2,000	-	-	-
Capital assets	-	-	-	-
Total assets	16,069,106	695,827	3,038,292	2,134,231
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 16,069,106	\$ 695,827	\$ 3,038,292	\$ 2,134,231
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 707,070	\$ 115,135	\$ 1,062,046	\$ 70,484
Advances from other funds	-	-	1,697,471	-
Unearned tuition revenue	98,109	(931)	-	-
Accrued compensated absences	-	-	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	805,179	114,204	2,759,517	70,484
Deferred inflows of resources				
Deferred property taxes	3,187,382	380,489	-	1,004,195
Deferred grant revenue	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	3,187,382	380,489	-	1,004,195
Fund balances/net position (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	278,775	1,059,552
Unrestricted	12,076,545	201,134	-	-
Total fund balances/net position	12,076,545	201,134	278,775	1,059,552
Total liabilities, deferred inflows or resources and fund balances/ net position	\$ 16,069,106	\$ 695,827	\$ 3,038,292	\$ 2,134,231

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

<i>As of June 30, 2025</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Assets and Deferred Outflow of Resources				
Cash and cash equivalents	\$ 978,111	\$ -	\$ 529,945	\$ 3,374
Certificates of deposit	-	-	2,000,000	-
Investments	-	-	-	-
Property tax receivable	-	-	-	44,369
Student tuition receivables, net of allowance	-	-	-	-
Other receivables	(2,538)	717,893	-	-
Advances to other funds	-	-	-	-
Inventory	2,555	-	-	-
Prepaid expenses	-	-	-	-
Capital assets	-	-	-	-
Total assets	978,128	717,893	2,529,945	47,743
Deferred outflow of resources:				
SURS pension contribution	-	-	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred outflow of resources	-	-	-	-
Total assets and deferred outflow of resources	\$ 978,128	\$ 717,893	\$ 2,529,945	\$ 47,743
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 99,047	\$ 121,576	\$ -	\$ -
Advances from other funds	-	347,331	-	-
Unearned tuition revenue	312,632	-	-	-
Accrued compensated absences	-	-	-	-
Subscription liability	-	-	-	-
Bonds payable, net	-	-	-	-
Net OPEB liability	-	-	-	-
Total liabilities	411,679	468,907	-	-
Deferred inflows of resources				
Deferred property taxes	-	-	-	30,982
Deferred grant revenue	-	193,136	-	-
Other postemployment benefits - CIP	-	-	-	-
Total deferred inflows of resources	-	193,136	-	30,982
Fund balances/net position (deficit):				
Net investment in capital assets	-	-	-	-
Restricted	-	-	2,529,945	16,761
Unrestricted	566,449	55,850	-	-
Total fund balances/net position	566,449	55,850	2,529,945	16,761
Total liabilities, deferred inflows or resources and fund balances/ net position	\$ 978,128	\$ 717,893	\$ 2,529,945	\$ 47,743

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

As of June 30, 2025

	Tort	Totals
Assets and Deferred Outflow of Resources		
Cash and cash equivalents	\$ 1,160,465	\$ 8,154,327
Certificates of deposit	-	2,000,000
Investments	-	6,808,193
Property tax receivable	916,276	7,507,910
Student tuition receivables, net of allowance	-	423,191
Other receivables	12,505	948,896
Advances to other funds	-	2,453,339
Inventory	-	2,555
Prepaid expenses	-	2,000
Capital assets	-	-
Total assets	2,089,246	28,300,411
Deferred outflow of resources:		
SURS pension contribution	-	-
Other postemployment benefits - CIP	-	-
Total deferred outflow of resources	-	-
Total assets and deferred outflow of resources	\$ 2,089,246	\$ 28,300,411
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 69,501	\$ 2,244,859
Advances from other funds	408,537	2,453,339
Unearned tuition revenue	-	409,810
Accrued compensated absences	-	-
Subscription liability	-	-
Bonds payable, net	-	-
Net OPEB liability	-	-
Total liabilities	478,038	5,108,008
Deferred inflows of resources		
Deferred property taxes	639,848	5,242,896
Deferred grant revenue	-	193,136
Other postemployment benefits - CIP	-	-
Total deferred inflows of resources	639,848	5,436,032
Fund balances/net position (deficit):		
Net investment in capital assets	-	-
Restricted	971,360	4,856,393
Unrestricted	-	12,899,978
Total fund balances/net position	971,360	\$ 17,756,371
Total liabilities, deferred inflows or resources and fund balances/ net position	\$ 2,089,246	\$ 28,300,411

Sauk Valley Community College District #506

Balance Sheet - All Fund Types

	GASB				
	General Fixed Assets	General Long-Term Debt	Other Adjustments	Adjusted Total	
As of June 30, 2025					
Assets and Deferred Outflow of Resources					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	8,154,327
Certificates of deposit	-	-	-	-	2,000,000
Investments	-	-	-	-	6,808,193
Property tax receivable	-	-	-	-	7,507,910
Student tuition receivables, net of allowance	-	-	-	-	423,191
Other receivables	-	-	-	-	948,896
Advances to other funds	-	-	(2,453,339)	-	-
Inventory	-	-	-	-	2,555
Prepaid expenses	-	-	-	-	2,000
Capital assets	40,920,641	736,904	-	-	41,657,545
Total assets	40,920,641	\$ 736,904	\$ (2,453,339)	-	67,504,617
Deferred outflow of resources:					
SURS pension contribution	-	50,483	-	-	50,483
Other postemployment benefits - CIP	-	713,885	-	-	713,885
Total deferred outflow of resources	-	764,368	-	-	764,368
Total assets and deferred outflow of resources	\$ 40,920,641	\$ 1,501,272	\$ (2,453,339)	\$ -	68,268,985
Liabilities, Deferred Inflows of Resources and Fund Balance					
Liabilities:					
Accounts payable	\$ -	\$ 5,166	\$ -	\$ -	2,250,025
Advances from other funds	-	-	(2,453,339)	-	-
Unearned tuition revenue	-	-	-	-	409,810
Accrued compensated absences	-	1,093,705	-	-	1,093,705
Subscription liability	-	433,388	-	-	433,388
Bonds payable, net	-	5,663,603	-	-	5,663,603
Net OPEB liability	-	3,216,602	-	-	3,216,602
Total liabilities	-	10,412,464	(2,453,339)	-	13,067,133
Deferred inflows of resources					
Deferred property taxes	-	-	-	-	5,242,896
Deferred grant revenue	-	-	-	-	193,136
Other postemployment benefits - CIP	-	3,546,252	-	-	3,546,252
Total deferred inflows of resources	-	3,546,252	-	-	8,982,284
Fund balances/net position (deficit):					
Net investment in capital assets	40,920,641	(4,674,941)	-	-	36,245,700
Restricted	-	(278,775)	-	-	4,577,618
Unrestricted	-	(7,503,728)	-	-	5,396,250
Total fund balances/net position	40,920,641	(12,457,444)	-	\$ -	46,219,568
Total liabilities, deferred inflows or resources and fund balances/net position	\$ 40,920,641	\$ 1,501,272	\$ (2,453,339)	\$ -	68,268,985

Sauk Valley Community College District #506

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

<i>Year Ended June 30, 2025</i>	Education	Operations and Maintenance	Operations and Maintenance Restricted	Bond and Interest
Revenues:				
Local government sources	\$ 6,643,207	\$ 804,467	\$ -	\$ 2,003,698
State governmental sources	1,564,123	172,725	-	-
State on-behalf payments	-	-	-	-
Federal government sources	848	-	-	-
Student tuition and fees	4,680,571	487,852	-	-
Sales and service fees	997,875	-	-	-
Facilities revenue	5,000	40,862	-	-
Investment income	530,365	4,182	213,996	21,397
Nongovernmental gifts or grants	-	-	-	-
Capital contributions	1,815	-	122,837	-
Other revenue	78,504	10,242	175,150	-
Total revenues	14,502,308	1,520,330	511,983	2,025,095
Expenditures/expenses:				
Current:				
Instruction	5,709,998	-	98,668	-
Academic support	1,054,825	-	55,853	-
Student services	2,025,326	-	-	-
Public service	957,768	-	500	-
Organized Research	25,622	-	-	-
Auxiliary services	55,755	-	135,853	-
Operations and maintenance	4,582	1,665,037	195,656	-
Institutional support	3,602,947	35,345	4,439,567	1,155
Scholarships, student grants, and waivers	880,521	-	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	1,770,000
Interest, service charges, and issuance costs	-	-	-	203,812
Total expenditures/expenses	14,317,344	1,700,382	4,926,097	1,974,967
Excess (deficiency) of revenues over expenditures	184,964	(180,052)	(4,414,114)	50,128
Other financing sources (uses)				
Gain (loss) on disposal of assets	-	-	-	-
Transfers in	29,257	-	2,442,421	-
Transfers out	(341,754)	-	(2,442,420)	-
Total other financing sources (uses)	(312,497)	-	1	-
Net change in fund balance/net position	(127,533)	(180,052)	(4,414,113)	50,128
Fund balance/net position (deficit), beginning of year, as previously reported	11,872,349	310,298	4,692,888	1,009,424
Change in account principle	331,729	70,888	-	-
Fund balance, beginning of year, as restated	12,204,078	381,186	4,692,888	1,009,424
Fund balance/net position (deficit), end of year	\$ 12,076,545	\$ 201,134	\$ 278,775	\$ 1,059,552

Sauk Valley Community College District #506

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

<i>Year Ended June 30, 2025</i>	Auxiliary Enterprises	Restricted Purpose	Working Cash	Audit
Revenues:				
Local government sources	\$ -	\$ -	\$ -	63,013
State governmental sources	-	1,264,444	-	-
State on-behalf payments	-	2,960,181	-	-
Federal government sources	-	4,194,857	-	-
Student tuition and fees	527,986	-	-	-
Sales and service fees	412,238	-	-	-
Facilities revenue	59,400	-	-	-
Investment income	24,727	-	77,748	-
Nongovernmental gifts or grants	-	7,216	-	-
Capital contributions	-	-	-	-
Other revenue	2,714,241	86,937	-	-
Total revenues	3,738,592	8,513,635	77,748	63,013
Expenditures/expenses:				
Current:				
Instruction	-	1,709,463	-	-
Academic support	-	317,243	-	-
Student services	-	1,213,486	-	-
Public service	-	464,422	-	-
Organized Research	-	52,974	-	-
Auxiliary services	4,028,740	78,335	-	-
Operations and maintenance	-	225,991	-	-
Institutional support	-	630,549	-	53,500
Scholarships, student grants, and waivers	-	3,796,769	-	-
Depreciation and amortization expense	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest, service charges, and issuance costs	-	-	-	-
Total expenditures/expenses	4,028,740	8,489,232	-	53,500
Excess (deficiency) of revenues over expenditures	(290,148)	24,403	77,748	9,513
Other financing sources (uses)				
Gain (loss) on disposal of assets	-	-	-	-
Transfers in	352,000	50,135	-	-
Transfers out	(1,475)	(88,164)	-	-
Total other financing sources (uses)	350,525	(38,029)	-	-
Net change in fund balance/net position	60,377	(13,626)	77,748	9,513
Fund balance/net position (deficit), beginning of year, as previously reported	493,287	15,276	2,452,197	7,248
Change in account principle	12,785	54,200	-	-
Fund balance, beginning of year, as restated	506,072	69,476	2,452,197	7,248
Fund balance/net position (deficit), end of year	\$ 566,449	\$ 55,850	\$ 2,529,945	\$ 16,761

Sauk Valley Community College District #506

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

<i>Year Ended June 30, 2025</i>	Tort	Totals
Revenues:		
Local government sources	\$ 1,288,299	\$ 10,802,684
State governmental sources	-	3,001,292
State on-behalf payments	-	2,960,181
Federal government sources	-	4,195,705
Student tuition and fees	-	5,696,409
Sales and service fees	-	1,410,113
Facilities revenue	-	105,262
Investment income	58,406	930,821
Nongovernmental gifts or grants	-	7,216
Capital contributions	-	124,652
Other revenue	-	3,065,074
Total revenues	1,346,705	32,299,409
Expenditures/expenses:		
Current:		
Instruction	-	7,518,129
Academic support	26,709	1,454,630
Student services	-	3,238,812
Public service	-	1,422,690
Organized Research	-	78,596
Auxiliary services	6,038	4,304,721
Operations and maintenance	359,720	2,450,986
Institutional support	863,666	9,626,729
Scholarships, student grants, and waivers	-	4,677,290
Depreciation and amortization expense	-	-
Debt service:		
Principal	-	1,770,000
Interest, service charges, and issuance costs	-	203,812
Total expenditures/expenses	1,256,133	36,746,395
Excess (deficiency) of revenues over expenditures	90,572	(4,446,986)
Other financing sources (uses)		
Gain (loss) on disposal of assets	-	-
Transfers in	-	2,873,813
Transfers out	-	(2,873,813)
Total other financing sources (uses)	-	-
Net change in fund balance/net position	90,572	(4,446,986)
Fund balance/net position (deficit), beginning of year, as previously reported	840,971	21,693,938
Change in account principle	39,817	509,419
Fund balance, beginning of year, as restated	880,788	22,203,357
Fund balance/net position (deficit), end of year	\$ 971,360	\$ 17,756,371

Sauk Valley Community College District #506

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

Year Ended June 30, 2025	GASB			Adjusted Total
	General Fixed Assets	General Long-Term Debt	Other Adjustments	
Revenues:				
Local government sources	\$ -	\$ -	\$ -	\$ 10,802,684
State governmental sources	-	-	-	3,001,292
State on-behalf payments	-	-	-	2,960,181
Federal government sources	-	-	-	4,195,705
Student tuition and fees	-	-	(2,990,091)	2,706,318
Sales and service fees	-	-	-	1,410,113
Facilities revenue	-	-	-	105,262
Investment income	-	-	-	930,821
Nongovernmental gifts or grants	-	-	-	7,216
Capital contributions	-	-	-	124,652
Other revenue	-	-	(2,713,946)	351,128
Total revenues	-	-	(5,704,037)	26,595,372
Expenditures/expenses:				
Current:				
Instruction	(217,451)	(455,405)	-	6,845,273
Academic support	(48,076)	(78,309)	-	1,328,245
Student services	-	(188,252)	-	3,050,560
Public service	-	(39,527)	-	1,383,163
Organized Research	-	(3,203)	-	75,393
Auxiliary services	(121,823)	(27,337)	(2,713,946)	1,441,615
Operations and maintenance	(118,808)	(71,821)	-	2,260,357
Institutional support	(4,275,459)	(445,094)	-	4,906,176
Scholarships, student grants, and waivers	-	-	(2,990,091)	1,687,199
Depreciation and amortization expense	1,474,303	352,294	-	1,826,597
Debt service:				
Principal	-	(1,770,000)	-	-
Interest, service charges, and issuance costs	-	(86,681)	-	117,131
Total expenditures/expenses	(3,307,314)	(2,813,335)	(5,704,037)	24,921,709
Excess (deficiency) of revenues over expenditures	3,307,314	2,813,335	-	1,673,663
Other financing sources (uses)				
Gain (loss) on disposal of assets	(149,749)	-	-	(149,749)
Transfers in	-	-	-	2,873,813
Transfers out	-	-	-	(2,873,813)
Total other financing sources (uses)	(149,749)	-	-	(149,749)
Net change in fund balance/net position	3,157,565	2,813,335	-	1,523,914
Fund balance/net position (deficit), beginning of year, as previously reported	37,763,076	(14,225,552)	-	45,231,462
Change in account principle	-	(1,045,227)	-	(535,808)
Fund balance, beginning of year, as restated	37,763,076	(15,270,779)	-	44,695,654
Fund balance/net position (deficit), end of year	\$ 40,920,641	\$ (12,457,444)	\$ -	\$ 46,219,568

Sauk Valley Community College District #506

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years	2024	2023	2022
Assessed Valuations:			
Bureau County	\$ 199,689,202	\$ 186,730,443	\$ 165,382,528
Lee County	962,048,736	870,317,301	790,214,555
Henry County	6,167,894	5,685,168	5,222,792
Ogle County	189,022,982	175,183,221	160,762,305
Carroll County	126,309,541	120,297,306	109,451,843
Whiteside County	1,097,740,781	1,022,069,935	958,432,508
Total assessed valuations	\$ 2,580,979,136	\$ 2,380,283,374	\$ 2,189,466,531
Tax Rate (per \$100 assessed valuation):			
Bond and Interest Fund	0.0779	0.0844	0.0917
Audit Fund	0.0024	0.0027	0.0024
Liability, Protection, and Settlement	0.0403	0.0472	0.0131
Social Security	0.0093	0.0075	0.0078
Operations and Maintenance Accounts	0.0295	0.0299	0.0300
Operations and Maintenance Accounts - Restricted	-	-	0.0365
Educational Accounts	0.2405	0.2441	0.2450
Additional tax	0.0066	-	0.0083
Total tax rate	0.4065	0.4158	0.4348
Tax Extensions:			
Bond and Interest Fund	\$ 2,008,391	\$ 2,007,379	\$ 2,010,690
Audit Fund	61,963	64,322	52,673
Liability, Protection and Settlement	1,039,720	1,123,644	286,739
Social Security	239,975	178,672	170,675
Prior Year Adjustment	-	-	(263)
Operations and Maintenance	760,978	711,789	656,840
Operations, Maintenance Accounts - Restricted	-	-	801,107
Educational Accounts	6,204,514	5,810,223	5,364,193
Additional tax	170,250	-	181,726
Total tax extensions	\$ 10,485,791	\$ 9,896,029	\$ 9,524,380
Tax Collections to June 30:			
Bond and Interest Fund	\$ 570,383	\$ 2,003,193	\$ 2,003,955
Audit Fund	17,595	64,192	52,603
Liability, Protection, and Settlement	295,269	1,121,305	286,343
Social Security	68,148	178,305	170,432
Prior Year Adjustment	-	-	(262)
Operations and Maintenance Accounts	216,108	710,312	656,080
Operations and Maintenance Accounts - Restricted	-	-	798,411
Educational Accounts	1,762,034	5,798,128	5,358,012
Additional tax	48,344	-	181,513
Total tax collections	\$ 2,977,881	\$ 9,875,435	\$ 9,507,087
Percent of extensions collected	28.40 %	99.79 %	99.82 %

ICCB State Grant Financial Compliance Section

Independent Auditor's Report on State Adult Education and Family Literacy Grants Financial Statements

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

Opinion

We have audited the accompanying financial statements of the State Adult Education and Family Literacy Grants of Sauk Valley Community College District #506 (the "College") as of and for the year ended June 30, 2025, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the State Adult Education and Family Literacy Grants of Sauk Valley Community College District #506 as of June 30, 2025, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the grant policy guidelines of the Illinois Community College Board's (ICCB) *Fiscal Management Manual*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the State Adult Education and Family Literacy Grants of Sauk Valley Community College District #506, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 1 to the State Adult Education and Literacy Grants Financial Statements, the financial statements present only the State Adult Education and Family Literacy Grants and do not purport to, and do not present fairly, the financial position of Sauk Valley Community College District #506 as of June 30, 2025, and the changes in its financial position and, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards (GAAS) will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and the grant policy guidelines of ICCB's *Fiscal Management Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style script.

Wipfli LLP

Sterling, Illinois

March 13, 2026

Independent Auditor's Report on Compliance with State Requirements for State Adult Education and Family Literacy Grants

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

We have examined management of Sauk Valley Community College District #506 (the "College") assertion that the College complied with grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants compliance during the period July 1, 2024 to June 30, 2025. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about College's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the of the procedures selected depend on our judgment, including an assertion of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the College's compliance with the specified requirements.

In our opinion, management's assertion that Sauk Valley Community College District #506 complied with the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to State Adult Education and Family Literacy Grants compliance is fairly stated, in all material respects.

A stylized, handwritten-style signature of "Wipfli LLP" in black ink.

Wipfli LLP

Sterling, Illinois
March 13, 2026

Sauk Valley Community College District #506

Balance Sheet - State Adult Education and Family Literacy Grants

<i>As of June 30, 2025</i>	State Basic	Performance	Total
Assets			
Cash and cash equivalents	\$ 3,873	\$ 6,575	\$ 10,448
Total assets	\$ 3,873	\$ 6,575	\$ 10,448
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	\$ 3,873	\$ 6,575	\$ 10,448
Total liabilities	3,873	6,575	10,448
Fund balance	-	-	-
Total liabilities and fund balances	\$ 3,873	\$ 6,575	\$ 10,448

See Notes to ICCB State Grant Financial Statements.

Sauk Valley Community College District #506

Statement of Revenues, Expenditures and Changes in Fund Balance

State Adult Education and Literacy Grants

<i>Year Ended June 30, 2025</i>	State Basic	Performance	Total
Revenues:			
State sources	\$ 130,000	\$ 49,855	\$ 179,855
Total revenues	130,000	49,855	179,855
Expenditures:			
Personnel services	96,945	40,128	137,073
Fringe benefits	15,150	1,253	16,403
Travel	862	800	1,662
Supplies	17,043	7,674	24,717
Total expenditures	130,000	49,855	179,855
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balance	-	-	-
Fund balance, beginning of year	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ -

See Notes to ICCB State Grant Financial Statements.

Sauk Valley Community College District #506

Notes to ICCB State Grant Financial Statements

Note 1: Summary of Significant Accounting Policies

General

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

Basis of Accounting

The statements have been prepared on the modified accrual basis. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2025. Funds obligated for goods prior to June 30 for which the goods are received prior to August 31, 2025 are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the ICCB by October 15.

Capital Assets

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

Note 2: Payment of Prior Year's Encumbrances

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

Sauk Valley Community College District #506

Background Information on State Grants

Unrestricted Grants

Base Operating Grants - General operating funds provided to colleges are based upon credit enrollment.

Small College Grants - Funds provided to colleges with full-time equivalent enrollments of less than 2,500 students. They are intended to help small colleges pay for some of the “fixed costs” of operating a smaller institution.

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

Statewide Initiatives

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

Other Grants - These other grants are additional contractual grants provided for special or specific system related initiatives. These grants are supported by signed contracts between the college and the State of Illinois. A brief description of each grant should be included in this section. A description of the grants supported by grant agreements may be found in the appendix of the grant agreement governing these grants.

Restricted Grants/State

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

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

Independent Accountant's Report on Credit Hour Data and Other Bases Upon Which Claims are Filed

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

We have examined management of Sauk Valley Community College District #506's (the "College") assertion that the College complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to the accompanying Schedule of Credit Hour Data and Other Bases Upon Which Claims Are Filed of Sauk Valley Community College District #506, during the period July 1, 2024 through June 30, 2025. The College's management is responsible for its assertion. Our responsibility is to express an opinion on management's assertion about the College's compliance with the specified requirement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether management's assertion about compliance with the specified requirements is fairly stated, in all material respects. An examination involves performing procedures to obtain evidence about whether management's assertion is fairly stated, in all material respects. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material misstatement of management's assertion, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the examination engagement.

Our examination does not provide a legal determination on the College's compliance with the specified requirements.

In our opinion, management's assertion that Sauk Valley Community College District #506 complied with the guidelines of the Illinois Community College Board's *Fiscal Management Manual*, insofar as they relate to the accompanying Schedule of Credit Hour Data and Other Bases Upon Which Claims Are Filed is fairly stated, in all material respects.

A stylized, handwritten-style signature of "Wipfli LLP" in black ink.

Wipfli LLP

Sterling, Illinois
March 13, 2026

"Wipfli" is the brand name under which Wipfli LLP and Wipfli Advisory LLC and its respective subsidiary entities provide professional services. Wipfli LLP and Wipfli Advisory LLC (and its respective subsidiary entities) practice in an alternative practice structure in accordance with the AICPA Code of Professional Conduct and applicable law, regulations, and professional standards. Wipfli LLP is a licensed independent CPA firm that provides attest services to its clients, and Wipfli Advisory LLC provides tax and business consulting services to its clients. Wipfli Advisory LLC and its subsidiary entities are not licensed CPA firms.

Sauk Valley Community College District 506

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

For the year ended June 30, 2025

<u>Credit Hour Categories</u>	Total Reimbursable Semester Credit Hours by Term							
	Summer Term		Fall Term		Spring Term		Total All Terms	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Baccalaureate	1,503.0	0.0	9,288.0	5.0	9,030.0	0.0	19,821.0	5.0
Business Occupational	141.0	0.0	1,002.0	0.0	906.0	0.0	2,049.0	0.0
Technical Occupational	176.0	0.0	1,414.0	0.0	1,603.0	0.0	3,193.0	0.0
Health Occupational	368.5	0.0	2,103.0	0.0	1,966.5	0.0	4,438.0	0.0
Remedial/Developmental	77.0	0.0	433.0	0.0	319.0	0.0	829.0	0.0
Adult Education	0.0	57.0	0.0	361.0	0.0	176.0	0.0	594.0
	2,265.5	57.0	14,240.0	366.0	13,824.5	176.0	30,330.0	599.0

	In-District (All terms)		Dual Credit (All Terms)		Dual Enrollment (All Terms)	
	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours	Unrestricted Hours	Restricted Hours
Reimbursable Credit Hours:	26,274.0	568.0	5,363.0	0.0	5.0	0.0

Credit Hours on Chargeback or Contractual Agreement: 375.5

District Equalized Assessed Valuation: \$2,580,979,136

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

Signature:



President

Signature:



Vice President of Business Services

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

Sauk Valley Community College District 506

Reconciliation of Total Semester Credit Hours

For the year ended June 30, 2025

Total Reimbursable Semester Credit Hours

<u>Credit Hour Categories</u>	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
Baccalaureate	19,821.0	19,821.0	0.0	5.0	5.0	0.0
Business Occupational	2,049.0	2,049.0	0.0	0.0	0.0	0.0
Technical Occupational	3,193.0	3,193.0	0.0	0.0	0.0	0.0
Health Occupational	4,438.0	4,438.0	0.0	0.0	0.0	0.0
Remedial/Developmental	829.0	829.0	0.0	0.0	0.0	0.0
Adult Education	0.0	0.0	0.0	594.0	594.0	0.0
Total	30,330.0	30,330.0	0.0	599.0	599.0	0.0

	Total Reported in Audit Unrestricted	Total Certified to ICCB Unrestricted	Difference	Total Reported in Audit Restricted	Total Certified to ICCB Restricted	Difference
	Hours	Hours		Hours	Hours	
In-District Credit Hours:	26,274.0	26,274.0	0.0	568.0	568.0	0.0
Dual Credit Hours:	5,363.0	5,363.0	0.0	0.0	0.0	0.0
Dual Enrollment Hours:	5.0	5.0	0.0	0.0	0.0	0.0

Total Correctional Semester Credit Hours

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

Sauk Valley Community College District #506

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

Note 1: Residency Verification Process

Procedures for Verifying and Classifying Residency

In-District Students

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

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

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

Out-of-District Students

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

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

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

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

Out-of-State Students

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

Online Students

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

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

Annual Federal Financial Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business type activities and the discretely presented component unit of Sauk Valley Community College District #506 (the "College"), as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 13, 2026.

The financial statements of Sauk Valley College Foundation (a nonprofit organization, discretely presented component unit of the College) were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Sauk Valley College Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style script.

Wipfli LLP

Sterling, Illinois

March 13, 2026

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

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

Report on Compliance for the Major Federal Program

Qualified Opinion on the Major Federal Program

We have audited Sauk Valley Community College District #506's (the "College") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended June 30, 2025. The College's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Student Financial Assistance Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Sauk Valley Community College District #506 complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Student Financial Assistance Cluster* for the year ended June 30, 2025.

Basis for Qualified Opinion on the Major Federal Program

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

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of College's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on the Student Financial Assistance Cluster

As described in the accompanying schedule of findings and questioned costs, the College did not comply with requirement regarding the Student Financial Assistance Cluster as described in finding number 2025-001 for Special Tests and Provisions.

Compliance with such requirement is necessary, in our opinion, for the College to comply with the requirement applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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

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

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

The logo for Wipfli LLP, featuring the company name in a stylized, handwritten-style script.

Wipfli LLP

Sterling, Illinois
March 13, 2026

Sauk Valley Community College District #506

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
Small Business Administration:				
Passed through the Illinois Department of Commerce and Economic Opportunity:				
Small Business Development Centers	59.037	24-565191	\$42,704	\$0
Small Business Development Centers	59.037	25-185191	47,153	0
Total ALN 59.037			\$89,857	\$0
U.S. Department of Education:				
Pass-through Illinois Community College Board:				
Adult Education - Basic Grants to States:				
Federal Basic	84.002	AE-50601-25	\$98,301	\$0
Direct awards:				
Student Financial Assistance Cluster:				
Federal Supplemental Educational Opportunity Grants (m)	84.007		118,988	0
Federal Work Study Program (m)	84.033		162,881	0
Federal Pell Grant Program (m)	84.063		2,926,533	0
Federal Pell Grant Program - admin (m)	84.063		550	0
Federal Direct Loan Program (m)	84.268		553,074	0
Total student financial assistance cluster			3,762,026	0
Direct award:				
Higher Education Institutional Aid	84.031A		214,204	0
Direct award:				
TRIO Cluster:				
TRIO - Student Support Services	84.042A		291,198	0
Passed through the Illinois Community College Board:				
Career and Technical Education - Basic Grants to States				
CTE Perkins Postsecondary Grants	84.048	CTE-506-25	175,911	0
Total U.S. Department of Education			\$4,541,640	\$0
Department of Health & Human Services:				
Child Care and Development Fund Cluster:				
Passed through the Illinois Student Assistance Commission:				
Child Care and Development Block Grant	93.575	444-80-2814	\$85,027	\$0
Total Department of Health & Human Services			\$85,027	\$0
Total federal awards expended			\$4,716,524	\$0

(m) Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

Sauk Valley Community College District #506

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2025

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Sauk Valley Community College District #506 (the "College") under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position or cash flows of the College.

Note 2: Summary of Significant Accounting Policies

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

Note 3: Indirect Cost Rate

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

Note 4: Loan Program

For the year ended June 30, 2025, the College acted a pass-through agency for Federal Direct Loans (subsidized and unsubsidized) to students in the amount of \$553,074.

Note 5: Non-Cash Assistance

The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2025.

Note 6: Other Federal Award Information

The College did not receive or administer any insurance or loan guarantees during fiscal year ended June 30, 2025.

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs

Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major programs:

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

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

Qualified

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

☒ Yes ☐ No

Identification of major programs

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

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

Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs (Continued)

Section II - Audit Findings in Relation to Financial Statements

No findings related to the financial statements.

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

2025-001 Special Test and Provisions - NSLDS Reporting
Federal Program Information:

Funding agency: US Department of Education

Title: Student Financial Aid Cluster

ALN: 84.007, 84.033, 84.063, 84.268

Award year and number: 2025

Criteria or Specific Requirement: Federal regulations (34 CFR 685.309 and NSLDS Enrollment Reporting guidance) require institutions to report enrollment status changes to National Student Loan Data System (NSLDS) accurately and timely. Enrollment status changes must generally be reported within 30 days of the status change if the institution does not file roster reports, or within 60 days of the date the institution becomes aware of the status change when following normal roster reporting cycles.

Condition: During our examination of 17 student files with enrollment status changes, we noted 3 students whose enrollment statuses were either inaccurately reported to NSLDS or reported outside of the required timeframe.

Student A - Institutional records show an LDA of 10/9/24; NSLDS reflects a withdrawal effective date of 12/6/24.

Student B – Withdrawal not reported within the required 60 day timeframe. The student withdrew on 5/9/25; the date of determination (DOD) was 5/14/25; NSLDS certification occurred on 9/4/25.

Student C – Withdrawal not reported within the required 60 day timeframe. The student withdrew on 5/9/25; the date of determination (DOD) was 5/14/25; NSLDS certification occurred on 9/4/25.

Context: The College processes enrollment data for a substantial number of Title IV-eligible students. Of the 17 students selected for testing, 3 (18%) had inaccurate or incomplete NSLDS reporting. Errors were not concentrated in a single academic program or term, indicating that the issue may be broader within the enrollment reporting process.

These inconsistencies increase risk because NSLDS relies on accurate enrollment data to determine in-school status, grace periods, and repayment dates.

Questioned Costs: \$0

Effect: NSLDS did not accurately reflect the students' enrollment status changes. Inaccurate or late reporting may result in: incorrect repayment notifications, improper deferment or grace period calculations, and potential noncompliance with federal reporting requirements.

Sauk Valley Community College District #506

Schedule of Findings and Questioned Costs (Continued)

Cause: The College reported the last day of the term rather than the student's actual last date of attendance, resulting in inaccurate effective dates being transmitted to NSLDS. The College did not submit the enrollment status updates within the required 60-day reporting window.

Repeat: Yes - Years as Repeat Finding: One

Auditor's Recommendation: The College should implement stronger internal controls over NSLDS enrollment reporting, including: periodic spot checks comparing NSLDS reflected statuses and effective dates to institutional records; verification of LDA/DOD accuracy prior to certification; and monitoring compliance with the 60day reporting requirement to ensure enrollment changes are transmitted timely. Management should consider incorporating a secondary review process.

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

Sauk Valley Community College District #506

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2025

June 30, 2024

Section II Financial Statement Finding

None

Section III Findings and Questioned Costs for Federal Awards

Finding 2024-001

In regard to the Student Financial Assistance Cluster special test and provisions NSLDS reporting, the examination disclosed 4 instances, out of 10 student files tested, in which their NSLDS was not updated correctly. This finding was repeated in 2025. The recurrence resulted from a misunderstanding of the root cause of the finding in prior year audit. Management has taken steps to obtain a better understanding of the cause of the incorrect NSLDS reporting. Management plans to implement enhanced controls and monitoring procedures, as outlined in their fiscal year 2025 corrective action plan, to fully remediate the finding in the next fiscal year.

Corrective Action Plan for Current Year Findings**Finding 2025-001: Special Tests & Provisions – Enrollment Reporting – NSLDS
Inaccurately Reported****Condition:**

The audit identified instances in which enrollment status changes for withdrawn students were not reported to the National Student Loan Data System (NSLDS) within the required 60-day timeframe and in some cases the withdrawal date reported did not reflect the student's actual Last Date of Attendance (LDA).

Cause:

The discrepancies occurred because the academic term end date was used instead of the student's actual Last Date of Attendance for certain withdrawn students. In addition, in limited cases enrollment status changes for students who did not return for a subsequent term were not reported within the required 60-day window due to the timing of non-returning student reporting cycles.

Corrective Action Plan:

Sauk Valley Community College will implement revised procedures and additional monitoring controls to ensure that enrollment reporting to NSLDS complies with federal requirements.

The College submits enrollment reporting through the National Student Clearinghouse, which transmits enrollment data to NSLDS on the College's behalf. The College utilizes an internal system to generate enrollment reporting files based on institutional enrollment and withdrawal data. The Registrar reviews the file prior to transmission to the National Student Clearinghouse for submission to NSLDS. Enrollment reporting is currently submitted on a monthly basis.

To address the reporting discrepancies identified in the audit, the College will implement the following corrective actions:

1. Accurate Withdrawal Date Reporting

Procedures will be updated to ensure that the effective withdrawal date reported to NSLDS reflects the student's actual Last Date of Attendance (LDA) recorded in institutional records rather than the academic term end date or administrative processing date.

2. Monthly Reconciliation Process

The Registrar and Financial Aid Office will perform a monthly reconciliation of institutional withdrawal records to NSLDS enrollment reporting data to confirm that enrollment status changes and withdrawal dates have been reported accurately and within the required reporting timeframe.

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

BOARD OF TRUSTEES

Robert J. Thompson, Chair, Dixon • Brian Duncan, Vice Chair, Polo • Margaret Tyne, Secretary, Polo
Lisa Wiersema, Chadwick • Danelle Burrs, Dixon • Sam Ramirez, Sterling • Tom Demmer, Dixon



3. Monitoring of Potential Unofficial Withdrawals

Students who receive all “F” or “W” grades will be reviewed as potential unofficial withdrawals to ensure that the correct Last Date of Attendance is identified and reported when applicable.

4. Monitoring of Non-Returning Students

Students who do not return for the summer or fall term following the spring semester will be reviewed by the end of June to determine whether a withdrawal status must be reported to NSLDS. The College will follow the National Student Clearinghouse guidance regarding non-required term enrollment reporting to support accurate status reporting.

5. Ongoing Compliance Oversight

Financial Aid and the Registrar will work collaboratively to review enrollment reporting data on an ongoing basis to ensure compliance with federal reporting requirements, including the 60-day reporting requirement for enrollment status changes.

6. Staff Training and Procedural Reinforcement

The Registrar and the Financial Aid Office will review NSLDS enrollment reporting guidance and applicable federal requirements with relevant staff to reinforce proper reporting procedures and ensure consistent understanding of withdrawal date reporting requirements and timelines.

These procedures will provide additional oversight to ensure that withdrawal dates are reported accurately and that enrollment status changes are transmitted to NSLDS within the required time-frame.

Responsible Officials:

Jennifer Schultz, Dean of Student Services, Lizzie Harper, Director of Financial Assistance, and Meagan Rivera, Registrar

Planned Implementation Date:

The revised procedures will be implemented immediately, beginning with the current enrollment reporting cycle, and will continue as an ongoing compliance control.

Dr. David Hellmich, *President*

Kent Sorenson, *Vice President of Business Services*

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

BOARD OF TRUSTEES

Robert J. Thompson, Chair, Dixon • Brian Duncan, Vice Chair, Polo • Margaret Tyne, Secretary, Polo
Lisa Wiersema, Chadwick • Danelle Burrs, Dixon • Sam Ramirez, Sterling • Tom Demmer, Dixon

Form of Continuing Disclosure Undertaking

**CONTINUING DISCLOSURE UNDERTAKING
FOR THE PURPOSE OF PROVIDING
CONTINUING DISCLOSURE INFORMATION
UNDER SECTION (b)(5) OF RULE 15c2-12**

This Continuing Disclosure Undertaking (this “*Agreement*”) is executed and delivered by Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “*District*”), in connection with the issuance of \$_____ Taxable General Obligation Bonds, Series 2026A, and \$_____ General Obligation Bonds, Series 2026B (together, the “*Bonds*”). The Bonds are being issued pursuant to a resolution adopted by the Board of Trustees of the District on the 27th day of April, 2026 (as supplemented by a notification of sale, the “*Resolution*”).

In consideration of the issuance of the Bonds by the District and the purchase of such Bonds by the beneficial owners thereof, the District covenants and agrees as follows:

1. **PURPOSE OF THIS AGREEMENT; CERTIFICATIONS.** This Agreement is executed and delivered by the District as of the date set forth below, for the benefit of the beneficial owners of the Bonds and in order to assist the Participating Underwriters in complying with the requirements of the Rule (as defined below). This Agreement is prepared in compliance with paragraph (d)(2) of the Rule.

The District represents that:

(a) it will be the only obligated person with respect to the Bonds at the time the Bonds are delivered to the Participating Underwriters and that no other person is expected to become so committed at any time after issuance of the Bonds; and

(b) at the time of the delivery of the Bonds to the Participating Underwriters, the District will be an “obligated person” (as such term is defined in the Rule) with respect to less than \$10,000,000 in aggregate amount of outstanding municipal securities, including the Bonds and excluding municipal securities that were offered in a transaction exempt from the Rule pursuant to paragraph (d)(1) of the Rule.

2. **DEFINITIONS.** The terms set forth below shall have the following meanings in this Agreement, unless the context clearly otherwise requires.

Commission means the Securities and Exchange Commission.

Dissemination Agent means any agent designated as such in writing by the District and which has filed with the District a written acceptance of such designation, and such agent’s successors and assigns.

EMMA means the MSRB through its Electronic Municipal Market Access system for municipal securities disclosure or through any other electronic format or system prescribed by the MSRB for purposes of the Rule.

Exchange Act means the Securities Exchange Act of 1934, as amended.

Financial Information means the financial information and operating data described in *Exhibit I*.

Financial Information Disclosure means the dissemination of disclosure concerning Financial Information as set forth in Section 4.

Financial Obligation of the District means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of a debt obligation or any such derivative instrument; provided that “financial obligation” shall not include municipal securities as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

MSRB means the Municipal Securities Rulemaking Board.

Official Statement means the Final Official Statement, dated _____, 2026, and relating to the Bonds.

Participating Underwriter means each broker, dealer or municipal securities dealer acting as an underwriter in the primary offering of the Bonds.

Reportable Event means the occurrence of any of the Events with respect to the Bonds set forth in *Exhibit II*.

Reportable Events Disclosure means dissemination of a notice of a Reportable Event as set forth in Section 5.

Rule means Rule 15c2-12 adopted by the Commission under the Exchange Act, as the same may be amended from time to time.

State means the State of Illinois.

Undertaking means the obligations of the District pursuant to Sections 4 and 5.

3. CUSIP NUMBERS. The CUSIP Numbers of the Bonds are set forth in *Exhibit III*. All filings required under this Agreement will be filed on EMMA under these CUSIP Numbers. If the Bonds are refunded after the date hereof, the District will also make all filings required under this Agreement under any new CUSIP Numbers assigned to the Bonds as a result of such refunding, to the extent the District remains legally liable for the payment of such Bonds; provided, however, that the District will not be required to make such filings under new CUSIP Numbers unless the District has been notified in writing by the Participating Underwriter or the District’s financial advisor that new CUSIP Numbers have been assigned to the Bonds. The District will not make any filings pursuant to this Agreement under new CUSIP Numbers assigned to any of the Bonds after the date hereof for any reason other than a refunding, as described in the previous sentence, including, but not limited to, new CUSIP Numbers assigned to the Bonds as a result of a holder of

the Bonds obtaining a bond insurance policy or other credit enhancement with respect to some or all of the outstanding Bonds in the secondary market.

4. FINANCIAL INFORMATION DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate its Financial Information at least annually to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports.

5. REPORTABLE EVENTS DISCLOSURE. Subject to Section 8 of this Agreement, the District hereby covenants that it will disseminate in a timely manner (not in excess of ten business days after the occurrence of the Reportable Event) Reportable Events Disclosure to EMMA in such manner and format and accompanied by identifying information as is prescribed by the MSRB or the Commission at the time of delivery of such information. References to “material” in Exhibit II refer to materiality as it is interpreted under the Exchange Act. MSRB Rule G-32 requires all EMMA filings to be in word-searchable PDF format. This requirement extends to all documents to be filed with EMMA, including financial statements and other externally prepared reports. Notwithstanding the foregoing, notice of optional or unscheduled redemption of any Bonds or defeasance of any Bonds need not be given under this Agreement any earlier than the notice (if any) of such redemption or defeasance is given to the Bondholders pursuant to the Resolution.

6. CONSEQUENCES OF FAILURE OF THE DISTRICT TO PROVIDE INFORMATION. In the event of a failure of the District to comply with any provision of this Agreement, the beneficial owner of any Bond may seek mandamus or specific performance by court order, to cause the District to comply with its obligations under this Agreement. A default under this Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Agreement in the event of any failure of the District to comply with this Agreement shall be an action to compel performance.

7. AMENDMENTS; WAIVER. Notwithstanding any other provision of this Agreement, the District by resolution authorizing such amendment or waiver, may amend this Agreement, and any provision of this Agreement may be waived, if:

(a) The amendment or waiver is made in connection with a change in circumstances that arises from a change in legal requirements, including without limitation, pursuant to a “no-action” letter issued by the Commission, a change in law, or a change in the identity, nature, or status of the District, or type of business conducted;

(b) This Agreement, as amended, or the provision, as waived, would have complied with the requirements of the Rule at the time of the primary offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds, as determined by parties unaffiliated with the District (such as Bond Counsel).

In the event that the Commission or the MSRB or other regulatory authority shall approve or require Financial Information Disclosure or Reportable Events Disclosure to be made to a central post office, governmental agency or similar entity other than EMMA or in lieu of EMMA, the District shall, if required, make such dissemination to such central post office, governmental agency or similar entity without the necessity of amending this Agreement.

8. TERMINATION OF UNDERTAKING. The Undertaking of the District shall be terminated hereunder if the District shall no longer have any legal liability for any obligation on or relating to repayment of the Bonds under the Resolution.

9. FUTURE CHANGES TO THE RULE. As set forth in Section 1 of this Agreement, the District has executed and delivered this Agreement solely and only to assist the Participating Underwriters in complying with the requirements of the Rule. Therefore, notwithstanding anything in this Agreement to the contrary, in the event the Commission, the MSRB or other regulatory authority shall approve or require changes to the requirements of the Rule, the District shall be permitted, but shall not be required, to unilaterally modify the covenants in this Agreement, without complying with the requirements of Section 7 of this Agreement, in order to comply with, or conform to, such changes. In the event of any such modification of this Agreement, the District shall file a copy of this Agreement, as revised, on EMMA in a timely manner.

10. DISSEMINATION AGENT. The District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

11. ADDITIONAL INFORMATION. Nothing in this Agreement shall be deemed to prevent the District from disseminating any other information, using the means of dissemination set forth in this Agreement or any other means of communication, or including any other information in any Financial Information Disclosure or notice of occurrence of a Reportable Event, in addition to that which is required by this Agreement. If the District chooses to include any information from any document or notice of occurrence of a Reportable Event in addition to that which is specifically required by this Agreement, the District shall have no obligation under this Agreement to update such information or include it in any future disclosure or notice of occurrence of a Reportable Event.

12. BENEFICIARIES. This Agreement has been executed in order to assist the Participating Underwriters in complying with the Rule; however, this Agreement shall inure solely to the benefit of the District, the Dissemination Agent, if any, and the beneficial owners of the Bonds, and shall create no rights in any other person or entity.

13. RECORDKEEPING. The District shall maintain records of all Financial Information Disclosure and Reportable Events Disclosure, including the content of such disclosure, the names of the entities with whom such disclosure was filed and the date of filing such disclosure.

14. ASSIGNMENT. The District shall not transfer its obligations under the Resolution unless the transferee agrees to assume all obligations of the District under this Agreement or to execute an Undertaking under the Rule.

15. CONTACT INFORMATION. Specific questions or inquiries relating to Financial Information Disclosure and Reportable Events Disclosure should be directed to:

Kent A. Sorenson
Vice President of Business Services
Community College District No. 506
173 Illinois Route 2
Dixon, Illinois 61021
(815) 288-5511

16. GOVERNING LAW. This Agreement shall be governed by the laws of the State.

COMMUNITY COLLEGE DISTRICT NO. 506,
COUNTIES OF WHITESIDE, LEE, CARROLL,
OGLE, BUREAU AND HENRY AND STATE OF
ILLINOIS

By _____
Chair, Board of Trustees

Date: _____, 2026

EXHIBIT I
FINANCIAL INFORMATION

“Financial Information” means the District’s annual audited financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The Financial Information will be submitted to EMMA by 270 days after the last day of the District’s fiscal year (currently June 30), beginning with the fiscal year ending June 30, 2026. If audited financial statements are not available when the Financial Information is required to be filed, the District will submit the Financial Information to EMMA within 30 days after availability to the District. There shall be specified the date as of which such information was prepared. All or a portion of the Financial Information may be included by reference to other documents which have been submitted to EMMA or filed with the Commission. If the information included by reference is contained in a Final Official Statement, the Final Official Statement must be available on EMMA; the Final Official Statement need not be available from the Commission. The District shall clearly identify each such item of information included by reference.

EXHIBIT II
EVENTS WITH RESPECT TO THE BONDS FOR WHICH
REPORTABLE EVENTS DISCLOSURE IS REQUIRED

1. Principal and interest payment delinquencies
2. Non-payment related defaults, if material
3. Unscheduled draws on debt service reserves reflecting financial difficulties
4. Unscheduled draws on credit enhancements reflecting financial difficulties
5. Substitution of credit or liquidity providers, or their failure to perform
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security
7. Modifications to the rights of security holders, if material
8. Bond calls, if material, and tender offers
9. Defeasances
10. Release, substitution or sale of property securing repayment of the securities, if material
11. Rating changes
12. Bankruptcy, insolvency, receivership or similar event of the District*
13. The consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material
15. Incurrence of a Financial Obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the District, any of which affect security holders, if material
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation, any of which reflect financial difficulties

* This event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

EXHIBIT III
CUSIP NUMBERS

SERIES 2026A

YEAR OF
MATURITY

CUSIP
NUMBER
(966068)

20__
20__

SERIES 2026B

YEAR OF
MATURITY

CUSIP
NUMBER
(966068)

20__
20__
20__

Appendix D

Official Notices of Sale and Bid Forms

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

COMMUNITY COLLEGE DISTRICT NO. 506

**COUNTIES OF WHITESIDE, LEE, CARROLL, OGLE, BUREAU AND HENRY
AND STATE OF ILLINOIS**

\$1,055,000* TAXABLE GENERAL OBLIGATION BONDS, SERIES 2026A

DATE AND TIME:

May 5, 2026
10:00 a.m.
Central Daylight Saving Time

PLACE:

PMA Securities, LLC
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563
Attention: Jen Currier
Phone: (630) 657-6443
E-mail: compbidIL@pmanetwork.com

FORM OF BIDDING:

Electronic or via e-mail, as described herein

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

COMMUNITY COLLEGE DISTRICT NO. 506
COUNTIES OF WHITESIDE, LEE, CARROLL, OGLE, BUREAU AND HENRY
AND STATE OF ILLINOIS
\$1,055,000* TAXABLE GENERAL OBLIGATION BONDS, SERIES 2026A

NOTICE IS HEREBY GIVEN that the Board of Trustees (the “Board”) of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent via e-mail to compbidIL@pmanetwork.com (each as more fully described below), for the purchase of its \$1,055,000* Taxable General Obligation Bonds, Series 2026A (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:00 a.m.
Central Daylight Saving Time
May 5, 2026

PLACE: Offices of the District’s Municipal Advisor:
PMA Securities, LLC (the “Municipal Advisor”)
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* (“TIC”) to the District.

The Bonds

The Bonds are issued pursuant to the Public Community College Act of the State of Illinois, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board on April 27, 2026, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the working cash fund of the District, (ii) pay certain interest on the Bonds and (iii) pay costs associated with the issuance of the Bonds.

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds except for the interest due on the Bonds on February 1, 2027, which will be paid from Bond proceeds. The Bond Resolution will be filed with the County Clerks of The Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry, Illinois (the “County Clerks”), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

Bidding Instructions

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:00 a.m. Central Daylight Saving Time either:

(i) via **Parity®** in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity®** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity®**, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) via e-mail to compbidIL@pmanetwork.com.

The bidder bears all risk of transmission failure.

Any bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on May 4, 2026.

Determination of Winning Bid

The Bonds will be awarded to the single and best bidder (the “Purchaser”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on February 1, 2027 and semiannually on each February 1 and August 1 thereafter), produces an amount on the date of the Bonds (expected to be May 26, 2026) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

Bidding Parameters

The Bonds will be dated the date of issuance thereof and will mature on the dates and in the amounts as described in the Official Bid Form attached hereto.

The Bonds are not subject to optional redemption prior to maturity.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.50%. All bids must be for all of the Bonds and must be for not less than 100.00% of the par amount thereof.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

A good faith deposit will not be required prior to bid opening. The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the Treasurer of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the date that the Bonds are awarded by the District to the Purchaser (the "Sale Date"). The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

Closing Transcript

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Bond Insurance at Purchaser's Option

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, at the option of the Purchaser, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. Upon being advised of the successful bid, the Purchaser shall notify the Municipal Advisor of the Purchaser's intent to obtain bond insurance. Any increased costs of issuance of the Bonds

resulting from such purchase of insurance shall be paid by the Purchaser. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the successful bidder shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

Tax Matters

Interest on the Bonds is includible in gross income of the owners thereof for federal income tax purposes. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS – The 2026A Bonds” in the Preliminary Official Statement for a more complete discussion.

Book-Entry Only

The Bonds will be issued as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of \$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

Continuing Disclosure

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “LIMITED CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser’s obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be May 26, 2026. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser's interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Kent A. Sorenson, Vice President of Business Services/Treasurer, 173 Illinois Route 2, Dixon, Illinois 61021, Telephone: (815) 835-6253, or from the Municipal Advisor, Attention: Jen Currier, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6443.

By order of the Board of Trustees of the District, dated this 28th day of April, 2026.

/s/ Kent A. Sorenson

Vice President of Business Services/Treasurer

Community College District No. 506

Counties of Whiteside, Lee, Carroll, Ogle, Bureau and
Henry and State of Illinois

OFFICIAL BID FORM

Board of Trustees
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois

May 5, 2026

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the Taxable General Obligation Bonds, Series 2026A (the "Bonds"), as described below:

Par amount of Bonds:	\$1,055,000*
Dated date:	Date of Issuance
Purchase price:	\$ _____
(not less than 100.00% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.50%):

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)*</u>	<u>Rate</u>	<u>Term Bonds</u> <u>(Year)</u>
2028	40,000	_____	_____
2029	1,015,000	_____	_____

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a Bond.

If insured, please insert the name of insurer _____ and amount of the premium \$ _____. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder (the "Purchaser"). Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

Any bidder electing to designate a maturity as a term bond shall so specify on the bid form. The term bond shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost:	\$ _____
True Interest Cost:	_____ %

We understand that if we are the winning bidder, we will deposit with the Treasurer of the District not later than 3:30 P.M. CDT on the Sale Date a certified or cashier's check or a wire in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter Signature

Name of Firm:	_____
Direct Contact:	_____
Address:	_____
Phone Number:	_____
E-Mail Address:	_____

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 5th day of May, 2026, by the Board of Trustees of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois, and in recognition thereof is signed by the officials of the District empowered and authorized to make such acceptance.

President, Board of Trustees
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

Vice President of Business Services/Treasurer
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

OFFICIAL NOTICE OF SALE

AND

BID FORM

FOR

COMMUNITY COLLEGE DISTRICT NO. 506

**COUNTIES OF WHITESIDE, LEE, CARROLL, OGLE, BUREAU AND HENRY
AND STATE OF ILLINOIS**

\$4,685,000* GENERAL OBLIGATION BONDS, SERIES 2026B

DATE AND TIME:

May 5, 2026
10:15 a.m.
Central Daylight Saving Time

PLACE:

PMA Securities, LLC
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563
Attention: Jen Currier
Phone: (630) 657-6443
E-mail: compbidIL@pmanetwork.com

FORM OF BIDDING:

Electronic or via e-mail, as described herein

*Preliminary, subject to change.

OFFICIAL NOTICE OF SALE

COMMUNITY COLLEGE DISTRICT NO. 506
COUNTIES OF WHITESIDE, LEE, CARROLL, OGLE, BUREAU AND HENRY
AND STATE OF ILLINOIS
\$4,685,000* GENERAL OBLIGATION BONDS, SERIES 2026B

NOTICE IS HEREBY GIVEN that the Board of Trustees (the “Board”) Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “District”), will receive bids either (i) electronically via **Parity®** or (ii) sent via e-mail to compbidIL@pmanetwork.com (each as more fully described below), for the purchase of its \$4,685,000* General Obligation Bonds, Series 2026B (the “Bonds”), on an all or none basis at the following time and place:

DATE AND TIME: 10:15 a.m.
Central Daylight Saving Time
May 5, 2026

PLACE: Offices of the District’s Municipal Advisor:
PMA Securities, LLC (the “Municipal Advisor”)
2135 CityGate Lane, 7th Floor
Naperville, Illinois 60563

AWARD OF BONDS: Bids will be publicly announced at the above time and place. Unless all bids are rejected, award will be made by the designated officials of the Board and the District to the bidder offering the *lowest true interest cost* (“TIC”) to the District.

The Bonds

The Bonds are issued pursuant to the Public Community College Act of the State of Illinois, the Local Government Debt Reform Act of the State of Illinois, and all laws amendatory thereof and supplementary thereto, and a bond resolution adopted by the Board on April 27, 2026, as supplemented by a notification of sale (together, the “Bond Resolution”). Proceeds of the Bonds will be used to (i) increase the working cash fund of the District, (ii) pay certain interest on the Bonds and (iii) pay costs associated with the issuance of the Bonds.

The Bonds, in the opinion of Chapman and Cutler LLP, Chicago, Illinois (“Bond Counsel”), are valid and legally binding upon the District and are payable from any funds of the District legally available for such purpose, and all taxable property in the District is subject to the levy of taxes to pay the same without limitation as to rate or amount, except that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, moratorium, reorganization and other similar laws affecting creditors’ rights and by equitable principles, whether considered at law or in equity, including the exercise of judicial discretion.

The Bond Resolution provides for the levy of ad valorem taxes, unlimited as to rate or amount, upon all taxable property within the District in amounts sufficient to pay, as and when due, all principal of and interest on the Bonds except for the interest due on the Bonds on February 1, 2027, which will be paid from Bond proceeds. The Bond Resolution will be filed with the County Clerks of The Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry, Illinois (the “County Clerks”), and will serve as authorization to the County Clerks to extend and collect the property taxes as set forth in the Bond Resolution to pay the Bonds.

The proposed form of opinion of Bond Counsel regarding the Bonds is set forth in Appendix A to the Preliminary Official Statement.

Bidding Instructions

Each proposal must be submitted on the Official Bid Form without alteration or change until 10:15 a.m. Central Daylight Saving Time either:

(i) via **Parity®** in accordance with this Official Notice of Sale. To the extent any instructions or directions set forth in **Parity®** conflict with this Official Notice of Sale, the terms of this Official Notice of Sale shall control. For further information about **Parity®**, potential bidders may contact the Municipal Advisor or i-Deal LLC at 1359 Broadway, New York, NY 10018, telephone (212) 849-5021; or

(ii) via e-mail to compbidIL@pmanetwork.com.

The bidder bears all risk of transmission failure.

Any bidder intending to bid via e-mail shall notify the Municipal Advisor of such intention no later than the close of business on May 4, 2026.

Determination of Winning Bid

The Bonds will be awarded to the single and best bidder (the “Purchaser”) whose bid will be determined upon the basis of the **lowest TIC** at the rates designated in said bid from the dated date to the respective maturity dates after deducting the bid premium or adding the bid discount, if any. The TIC will be calculated as the rate which, when used in computing the present value of all payments of principal and interest to be paid on the Bonds (commencing on February 1, 2027 and semiannually on each February 1 and August 1 thereafter), produces an amount on the date of the Bonds (expected to be May 26, 2026) equal to the purchase price set forth in the bid. In the event of more than one proposal specifying the lowest TIC, the Bonds will be awarded to the bidder whose proposal is selected by lot from among all such proposals.

Bidding Parameters

The Bonds will be dated the date of issuance thereof and will mature on the dates and in the amounts as described in the Official Bid Form attached hereto.

The Bonds are not subject to optional redemption prior to maturity.

Any bidder electing to designate any maturities as term bonds shall so specify on the affirmed bid form. The term bonds shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

All interest rates must be in multiples of one-eighth or one-twentieth of one percent (1/8 or 1/20 of 1%), and not more than one rate for a single maturity shall be specified. The rate bid for each maturity shall not exceed 5.25%. All bids must be for all of the Bonds and must be for not less than 104.50% of the par amount thereof.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing this Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting a bid, the Purchaser agrees to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

A good faith deposit will not be required prior to bid opening. The Purchaser is required to submit a certified or cashier's check on a solvent bank or trust company or a wire transfer for TWO PERCENT OF PAR payable to the Treasurer of the District as evidence of good faith of the Purchaser (the "Deposit") not later than 3:30 P.M. Central Daylight Saving Time on the Sale Date (as hereinafter defined). The Deposit will be retained by the District pending delivery of the Bonds. The District may hold the proceeds of the Deposit or invest the same (at the District's risk) in obligations that mature at or before the delivery of the Bonds, until applied as follows: (a) at the delivery of the Bonds and upon compliance with the Purchaser's obligation to take up and pay for the Bonds, the full amount of the Deposit held by the District, without adjustment for interest, shall be applied toward the purchase price of the Bonds at that time, and the full amount of any interest earnings thereon shall be retained by the District; and (b) if the Purchaser fails to take up and pay for the Bonds when tendered, the full amount of the Deposit plus any interest earnings thereon will be forfeited to the District as liquidated damages.

Establishment of Issue Price

(a) The Purchaser shall assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at closing an "issue price" or similar certificate setting forth the reasonably expected initial offering price to the Public (as hereinafter defined) or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Purchaser, the District and Bond Counsel. All actions to be taken by the District under this Official Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the District by the Municipal Advisor, identified herein, and any notice or report to be provided to the District may be provided to the Municipal Advisor. Within one hour of the award, the Purchaser will provide the District and the Municipal Advisor the expected initial offering price of the Bonds, which the Purchaser used to formulate its bid.

(b) The District intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds)

will apply to the initial sale of the Bonds (the “Competitive Sale Requirements”) because:

- (1) the District will disseminate this Official Notice of Sale to potential Underwriters in a manner that is reasonably designed to reach potential Underwriters;
- (2) all bidders will have an equal opportunity to bid;
- (3) the District may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- (4) the District anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the lowest TIC, as set forth in this Official Notice of Sale.

Any bid submitted pursuant to this Official Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

(c) In the event that the Competitive Sale Requirements are not satisfied, the District shall so advise the Purchaser. In such event, any bid proposal submitted will not be subject to cancellation or withdrawal, and the District agrees to use the rules selected by the Purchaser on its bid form to determine the issue price for the Bonds. On the bid form, each bidder must select one of the following rules to establish the issue price of the Bonds: (i) the “10% Test” which will establish the issue price of a maturity of the Bonds as the first price at which 10% of such maturity of the Bonds is sold to the Public and/or (ii) the “Hold-the-Offering-Price Rule” which will establish the issue price of a maturity of the Bonds as the initial offering price of that maturity, in each case applied on a maturity-by-maturity basis. If the Purchaser selects the Hold-the-Offering-Price Rule, the Purchaser shall promptly advise the District, at or before the time of award of the Bonds, which maturities of the Bonds have not satisfied the 10% Test and will be subject to the Hold-the-Offering-Price Rule. ***Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule or the 10% Test, as selected on the bid form, in order to establish the issue price of the Bonds. In addition if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.***

(d) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the Hold-the-Offering-Price Rule**, then the Purchaser shall (i) confirm that the Underwriters (as hereinafter defined) have offered or will offer the Bonds to the Public on or before the date of award at the offering price or prices (the “Initial Offering Price”), or at the corresponding yield or yields set forth in the bid submitted by the Purchaser and (ii) agree, on behalf of the Underwriters participating in the purchase of the Bonds, that the Underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the Public during the period starting on the Sale Date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the Sale Date;
or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public.

The Purchaser will advise the District promptly after the close of the fifth (5th) business day after the Sale Date whether it has sold 10% of that maturity of the Bonds to the Public at a price that is no higher than the Initial Offering Price to the Public. Within one hour of the award, the Purchaser will inform the District of the Initial Offering Price for each maturity of the Bonds.

(e) **If the Competitive Sale Requirements are not satisfied and the Purchaser selects the 10% Test**, then until the 10% Test has been satisfied as to each maturity of the Bonds, the Purchaser agrees to promptly report to the District the prices at which the unsold Bonds of that maturity have been sold to the Public. That reporting obligation shall continue, whether or not the closing date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the Purchaser's reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the District or Bond Counsel. In addition if the 10% Test has not been satisfied with respect to any maturity of the Bonds prior to closing, then the Purchaser shall provide the District with a representation as to the price or prices as of the date of closing at which the Purchaser reasonably expects to sell the remaining Bonds of such maturity.

(f) The District acknowledges that, in making the representations set forth above, the Purchaser will rely on (i) the agreement of each Underwriter to comply with requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in an agreement among Underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the Public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing the issue price of the Bonds including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing the issue price of the Bonds, including, but not limited to, its agreement to comply with the Hold-the-Offering-Price Rule if applicable to the Bonds.

(g) By submitting a bid, each bidder confirms that:

(i) any agreement among Underwriters, any selling group agreement and each third-party distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such third-party distribution agreement, as applicable:

- (A)(i) to report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold to the Public or it is notified by the Purchaser that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser and (ii) to comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser and as set forth in the related pricing wires, which shall be until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of award,
- (B) to promptly notify the Purchaser of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public, and
- (C) to acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Purchaser shall assume that each order submitted by the Underwriter is a sale to the Public.

(ii) any agreement among Underwriters or selling group agreement relating to the initial sale of the Bonds to the Public, together with the related pricing wires, contains or will contain language obligating each Underwriter that is a party to a third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the Public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the Public the unsold Bonds of each maturity allocated to it, whether or not the closing date has occurred, until either all Bonds of that maturity allocated to it have been sold or until it is notified by the Purchaser or such Underwriter that the 10% Test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the closing date may be at reasonable periodic intervals or otherwise upon request of the Purchaser or such Underwriter and (B) comply with the Hold-the-Offering-Price Rule, if applicable, if and for so long as directed by the Purchaser or the Underwriter and as set forth in the related pricing wires, which shall be at least until the 10% Test has been satisfied as to the Bonds of that maturity or until the close of business on the fifth (5th) business day following the date of the award.

(h) Sales of any Bonds to any person that is a Related Party to an Underwriter participating in the initial sale of the Bonds to the Public shall not constitute sales to the Public for purposes of this Official Notice of Sale. Further, for purposes of this Official Notice of Sale:

- (i) “Public” means any person other than an Underwriter or a Related Party,

- (ii) a purchaser of any of the Bonds is a “Related Party” to an Underwriter if the Underwriter and the Purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other),
- (iii) “Sale Date” means the date that the Bonds are awarded by the District to the Purchaser, and
- (iv) “Underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

Closing Transcript

At the time of delivery, the District will furnish to the Purchaser the approving legal opinion of Bond Counsel and, in due course, a complete certified transcript of all proceedings in connection with the issuance of the Bonds which shall include a non-litigation certificate showing that there is no litigation pending or threatened as to the validity or security of the Bonds.

Bond Insurance at Purchaser’s Option

If the Bonds qualify for issuance of any policy of municipal bond insurance or commitment thereof, the purchase of any such insurance policy or the issuance of any such commitment shall be at the sole option and expense of the Purchaser. The Purchaser, upon being advised of the successful bid, shall notify the Municipal Advisor of its intent to obtain bond insurance. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the Purchaser. Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

Tax Exemption

Subject to compliance by the District with certain covenants, in the opinion of Bond Counsel, under present law, interest on the Bonds is excludible from gross income of the owners

thereof for federal income tax purposes and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. Interest on the Bonds is not exempt from present State of Illinois income taxes. See “TAX MATTERS – The 2026B Bonds” in the Preliminary Official Statement for a more complete discussion.

Qualified Tax-Exempt Obligations

Subject to the District’s compliance with certain covenants, in the opinion of Bond Counsel, the Bonds are “qualified tax-exempt obligations” under the small issuer exception provided under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), which affords banks and certain other financial institutions more favorable treatment of their deduction for interest expense than would otherwise be allowed under Section 265(b)(2) of the Code.

Book-Entry Only

The Bonds will be issued as fully-registered bonds without coupons and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. A single Bond certificate for each maturity will be issued to DTC and immobilized in its custody. Individual purchases may be made in book-entry-only form only through DTC participants, in the principal amount of \$5,000 and integral multiples thereof. Individual purchasers will not receive certificates evidencing their ownership of the Bonds purchased. The Purchaser shall be required to deposit the Bond certificates with DTC as a condition to delivery of the Bonds. The District will make payments of principal and interest on the Bonds to DTC or its nominee as registered owner of the Bonds in same-day funds. Transfer of those payments to participants of DTC will be the responsibility of DTC; transfer of the payments to beneficial owners by DTC participants will be the responsibility of such participants and other nominees of beneficial owners all as required by DTC rules and procedures. No assurance can be given by the District that DTC, its participants and other nominees of beneficial owners will make prompt transfer of the payments as required by DTC rules and procedures. The District assumes no liability for failures of DTC, its participants or other nominees to promptly transfer payments to beneficial owners of the Bonds.

In the event that the securities depository relationship with DTC for the Bonds is terminated and the District does not appoint a successor depository, the District will prepare, authenticate and deliver, at its expense, fully-registered Bond certificates in the denominations of \$5,000 or an integral multiple thereof in the aggregate principal amount of the Bonds of the same maturity then outstanding to the beneficial owners of the Bonds.

CUSIP Numbers

It is intended that CUSIP numbers will be printed on the Bonds, but neither the failure to print or type such number on any Bonds nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and make payment for the Bonds. All expenses in relation to the printing of CUSIP numbers, including CUSIP Service Bureau charges for the assignment of said numbers, shall be the responsibility of and shall be paid by the Purchaser.

Continuing Disclosure

The District covenants and agrees to enter into a written agreement or contract, constituting an undertaking (the “Undertaking”) to provide ongoing disclosure about the District for the benefit of the beneficial owners of the Bonds on or before the date of delivery of the Bonds as required under Section (b)(5) of Rule 15c2-12 (the “Rule”) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. The form of the Undertaking is set forth in Appendix C in the Preliminary Official Statement. Please see the section entitled “LIMITED CONTINUING DISCLOSURE” in the Preliminary Official Statement for a description of the District’s compliance during the last five years with undertakings previously entered into by it pursuant to the Rule.

The Purchaser’s obligation to purchase the Bonds shall be conditional upon the District delivering the Undertaking on or before the date of delivery of the Bonds.

Official Statement

The District declares the Preliminary Official Statement provided in connection with the sale of the Bonds to be final as of its date for purposes of the Rule, except for the omission of the offering prices or yields, the interest rates, any other terms or provisions required by the District specified in the bid, ratings, other terms of the Bonds depending on such matters, and the identity of the Purchaser. Upon the sale of the Bonds, the District will publish an Official Statement in substantially the same form as the Preliminary Official Statement, subject to minor additions, deletions and revisions as required to complete the Preliminary Official Statement. By submission of its bid, the Purchaser will be deemed to have certified that it has obtained and reviewed the Preliminary Official Statement. Promptly after the Sale Date, but in no event later than seven business days after the Sale Date, the District will provide the Purchaser with an electronic copy of the final Official Statement. The Purchaser agrees to supply to the District all information necessary to complete the Official Statement within 24 hours after the award of the Bonds.

Conditions of Closing

The District reserves the right to reject any or all bids and to determine the best bid in its sole discretion, and to waive any informality in any bid. Additionally, the District reserves the right to modify or amend this Official Notice of Sale; however, any such modification or amendment shall not be made less than twenty-four (24) hours prior to the date and time for receipt of bids on the Bonds and any such modification or amendment will be announced on the Amendments Page of the Parity® webpage and through *Thompson Municipal News*.

By submitting a bid, any bidder makes the representation that it understands Bond Counsel represents the District in the Bond transaction and, if such bidder has retained Bond Counsel in an unrelated matter, such bidder represents that the signatory to the bid is duly authorized to, and does consent to and waive for and on behalf of such bidder any conflict of interest of Bond Counsel arising from any adverse position to the District in this matter; such consent and waiver shall supersede any formalities otherwise required in any separate understandings, guidelines or contractual arrangements between the bidder and Bond Counsel.

The Bonds will be delivered to the Purchaser against full payment in immediately available funds as soon as they can be prepared and executed, which is expected to be May 26, 2026. Should delivery, however, be delayed beyond forty-five (45) days from the Sale Date for any reason beyond the control of the District except failure of performance by the Purchaser, the District may cancel the award or the Purchaser may withdraw the Deposit and thereafter the Purchaser's interest in and liability for the Bonds will cease.

Additional Information

The Preliminary Official Statement and the Official Bid Form, together with other pertinent information, may be obtained from the District, Attention: Kent A. Sorenson, Vice President of Business Services/Treasurer, 173 Illinois Route 2, Dixon, Illinois 61021, Telephone: (815) 835-6253, or from the Municipal Advisor, Attention: Jen Currier, 2135 CityGate Lane, 7th Floor, Naperville, Illinois 60563, Telephone: (630) 657-6443.

By order of the Board of Trustees of the District, dated this 28th day of April, 2026.

/s/ Kent A. Sorenson

Vice President of Business Services/Treasurer

Community College District No. 506

Counties of Whiteside, Lee, Carroll, Ogle, Bureau and
Henry and State of Illinois

OFFICIAL BID FORM

Board of Trustees
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois

May 5, 2026

Ladies and Gentlemen:

Subject to all the provisions of the Official Notice of Sale, which is expressly made a part of this bid, we offer to purchase the General Obligation Bonds, Series 2026B (the "Bonds"), as described below:

Par amount of Bonds:	\$4,685,000*
Dated date:	Date of Issuance
Purchase price:	\$ _____
(not less than 104.50% of the par amount of the Bonds)	

The Bonds shall bear interest as follows (each rate (i) a multiple of 1/8 or 1/20 of 1% and (ii) not exceeding 5.25%):

<u>Maturity</u> <u>(February 1)</u>	<u>Amount (\$)*</u>	<u>Rate</u>	<u>Term Bonds</u> <u>(Year)</u>
2029	1,020,000	_____	_____
2030	2,195,000	_____	_____
2031	1,470,000	_____	_____

*Preliminary, subject to change. The District reserves the right to increase or decrease the principal amount of the individual maturities of the Bonds on the day of sale in increments of \$5,000. If the principal amounts are adjusted, the purchase price proposed will be adjusted to maintain the same gross spread per \$1,000 portion of a Bond.

If insured, please insert the name of insurer _____ and amount of the premium \$ _____. Any increased costs of issuance of the Bonds resulting from such purchase of insurance shall be paid by the successful bidder (the "Purchaser"). Any other rating agency fees shall be the responsibility of the Purchaser. Failure of the municipal bond insurer to issue the policy after the Bonds have been awarded to the Purchaser shall not constitute cause for failure or refusal by the Purchaser to accept delivery of the Bonds.

Any bidder electing to designate a maturity as a term bond shall so specify on the bid form. The term bond shall be subject to mandatory sinking fund redemption by lot in the amounts currently specified for the serial bonds, at a redemption price of 100% of the principal amount thereof.

The Bonds are not subject to optional redemption prior to maturity.

The Bonds are to be accompanied by the unqualified approving legal opinion of Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, and a certificate evidencing that no litigation is pending against the District which will affect the validity or security of the Bonds.

Attorneys' fees, rating agency fees, Municipal Advisor fees, the cost of preparing and printing the Bonds, the fees of the registrar and paying agent for the Bonds, the cost of distributing the Official Notice of Sale, the Preliminary Official Statement and the Official Statement and miscellaneous expenses of the District incurred in connection with the offering and delivery of the Bonds shall all be the obligation of the District. The costs of issuance of the Bonds may be distributed by the Purchaser on behalf of the District from proceeds of the Bonds and by submitting this bid, we agree to send (an) additional wire(s) at closing to distribute such costs if so requested by the District.

If the net interest cost or the true interest cost stated below is incorrectly computed, the undersigned agrees that the purchase price and interest rates above shall prevail.

Net Interest Cost:	\$ _____
True Interest Cost:	_____ %

This bid is a firm offer for the purchase of the Bonds identified in the Official Notice of Sale, on the terms set forth in this bid form and the Official Notice of Sale, and is not subject to any conditions, except as permitted by the Official Notice of Sale. If the Competitive Sale Requirements are not met, the bidder selects the following rule to establish the issue price of the maturities of the Bonds for which 10% is not sold to the Public on the date hereof applied on a maturity-by-maturity basis (mark one):

_____ 10% Test: the first price at which 10% of a maturity of the Bonds is sold to the Public for the following maturities: _____

_____ Hold-the-Offering-Price Rule: the initial offering price of that maturity for the following maturities: _____

By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. *[If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]*

We understand that if we are the winning bidder, we will deposit with the Treasurer of the District not later than 3:30 P.M. CDT on the Sale Date a certified or cashier's check or a wire in the amount of two percent (2%) of the par amount of the Bonds payable to said District as a guarantee of good faith, to be applied in accordance with the Official Notice of Sale.

Managing Underwriter Signature

Name of Firm:

Direct Contact:

Address:

Phone Number:

E-Mail Address:

—PLEASE ATTACH A LIST OF ACCOUNT MEMBERS—

The foregoing offer is hereby accepted this 5th day of May, 2026, by the Board of Trustees of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois, and in recognition thereof is signed by the officials of the District empowered and authorized to make such acceptance.

President, Board of Trustees
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

Vice President of Business Services/Treasurer
Community College District No. 506
Counties of Whiteside, Lee, Carroll, Ogle,
Bureau and Henry and State of Illinois

Exhibit A

Form of Issue Price Certificate

CERTIFICATE OF PURCHASER

The undersigned, on behalf of _____ (the “*Purchaser*”), hereby certifies as set forth below with respect to the sale and issuance of the \$_____ General Obligation Bonds, Series 2026B (the “*Bonds*”), of Community College District No. 506, Counties of Whiteside, Lee, Carroll, Ogle, Bureau and Henry and State of Illinois (the “*District*”).

I. GENERAL

On the Sale Date, the Purchaser purchased the Bonds from the District by submitting electronically an “Official Bid Form” responsive to an “Official Notice of Sale” and having its bid accepted by the District. The Purchaser has not modified the terms of the purchase since the Sale Date.

II. PRICE

Competitive Sale Requirements Met – 3 Bids Received

Reasonably Expected Initial Offering Price.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by the Purchaser are the prices listed in *Exhibit A* (the “*Expected Offering Prices*”). The Expected Offering Prices are the prices for the Maturities of the Bonds used by the Purchaser in formulating its bid to purchase the Bonds. Attached as *Exhibit B* is a true and correct copy of the bid provided by the Purchaser to purchase the Bonds.

(b) The Purchaser was not given an exclusive opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by the Purchaser constituted a firm offer to purchase the Bonds.

3 Bids Not Received – At Least 10% of Each Maturity Sold by Closing

As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

3 Bids Not Received – At Least 10% of Certain Maturities Not Sold by Closing; Expected First Sale Price

1. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

2. Expected First Sale Price.

With respect to each of the _____ Maturities of the Bonds:

(a) As of the date of this certificate, the Purchaser has not sold at least 10% of the Bonds of this Maturity at any Price.

(b) As of the date of this certificate, the Purchaser reasonably expects that the first sale to the Public of an amount of Bonds of this Maturity equal to 10% or more of this Maturity will be at or below the Expected Sale Price listed on the attached *Exhibit A* (the “*Expected First Sale Price*”).

3 Bids Not Received – At Least 10% of Certain Maturities Not Sold by Closing; Hold-the-Offering-Price Rule

1. As of the date of this certificate, for each of the General Rule Maturities, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in *Exhibit A* (the “*First Sale Price*”).

2. (a) The Purchaser offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in *Exhibit A* (the “*Initial Offering Prices*”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as *Exhibit B*.

(b) As set forth in the Official Notice of Sale and the Official Bid Form, the Purchaser has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “*Hold-the-Offering-Price Rule*”), and (ii) any selling group agreement would contain the agreement of each dealer who is a member of the selling group, and any third-party distribution agreement would contain the agreement of each broker-dealer who is a party to the third-party distribution agreement, to comply with the Hold-the-Offering-Price Rule.

(c) No Underwriter (as defined below) has offered or sold any Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity during the Holding Period.

III. DEFINED TERMS

[1. “*General Rule Maturities*” means those Maturities of the Bonds not listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[2. “*Hold-the-Offering-Price Maturities*” means those Maturities of the Bonds listed in *Exhibit A* hereto as the “Hold-the-Offering-Price Maturities.”]

[3. “*Holding Period*” means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date (said fifth business day being _____, 2026), or (ii) the date on which the Purchaser has sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

4. “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

5. “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

6. A person is a “*Related Party*” to an Underwriter if the Underwriter and the person are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

7. “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is _____, 2026.

8. “*Underwriter*” means (i) any person that agrees pursuant to a written contract with the District (or with the Underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

IV. USE OF REPRESENTATIONS

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the District with respect to certain of the representations and with respect to compliance with the federal income tax rules affecting the Bonds, and by Chapman and Cutler LLP, Chicago, Illinois, Bond Counsel, in connection with rendering its opinion concerning interest on the Bonds, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the District from time to time relating to the Bonds.

IN WITNESS WHEREOF, I hereunto affix my signature, this ____ day of _____, 2026.

_____,
_____, _____

By: _____
Title: _____

EXHIBIT A

The Bonds are dated _____, 2026, and are due on February 1 of the years and in the amounts, bear interest at the rates and were sold and offered to the Public as described in the attached Certificate of Purchaser at the prices, in percentages and dollars, as follows:

HOLD-THE-OFFER-PRICE MATURITY IF MARKED (*)	YEAR	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	[EXPECTED] FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)]	[EXPECTED] FIRST SALE PRICE OF AT LEAST 10% (% OF PAR)]	[INITIAL OFFERING PRICE [% OF PAR)]	[INITIAL OFFERING PRICE [% OF PAR)]	[TOTAL ISSUE PRICE (\$)]
	2029							
	2030							
	2031							

EXHIBIT B

[PURCHASER'S Bid]

[PRICING WIRE OR EQUIVALENT COMMUNICATION]