

2013

Comprehensive Annual Financial Report

Fiscal year ended June 30, 2013



**CARL
SANDBURG
COLLEGE™**

Community College District 518
2400 Tom L. Wilson Blvd.
Galesburg, IL 61401
www.sandburg.edu

**CARL SANDBURG COLLEGE –
COMMUNITY COLLEGE DISTRICT 518
GALESBURG, ILLINOIS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the fiscal years ended June 30, 2013 and 2012**

**Prepared by: Finance Department
Lisa Blake, Chief Financial Officer/Treasurer**

INTRODUCTORY SECTION
(Unaudited)

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TABLE OF CONTENTS

**Page
Number**

INTRODUCTORY SECTION (UNAUDITED)

Table of Contents	i -iv
President's Letter	v
Transmittal Letter	vi - xii
Principal Officials	xiii
Organization Chart	xiv
Certificate of Achievement for Excellence in Financial Reporting	xv

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

1 - 3

Management's Discussion and Analysis (Unaudited)

4 -13

Basic Financial Statements:

Statements of Net Position

14

Statements of Revenues, Expenses, and Changes in Net Position

15

Statements of Cash Flows

16 - 17

Component Unit – Carl Sandburg College Foundation –

Statements of Financial Position

18

Statements of Activities

19 - 20

Notes to Financial Statements

21 – 45

STATISTICAL SECTION (UNAUDITED)

TABLE

Statistical Section		46
Net Position by Component	A	47
Changes in Net Position	B	48
Assessed and Estimated Actual Value of Taxable Property	C	49
Property Tax Levies and Collections	D	50
Property Tax Rates – Direct and Overlapping Governments	E	51
Principal Taxpayers	F	52
Ratios of Outstanding Debt by Type	G	53
Ratio of Net General Bonded Debt to Assessed Value and Net General Bonded Debt per Capita	H	54
Computation of Direct and Overlapping Bonded Debt	I	55

STATISTICAL SECTION (UNAUDITED) - Continued

	TABLE	
Legal Debt Margin Information	J	56
Demographic and Economic Statistics	K	57
Principal Employers	L	58
Full-time Equivalent Employees	M	59
Operating Indicators	N	60
Capital Asset Statistics	O	61

SPECIAL REPORTS SECTION

Supplemental Financial Information:

Illinois Community College Board State Grants - Financial and Compliance Section:	
Supplemental Financial Information Section	62
Uniform Financial Statements	63 - 70
Certification of Chargeback Reimbursement	71

Other Supplemental Financial Information:

Schedule of Management Information Balance Sheet – All Fund Types	72
Schedule of Management Information Schedule of Changes in Fund Balances – All Fund Types	73
Schedule of Management Information Schedule of Current Funds Revenue, Expenditures and Other Changes	74
Balance Sheet – Current Funds	75 - 76
Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Equity (Deficit) - Current Funds	77 - 78
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Education Fund	79 - 81
Operations and Maintenance Fund	82 - 83
Audit Fund	84
Sandburg Initiates Life – Changing Opportunities Fund	85
Bond and Interest Fund	86
Operations and Maintenance Fund (Restricted)	87
Capital Endowment Fund	88

SPECIAL REPORTS SECTION - Continued

Schedule of Revenues, Expenses, and Changes in Retained Earnings – Budget and Actual – Auxiliary Enterprise Fund	89
Schedule of Operating Revenues and Expenses, by Program – Auxiliary Enterprise Fund	90 - 91
Combining Balance Sheet – Liability Protection Funds	92
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Liability Protection Funds	93
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) – Budget and Actual – Employee Insurance Fund	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit)–Budget and Actual – Liability, Protection, and Settlement Fund	95
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Insurance Reserve Fund	96
Assessed Valuations, Tax Rates, Tax Extensions, and Tax Collections	97 - 98
Schedule of Management Information – Reconciliation of the Balance Sheet – All Fund Types to the Statement of Net Position	99
Schedule of Management Information – Reconciliation of the Schedule of Revenues, Expenditures/Expenses, and Changes in Fund Equity (Deficit) – All Fund Types to the Statement of Revenues, Expenses, and and Changes in Net Position	100
<u>State Grant Activity and Schedule of Enrollment Data:</u>	
AUDITOR’S REPORT ON COMPLIANCE WITH STATE REQUIREMENTS FOR ADULT EDUCATION & FAMILY LITERACY GRANTS AND CAREER AND TECHNICAL EDUCATION-PROGRAM IMPROVEMENT GRANT	101
State Adult Education Restricted Funds Grants:	
Balance Sheet	102
Statement of Revenues, Expenditures, and Changes in Fund Balance	103
ICCB Compliance Statement for the Adult Education and Family Literacy Grant – Expenditure Amounts and Percentages for ICCB Grant Funds Only	104

	<u>Page Number</u>
Career and Technical Education Program Improvement Grant:	
Balance Sheet	105
Statement of Revenues, Expenditures, and Changes in Fund Balance	106
Notes to ICCB Grant Programs Financial Statements	107
Background Information on State Grant Activity	108
INDEPENDENT ACCOUNTANT’S REPORT ON THE SCHEDULE OF ENROLLMENT DATA AND OTHER BASES UPON WHICH CLAIMS ARE FILED	109
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	110 – 111
Note to Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed	112
ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION	
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	113 – 114
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE WITH OMB CIRCULAR A-133	115- 116
Schedule of Expenditures of Federal Awards	117
Notes to the Schedule of Expenditures of Federal Awards	118 - 119
Schedule of Findings and Questioned Costs	120
Summary Schedule of Prior Audit Findings	121



President's Letter

September 17, 2013

Ladies and Gentlemen of the Board:

I am pleased to submit to you and the residents of District 518 the Comprehensive Annual Financial Report for Fiscal Year 2013. This document represents the record of the College's financial operations for the year ending June 30, 2013.

This past year the College again received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association and we are proud of this achievement. Against still a backdrop of one of the worst financial situations in the state of Illinois, the College improved its relative financial condition while simultaneously preparing itself for an exciting future ahead.

Carl Sandburg College is far more than a place where students can spend time before moving on to employment or a four-year college or university. It is an institution where students can explore their academic interests, retrain for a changing workforce, perhaps achieve a GED or learn to speak English. Approximately 500 degrees and certificates are awarded every year and countless hours in learning new skills are achieved.

Our focus this past year has been on refining our recruitment methods and at the same time creating opportunities and processes to ensure our students are successful. Degree completion is a primary focus for us here at Carl Sandburg College and we are committed to improving our graduation rate one student at a time.

I am privileged to serve as President of this institution and I'm grateful for the community who supports us, the students who enroll with us, and the trustees who govern us.

Respectfully,

By: s/s Lori L. Sundberg

Lori L. Sundberg, D.B.A.

President

Illinois Community College District 518

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Transmittal Letter

September 17, 2013

To President Sundberg,
Members of the Board of Trustees, and
Citizens of Carl Sandburg College District 518:

The Comprehensive Annual Financial Report of Carl Sandburg College, Community College District 518 (the College), Fulton, Hancock, Henderson, Henry, Knox, Mercer, McDonough, Schuyler, Stark and Warren Counties, State of Illinois, for the fiscal year ended June 30, 2013, is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the College. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the College. All disclosures necessary to enable the reader to gain an understanding of the College's financial activities in relation to its mission have been included.

Wipfli LLP has issued an unqualified (clean) opinion on Carl Sandburg Community College District 518 basic financial statements for the year ended June 30, 2013. The independent auditor's report is located at the front of the financial section of the report.

This letter of transmittal should be read in conjunction with Management's Discussion and Analysis (MD&A) which immediately follows the independent auditor's report. The MD&A provides a narrative introduction, overview and analysis of the basic financial statements and it focuses on current activities, accounting changes and currently known facts.

VISION, MISSION AND VALUES

Carl Sandburg College was established by authority of the Illinois Community College Act of 1965 and was approved by voters in a September 1966 referendum. The College's district now covers all or part of ten counties in Illinois. The main campus is located in Galesburg with a branch campus in Carthage and an extension center in Bushnell. We serve a diverse group of students. In the fall of 2012, the College enrolled 2,563 students, with an average age of 27 years. Women represented 66 percent of the student body and 52 percent were part-time students. Many students balance the demands of college with work and family responsibilities.

Illinois Community College District 518

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The following table illustrates enrollments and credit hours over the last six years.

Fiscal Year	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Fall College enrollment	2,693	2,615	2,661	2,538	2,383	2,460
Annual Full-time equivalents	1,682	1,641	1,772	1,737	1,644	1,599
Continuing Education Credit Hours	1,066	1,002	918	798	913	1,012
Total Annual Credit Hours	50,471	49,219	53,174	52,113	49,316	47,972

The College has the resources required to serve student enrollment. In 2010, The Higher Learning Commission North Central Association of College and Schools continued accreditation for ten years and indicated that fiscal management was a strong asset of the College.

Strategic Planning for 2011-2014 was implemented when the College named our new President, Dr. Lori Sundberg effective July 1, 2010. The process included an environmental scan, SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis with the entire College community, a review of the mission statement and current focal points and goals, and a determination of core values. Based upon feedback from the process, the following mission statement, core values and vision statement were crafted.

The College’s Mission

The mission of Carl Sandburg College is to provide students an opportunity to succeed by providing accessible, quality education in a caring environment, by keeping the learner’s needs at the center of decision making and by working in partnership with communities of the College district.

Core Values

The following four Core Values have been identified: Excellence, Collaboration, Integrity and Respect. While it can be noted that these are not an exhaustive list of the values of Carl Sandburg College, these are simply the four most representative of Carl Sandburg College.

Our Vision Statement

Where dreams come to life, and lives come to change.

Major Goals and Objectives

Carl Sandburg College believes everyone should have access to quality education. Our strategies focus on communication internally/externally with students, staff and stakeholders of our district. The following four main goals and objectives have been designed to shape departmental, programmatic, and individual decision making. We believe that these areas should drive all activities that are undertaken throughout the year.

Student Access and Success
Teaching and Learning
Community Alliances
Operational Sustainability and Excellence

FINANCIAL INFORMATION

The College maintains its accounts and prepares its financial statements in accordance with accounting principles generally accepted in the United States of America as set forth by the Governmental and Financial Accounting Standards Boards, the National Association of College and University Business Officers and the Illinois Community College Board (ICCB). The ICCB requires accounting by funds in order that limitations and restrictions on resources can be easily accounted for. The financial records of the College are maintained on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal obligation to pay. The notes to the financial statements expand and explain the financial statements and the accounting principles applied.

Internal Control. Management of the College is responsible for establishing and maintaining an internal control structure designed to protect the assets of the College, to prevent loss from theft or misuse and to provide that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Controls. The College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the College's Board of Trustees. The level of budgetary control (that is, the level at which expenditures cannot exceed the appropriated amount) is established for each individual fund. The College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end.

As demonstrated by the statements and schedules included in the financial section of this report, the College continues to meet its responsibility for sound financial management.

ECONOMIC CONDITION

Economic conditions in the communities served by Carl Sandburg College District 518 are such that many industries have moved from the area. Employees of these industries, which had become accustomed to earning comfortable wages, were left without many options. Many returned to the community college for a career change or further specialized training. As they completed this process, these individuals returned to the work force or left the area to seek other employment. Due to these factors, we correctly anticipated a flat or declining enrollment commencing in fiscal year 2006 and continuing for the next couple of years. The loss of industry has also affected our tax base; however future possibilities for the community look promising.

Property Taxes. The following table illustrates the College's property tax levy rates over the last five fiscal years.

Levy Rates (Per \$100 of assessed valuation):

<u>Fund Type</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Current:					
Education	0.2021	0.2000	0.2013	0.1953	0.2020
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0495
Liability, Protection and Settlement	0.1240	0.1225	0.1099	0.1070	0.1167
Audit	0.0050	0.0050	0.0050	0.0050	0.0050
Working Cash	0.0000	0.0000	0.0000	0.0000	0.0000
Social Security/Medicare	0.0108	0.0108	0.0129	0.0110	0.0128
Bond and Interest	0.2195	0.2244	0.2262	0.2193	0.2106
Plant:					
Operations and Maintenance (Restricted) - Life Safety	0.0061	0.0060	0.0062	0.0264	0.0000
Total	0.6175	0.6187	0.6115	0.6140	0.6205

The College District's 2011 tax levy base of \$1,501,003,400 increased by 2.82% over the 2010 tax base. Property tax revenue has held relatively stable after the loss of many industries in the district. During fiscal year 2013, local property taxes accounted for approximately 32% of total revenues.

Debt. Debt of the College is comprised of General Obligation Bonds and Capital Leases. The bond payments will be funded through the tax levy while the capital leases are currently funded by bond proceeds. During 2013, the college issued new debt to replace HVAC units and water heaters.

Cash Management. For the purpose of overall investment of excess funds, the College is governed by the Illinois Public Community College Act (Chapter 110 of Illinois Compiled Statutes Act 805) and the Illinois Public Funds Investment Act (Chapter 30 of Illinois Compiled Statutes Act 235). The fiduciary responsibility for said investments is entrusted to the College Board of Trustees who has delegated this function to the Treasurer of the College as permitted by the Illinois Public Community College Act.

In keeping with existing Board policy, all investments of excess funds are made in a prudent, conservative and secure manner and in accordance with the guidelines detailed in the College Investment Policy No. 2.6, Designation of depositories of College funds approved by the Board of Trustees.

The College has been able to locally fund building renovations/improvements through the use of accumulated interest on our Working Cash fund and Technology Quasi-Endowment Fund. The College's improvements for fiscal year 2013 included learning area enhancements. Other plans continue to be designated primarily for investment in new equipment to allow the college to adequately support the educational programs with up to date equipment for instruction. The College continues to update communication and security equipment.

Major College Initiatives. With the retirement of the College's fifth President effective June 30, 2010, the Board of Trustees unanimously employed Dr. Lori Sundberg as the sixth President of the College on October 13, 2009, effective July 1, 2010. She was serving as the Vice President of Academic Services for the College.

The College is enthusiastically supporting the Illinois Green Economy Network's Grant with the Trade Adjustment Assistance Community College and Career Training grant program at the U.S. Department of Labor. The overall goal of the initiative is to enable community colleges to develop an innovative curriculum for training the next wave of green economy employees using an online/hybrid delivery system. Specifically, Carl Sandburg College will identify necessary employee skills and competencies, in collaboration with employers. We will be coordinating with the local Workforce Investment Board to develop and pilot adult transition services. We will also be developing and pilot a hybrid associate degree program in Biodiesel Manufacturing Technology.

The College was successful in extending our labor agreement through June 30, 2016 as a result of our Interest Based Bargaining (IBB) process with Sandburg Education Association (SEA). This incorporates the belief that each student is entitled to an education of the highest quality and that the attainment of this objective is dependent upon the quality and morale of the employees.

PROSPECTS FOR THE FUTURE

Due to uncertainty regarding the state contribution to the community college system, the College's financial outlook remains challenging. Carl Sandburg College is accommodating significant structural and programmatic changes and enhancements which will result in a "Re-shaped Institution." There is a commitment to look inward on the quality and efficiencies of current programs/activities with an eye towards asking the simple question, "If we were not already doing this today, would we begin doing it tomorrow?" Several new programs will give our students the best opportunity to succeed in today's ever changing and competitive job market. The College has worked extensively with area employers – including Galesburg Hospital's Ambulance Services and BNSF Railway – to develop curricula that will meet the current standards for those industries. The College will continue to conserve resources through financial control and reduction of expenses where possible without affecting the quality and viability of the educational programs. Contingencies are also budgeted annually to provide for the uncertainties associated with State funding, enrollment, capital funding requirements, utility and other market-driven costs. The College has been able to negotiate a long term (rolling) labor agreement which currently goes thru June 30, 2016.

The College has done the right things at the right time. A Working Cash Fund has been established to help fund targeted "one-shot" improvements and/or acquisitions from the interest income generated from the principal. A quasi-endowment fund in the liability protection account of \$3.985M generates interest income to be used for tort related purposes. An additional \$7M is invested in a capital endowment account to generate interest income to refresh the College's strategic technologies.

Higher education is an opportunity. It is an opportunity to learn about ideas and concepts that will challenge you to think differently. Carl Sandburg College provides the opportunity to interact with the professors. The College offers a time of learning about many things including history, politics, mathematics, sciences, and the arts. It also offers a time of self exploration and sharing of ideas.

AWARDS AND ACKNOWLEDGEMENTS

The College is extremely proud of its ability to meet the needs of the community and the financial reporting required by various groups, agencies and organizations. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Carl Sandburg College Community College District 518 for its comprehensive annual financial report for the fiscal year ended June 30, 2012. This was the tenth consecutive year that the College has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the College must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments. The timely preparation of the comprehensive annual financial report was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

Respectfully submitted,

By: s/s Lisa Blake

Lisa M. Blake
Chief Financial Officer

By: s/s Lori L. Sundberg

Lori L. Sundberg, D.B.A.
President

**CARL SANDBURG COLLEGE –
Illinois Community College District 518
Principal Officials as of June 30, 2013**

Board of Trustees

Name	Position	Term Expires
Ms. Gayla J. Pacheco	Vice Chairperson	2017
Mr. William C. Robinson	Secretary	2015
Reverend Jon A. Sibley, Sr.	Trustee	2013
Mt. Thomas H. Colclasure	Trustee	2015
Mr. Bruce A. Lauerman	Chairperson	2015
Mr. Lee Johnson	Trustee	2019
Ms. Sandra L. Wood	Trustee	2017
Ms. Rachel Grzela	Student Trustee	
Mr. Shanon Dickerson	Faculty Representative	
Mr. Anthony Law	Staff Representative	

Officers of the College

Dr. Lori Sundberg	President
Ms. Julie Gibb	Vice President of Academic Services
Mr. Steven Norton	Vice President of Student Services
Mr. Samuel Sudhakar	Vice President of Administrative Services and CIO

Administrative Staff

Ms. Gena Alcorn	Director of Foundation
Mr. Tony Bentley	Director of TRIO Upward Bound Project
Ms. Lisa Blake	Chief Financial Officer/Treasurer
Mr. Larry Byrne	Director of Business Services
Mr. Kip Canfield	Director of Public Safety
Ms. Dylana Carlson	Director of Recruiting
Ms. Robin DeMott	Director of Marketing & Public Relations
Mr. Rick Eddy	Director of Admissions and Records
Ms. Lisa Hanson	Director of Financial Aid
Ms. Misty Lyon	Dean of Student Services
Ms. Debra Miller	Dean of Extension Services
Mr. Steven Sager	Director of Business & Community Education
Ms. Autumn Scott	Director of TRIO/SSS
Ms. Linda Thomas	Director of The Extension Center
Dr. Connie Thurman	Dean of Human Resources and Organizational Development
Mr. Michael Walters	Dean of the Library/Adult Education
Ms. Lauri Wiechmann	Dean of Career, Technical, & Health Ed/Program Development

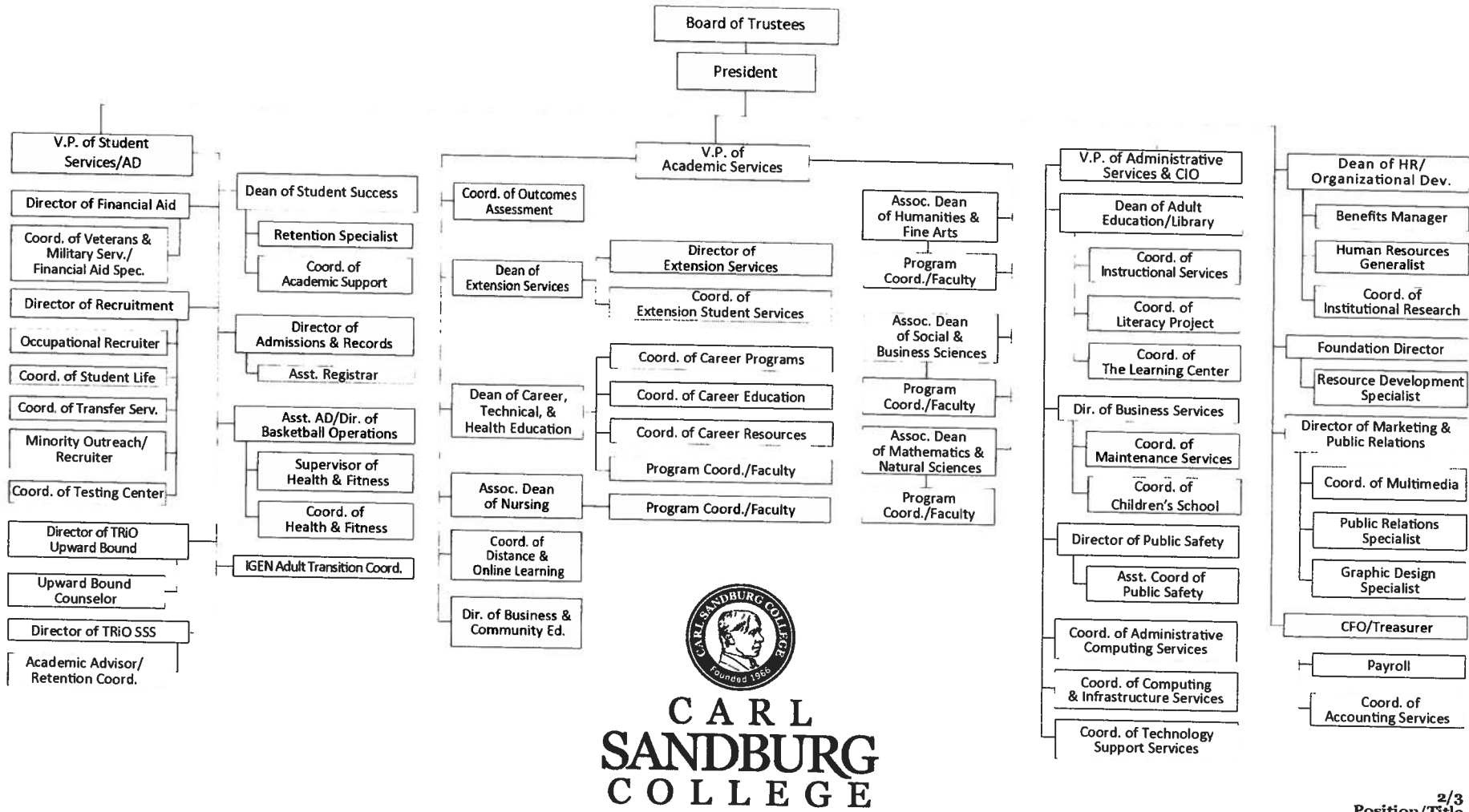
Official Issuing Report

Ms. Lisa Blake, Chief Financial Officer/Treasurer

Department Issuing Report

Finance Office

Organizational Chart



**CARL
SANDBURG
COLLEGE**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Carl Sandburg College
Community College District 518
Illinois**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Carl Sandburg College
Community College District 518
Galesburg, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Carl Sandburg College – Community College District 518 (the College) and its discretely presented component unit, Carl Sandburg College Foundation, as of and for the years ended June 30, 2013 and 2012, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Carl Sandburg College – Community College District 518 and of its discretely presented component unit, Carl Sandburg College Foundation, as of June 30, 2013 and 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carl Sandburg College – Community College District 518's basic financial statements. The introductory section, statistical section, and special reports section are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards in the annual federal financial compliance section is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Carl Sandburg College – Community College District 518's internal control over financial reporting and compliance.

Wipfel LLP

Sterling, Illinois
September 17, 2013

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Management's Discussion and Analysis

This section of Carl Sandburg College's Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2013 and 2012. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter (pages vi-xii), the College's basic financial statements (pages 14-20), and the footnotes (pages 21-45). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

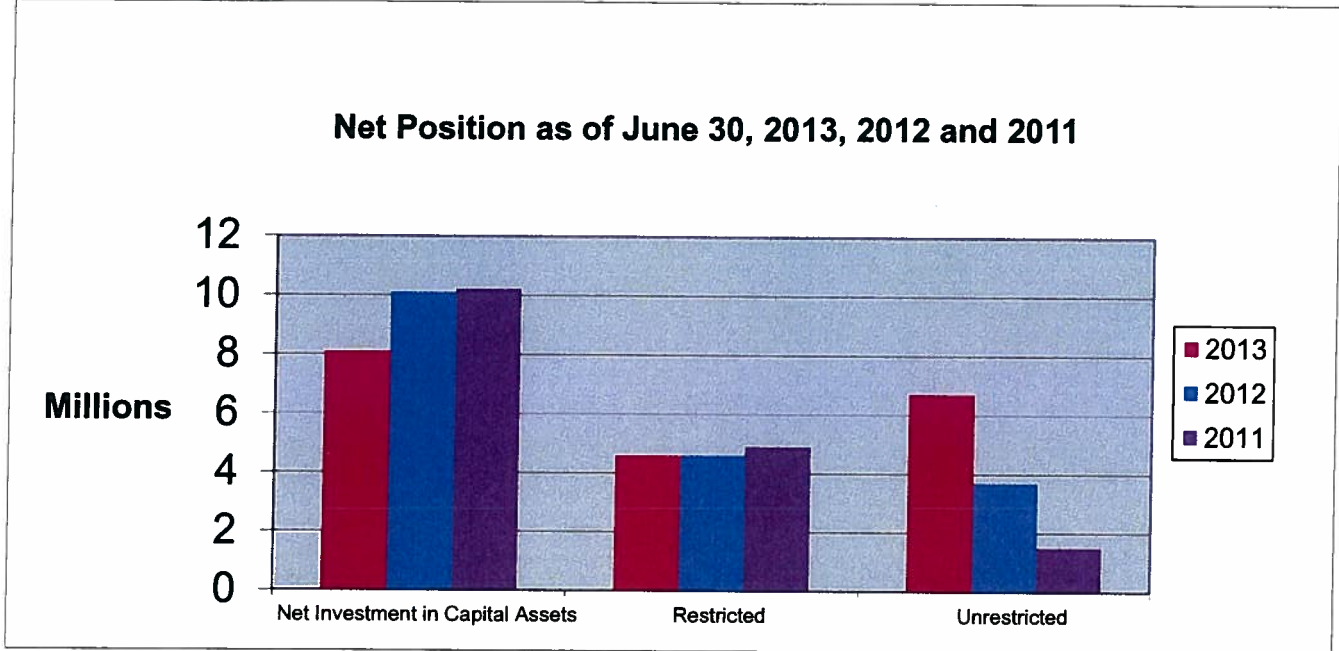
The financial statement format focuses on the College as a whole. A comparative analysis is presented under this model. The College financial statements (see pages 14-20) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the Statements of Net Position is designed to be similar to bottom line results for the College. These statements combine and consolidate current financial resources (short-term spendable resources) with capital assets. The Statements of Revenues, Expenses, and Changes in Net Position focus on both the gross costs and the net costs of College activities which are supported mainly by property taxes and by state and other revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

The College's financial reports are prepared in accordance with Governmental Accounting Standards Board (GASB) principles, which establish standards for external financial reporting for public colleges and universities. These standards also require that financial statements be presented on a consolidated basis to focus on the College as a whole. The financial statements presented here encompass the College and its discretely presented component unit, the Carl Sandburg College Foundation. Information regarding this component unit is summarized in Note (8) to the financial statements. This MD&A focuses on the College exclusive of the Foundation.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Financial Highlights



**Net Position
As of June 30,
(in millions)**

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Current assets	\$26.6	\$22.1	\$4.5	\$22.6	(\$0.5)
Non-current assets					
Capital assets, net of depreciation	20.5	20.3	0.2	21.3	(1.0)
Other	12.4	14.2	(1.8)	13.0	1.2
Total assets	59.5	56.6	2.9	56.9	(0.3)
Current liabilities	14.0	13.0	1.0	12.9	0.1
Non-current liabilities	26.0	25.2	0.8	27.4	(2.2)
Total liabilities	40.0	38.2	1.8	40.3	(2.1)
Net position					
Net investment in capital assets	8.1	10.1	(2.0)	10.2	(0.1)
Restricted	4.6	4.6	0.0	4.9	(0.3)
Unrestricted	6.7	3.7	3.0	1.5	2.2
Total	\$19.4	\$18.4	\$1.0	\$16.6	\$1.8

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

This schedule is prepared from the College's Statements of Net Position (page 14) which are presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Fiscal Year 2013 Compared to 2012

Current assets increased \$4.5 million due to bond proceeds still on hand for energy efficiency improvements and an increase in short-term investments.

Other non-current assets decreased \$1.8 million representing a move of long-term investments to short-term.

Current liabilities increased \$1.0 million partially due to a payment due on the energy efficiency project and increased unearned property taxes received.

Non-current liabilities increased \$0.8 million due to an increase in bonds payable.

Total net position at June 30, 2013 increased by \$1.0 million. The restricted net position are reserved for \$0.3 million of debt service payments and \$4.3 million of insurance reserve fund bonds.

Fiscal Year 2012 Compared to 2011

Current assets decreased \$0.5 million due to less cash at year end which was offset by an increase in property taxes receivable.

Capital assets decreased \$1.0 million due to depreciation expense.

Other non-current assets increased \$1.2 million representing additional long-term investments.

Non-current liabilities decreased \$2.2 million due to payment on bonds.

Total net position at June 30, 2012 increased by \$1.8 million. The restricted net position are reserved for \$0.3 million of debt service payments and \$4.3 million of insurance reserve fund bonds.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Operating Results for the Year Ended June 30, (in millions)

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Operating revenue					
Tuition and fees	\$4.5	\$4.2	\$0.3	\$4.5	(\$0.3)
Auxiliary	0.6	0.7	(0.1)	0.7	0.0
Total operating revenue	5.1	4.9	0.2	5.2	(0.3)
Less operating expenses	27.0	26.3	0.7	26.2	0.1
Operating loss	(21.9)	(21.4)	(0.5)	(21.0)	(0.4)
Non-operating revenue					
State grants and contracts	3.8	4.4	(0.6)	4.6	(0.2)
Federal grants and contracts	6.9	7.0	(0.1)	7.3	(0.3)
Property taxes	9.2	9.0	0.2	8.7	0.3
Investment income	0.1	0.7	(0.6)	0.4	0.3
Other	4.1	3.2	0.9	2.9	0.3
Total non-operating revenue	24.1	24.3	(0.2)	23.9	0.4
Non-operating expense					
Interest expense	1.2	1.1	0.1	1.0	0.1
Increase (decrease) in net position	1.0	1.8	(0.8)	1.9	(0.1)
Net position, beginning of year	18.4	16.6	1.8	14.7	1.9
Net position, end of year	<u>\$19.4</u>	<u>\$18.4</u>	<u>\$1.0</u>	<u>\$16.6</u>	<u>\$1.8</u>

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2013 were \$29.2 million and \$28.2 million, respectively. Fiscal year 2012 total revenues and expenses (Operating and Non-Operating) were \$29.2 million and \$27.4 million. Fiscal year 2011 total revenues and expenses (Operating and Non-Operating) were \$29.1 million and \$27.2 million.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2013 Compared to 2012

Operating revenue increased \$0.2 million due to an increase in student tuition and fees with an increase in program fees.

Operating expenses as of June 30, 2013, increased \$0.7 million due to an increased emphasis on instruction and student services to achieve student completion.

Non-operating revenue decreased \$0.2 million. State grants and contracts decreased \$0.6 million. There was an increase in property taxes of \$0.2 million. The college also had a decrease in investment income of \$0.6 million and an increase in SURS on-behalf payments of \$0.9 million.

The College incurred additional bonded debt in Fiscal Year 2013 for capital improvements.

Fiscal Year 2012 Compared to 2011

Operating revenue decreased \$0.3 million due to a decrease in student tuition and fees with a decrease in credit hours.

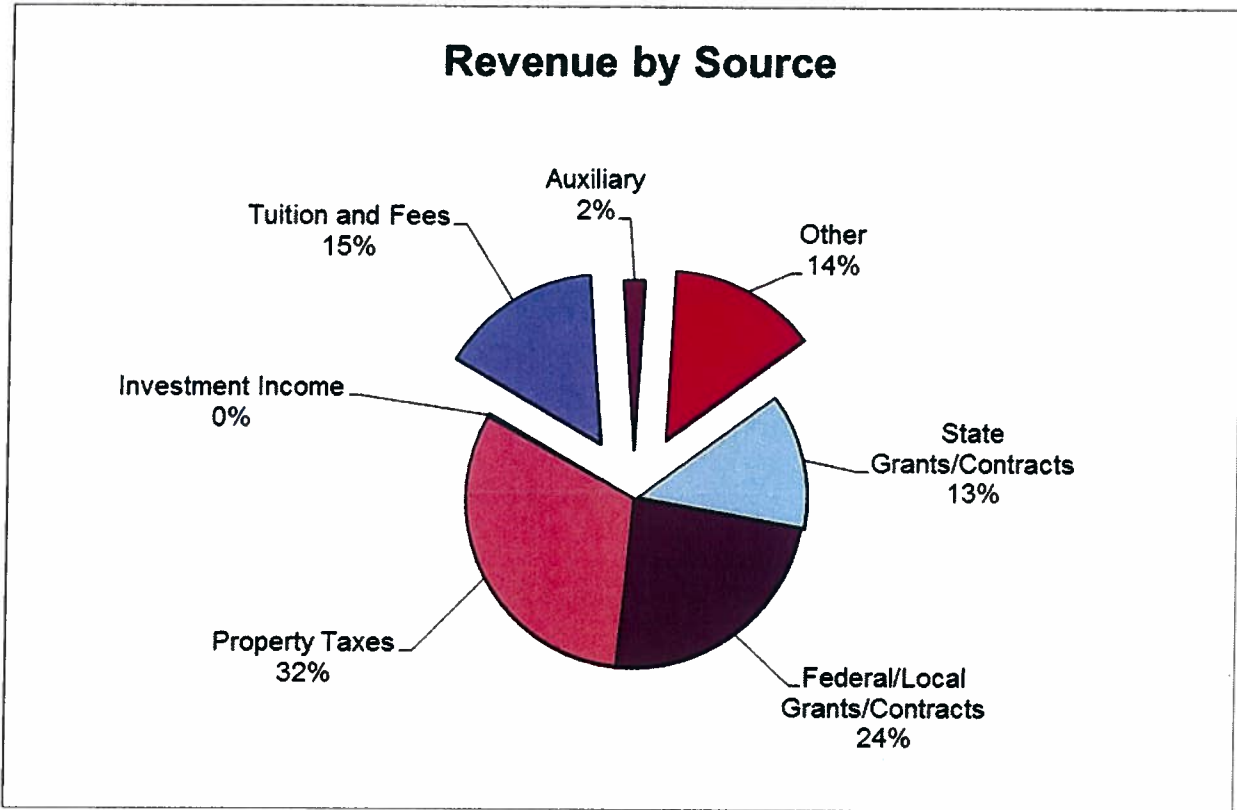
Operating expenses as of June 30, 2012, increased \$0.1 million due to expenditure control on instructional salaries and supplies.

Non-operating revenue increased \$0.4 million. State grants decreased due to less funds allocated to the College from the Illinois Community College Board and a decrease in federal grant dollars. There was an increase in property taxes of \$0.3 million. The college also had an increase in investment income and SURS on-behalf payments of \$0.3 million each.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

The following is a graphic illustration of revenues by source for the year ended June 30, 2013.



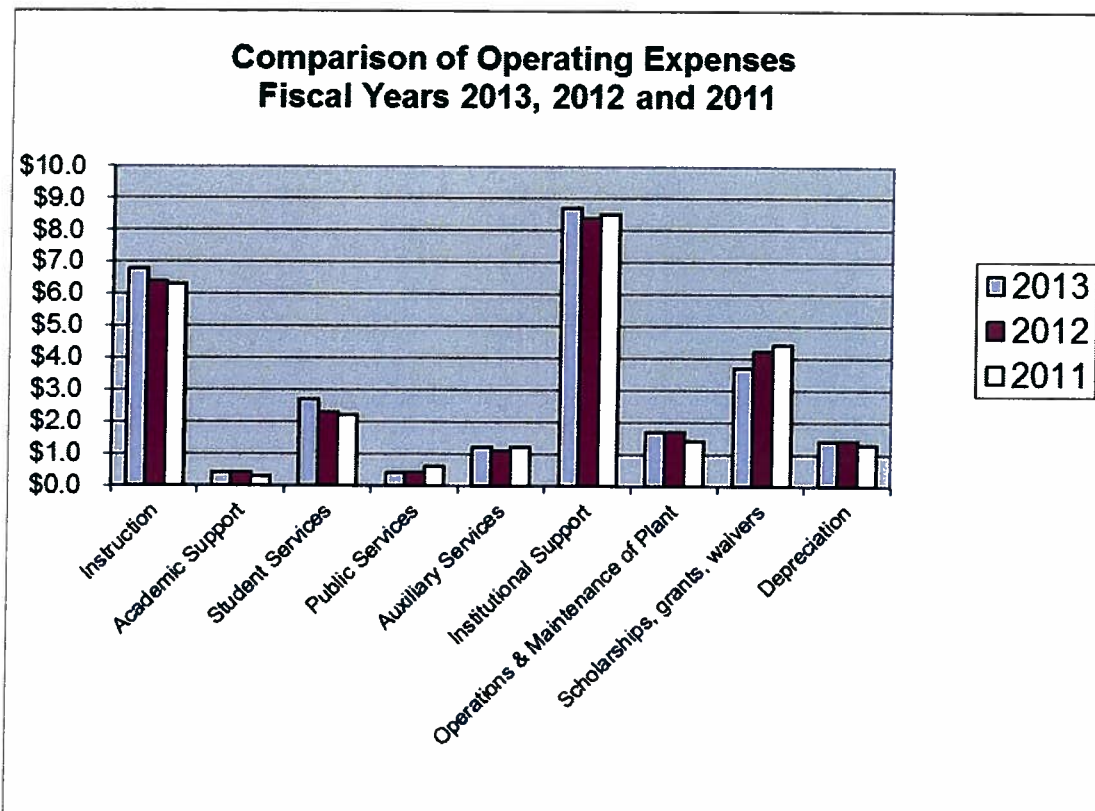
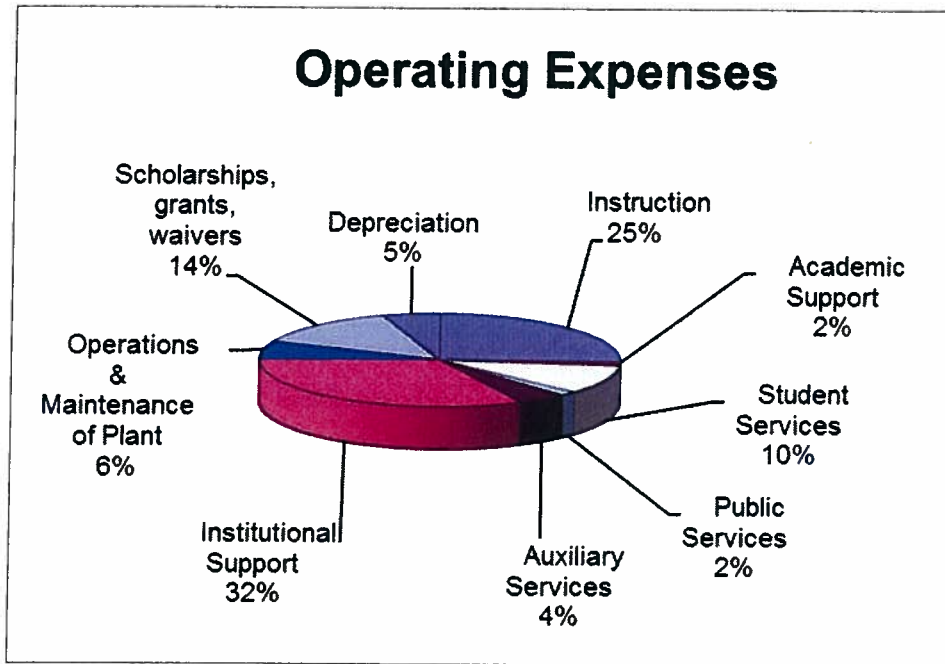
Operating Expenses For the Year Ended June 30, (in millions)

Operating expense	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Instruction	\$6.8	\$6.4	\$0.4	\$6.3	\$0.1
Academic support	0.4	0.4	0.0	0.3	0.1
Student services	2.7	2.3	0.4	2.2	0.1
Public services	0.4	0.4	0.0	0.6	(0.2)
Auxiliary services	1.2	1.1	0.1	1.2	(0.1)
Operations & maintenance of plant	1.7	1.7	0.0	1.4	0.3
Institutional support	8.7	8.4	0.3	8.5	(0.1)
Scholarships, grants, waivers	3.7	4.2	(0.5)	4.4	(0.2)
Depreciation	1.4	1.4	0.0	1.3	0.1
Total	\$27.0	\$26.3	\$0.7	\$26.2	\$0.1

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

The following is a graphic illustration of operating expenses for the year ended June 30, 2013.

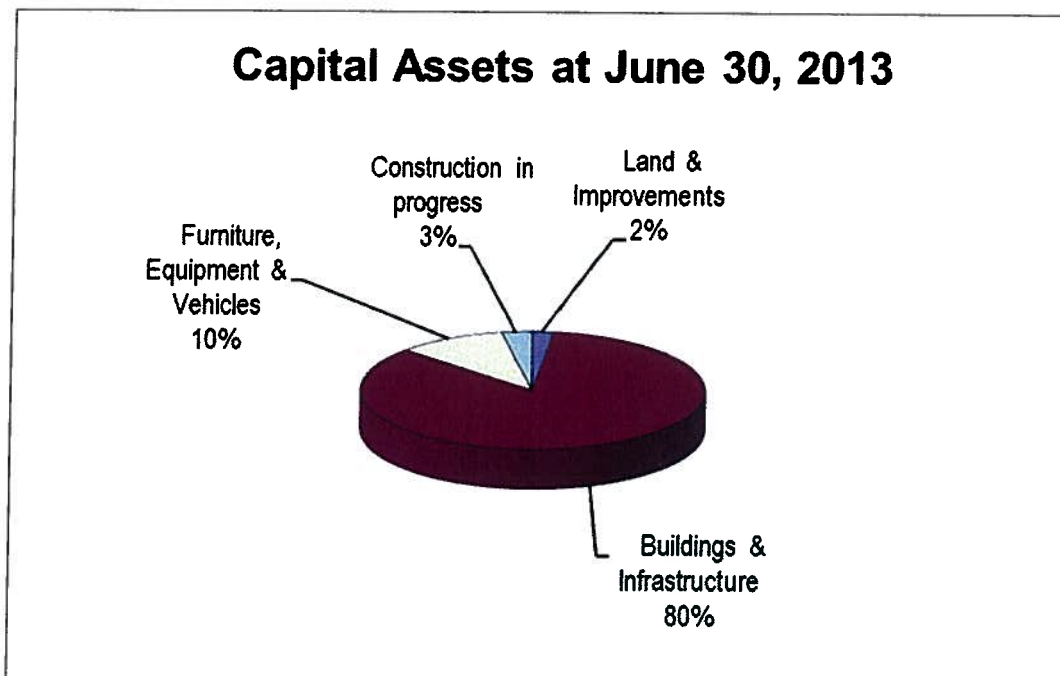


Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Capital Assets, Net June 30, (in millions)

	2013	2012	Increase (Decrease) 2013-2012	2011	Increase (Decrease) 2012-2011
Capital Assets					
Land & improvements	\$0.8	\$0.7	\$0.1	\$0.7	\$0.0
Buildings & infrastructure	35.1	35.1	0.0	35.0	0.1
Furniture, equipment, & vehicles	4.3	4.7	(0.4)	4.5	0.2
Construction in progress	1.2	0.1	1.1	0.0	0.1
Total	41.4	40.6	0.8	40.2	0.4
Less accumulated depreciation	(20.9)	(20.3)	(0.6)	(18.9)	(1.4)
Net capital assets	\$20.5	\$20.3	\$0.2	\$21.3	(\$1.0)



Fiscal Year 2013 Compared to 2012

As of June 30, 2013, the College had recorded \$41.4 million invested in capital assets, \$20.9 million in accumulated depreciation, and \$20.5 million in net capital assets. The College began an energy efficiency project to replace HVAC systems on the main campus to address comfort issues in the learning environment. For more detailed information on capital asset activity, refer to Note (3) – Capital Assets, in the Notes to Basic Financial Statements on pages 28-29.

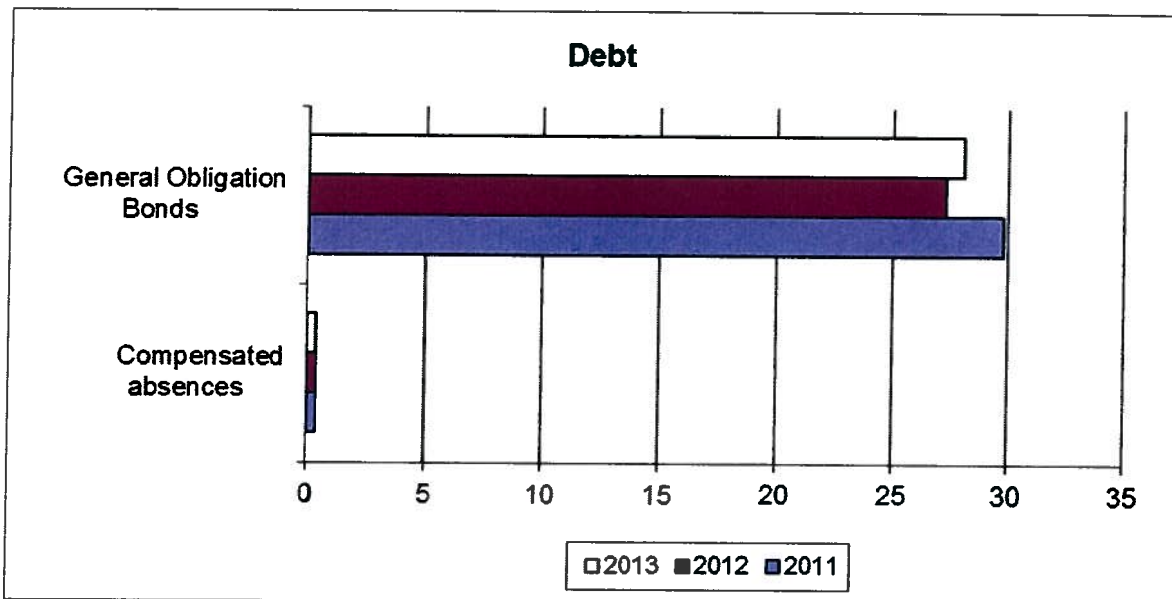
Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2012 Compared to 2011

As of June 30, 2012, the College had recorded \$40.6 million invested in capital assets, \$20.3 million in accumulated depreciation, and \$20.3 million in net capital assets. The College continued to make investments in communication and computer technology to provide students throughout the entire district with increased opportunities for learning and for safety precautions. For more detailed information on capital asset activity, refer to Note (3) – Capital Assets, in the Notes to Basic Financial Statements on pages 28-29.

	Debt June 30, (in millions)				
			Increase (Decrease)		
	<u>2013</u>	<u>2012</u>	<u>2013-2012</u>	<u>2011</u>	<u>2012-2011</u>
General Obligation Bonds	\$28.1	\$27.3	\$0.8	\$29.8	(\$2.5)
Compensated absences	0.4	0.4	0.0	0.4	0.0
Total	\$28.5	\$27.7	\$0.8	\$30.2	(\$2.5)



Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2013 Compared to 2012

During fiscal year 2013, the College issued bonds to finance an energy efficiency project to replace HVAC units throughout the main campus. This was combined with refunding of existing bonds during a favorable interest rate environment. The College paid \$2.2 in bond payments funded through the tax levy. For more detailed information on long-term debt activity, refer to Note (4) – Debt, in the Notes to Basic Financial Statements on pages 29-35.

Fiscal Year 2012 Compared to 2011

During fiscal year 2012, the College paid \$2.6 in bond payments. The bond payments continued to be funded through the tax levy. For more detailed information on long-term debt activity, refer to Note (4) – Debt, in the Notes to Basic Financial Statements on pages 29-35.

Contacting the College's Financial Management

This financial report is designed to provide our constituents with a general overview of Carl Sandburg College's financial position. Questions concerning this report or requests for additional information should be directed to Lisa Blake, Chief Financial Officer, 2400 Tom L. Wilson Boulevard, Galesburg, IL 61401.

BASIC FINANCIAL STATEMENTS

Carl Sandburg College - Community College District 518

Statements of Net Position

June 30, 2013 and 2012

ASSETS		
	2013	2012
Current assets:		
Cash and cash equivalents	\$8,126,688	\$6,153,730
Deposits	1,899,000	1,899,000
Short-term investments	7,347,912	5,519,834
Property taxes receivable	7,012,198	6,103,871
Other receivables	1,856,780	1,978,747
Prepaid items	72,434	199,129
Inventories	9,951	9,951
Other assets	263,263	219,705
Total current assets	26,588,226	22,083,967
Noncurrent assets:		
Long-term investments	12,355,883	14,173,455
Capital assets	41,430,218	40,591,987
Less accumulated depreciation	(20,931,880)	(20,288,167)
Total noncurrent assets	32,854,221	34,477,275
Total assets	59,442,447	56,561,242
LIABILITIES		
Current liabilities:		
Accounts payable	1,040,166	459,589
Accrued liabilities	106,621	80,005
Unearned tuition and fees	555,078	541,689
Unearned property taxes	9,544,769	9,280,476
Other unearned revenue	221,693	201,078
Accrued compensated absences	251,835	243,954
Bonds payable, net of unamortized premiums (discounts)	2,327,744	2,201,220
Total current liabilities	14,047,906	13,008,011
Noncurrent liabilities:		
Accrued compensated absences	125,917	121,977
Bonds payable, net of unamortized premiums (discounts)	25,912,657	25,045,930
Total noncurrent liabilities	26,038,574	25,167,907
Total liabilities	40,086,480	38,175,918
NET POSITION		
Net investment in capital assets	8,109,244	10,133,674
Restricted - expendable:		
Debt service	244,853	238,840
Insurance	4,316,003	4,316,004
Unrestricted	6,685,867	3,696,806
Total net position	\$19,355,967	\$18,385,324

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Revenues, Expenses, and Changes in Net Position

For the years ended June 30, 2013 and 2012

	2013	2012
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,954,050 and \$2,829,645, respectively	\$4,467,196	\$4,234,092
Auxiliary enterprises revenue	647,681	656,000
Total operating revenue	5,114,877	4,890,092
Operating expenses:		
Instruction	6,853,525	6,367,270
Academic support	414,214	400,460
Student services	2,667,020	2,302,642
Public services	407,090	437,620
Auxiliary services	1,162,343	1,137,555
Operation and maintenance of plant	1,724,072	1,677,383
Institutional support	8,749,351	8,356,077
Scholarships, student grants, and waivers	3,683,208	4,195,723
Depreciation	1,380,677	1,375,160
Total operating expenses	27,041,500	26,249,890
Operating loss	(21,926,623)	(21,359,798)
Nonoperating revenues:		
State grants	3,799,076	4,448,517
Federal grants	6,908,150	6,987,926
Property taxes	9,237,508	9,029,933
Personal property replacement tax	267,266	261,578
Local grants	9,263	15,442
Investment income	60,417	686,935
Other nonoperating revenues	3,846,208	2,901,695
Nonoperating revenues	24,127,888	24,332,026
Nonoperating expenses -		
Interest expense	1,230,622	1,146,460
Net nonoperating revenues	22,897,266	23,185,566
Increase in net position	970,643	1,825,768
Net position:		
Beginning of year	18,385,324	16,559,556
End of year	\$19,355,967	\$18,385,324

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows

For the years ended June 30, 2013 and 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$7,573,950	\$7,089,566
Payments to suppliers	(6,640,415)	(6,889,692)
Payments to employees	(11,060,142)	(11,094,458)
Payments to students for scholarships	(6,637,258)	(7,025,368)
Auxiliary enterprise charges	649,778	680,943
Net cash used in operating activities	(16,114,087)	(17,239,009)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	8,592,360	7,715,018
Proceeds from grants	11,305,313	12,227,810
Net cash provided by noncapital financing activities	19,897,673	19,942,828
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(1,575,195)	(428,690)
Loss on disposal of capital assets	0	2,878
Proceeds from bonds sold	8,120,000	0
Principal deposit in escrow	(5,165,000)	0
Interest from escrow	(105,858)	0
Premium (discount) on bonds sold	267,401	0
Bond issuance costs	(112,025)	0
Principal paid on bonds payable	(2,210,000)	(2,500,000)
Interest paid on bonds payable and other long-term obligations	(1,085,281)	(1,111,927)
Net cash used in capital and related financing activities	(1,865,958)	(4,037,739)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	431,393	621,421
Proceeds from maturities of investment securities	32,568,894	25,538,507
Purchases of investment securities	(32,944,957)	(29,207,111)
Net cash (used in) provided by investing activities	55,330	(3,047,183)
Net increase (decrease) in cash and cash equivalents	1,972,958	(4,381,103)
CASH AND CASH EQUIVALENTS:		
Beginning of year	6,153,730	10,534,833
End of year	\$8,126,688	\$6,153,730

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows (Continued)

For the years ended June 30, 2013 and 2012

	2013	2012
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	(\$21,926,623)	(\$21,359,798)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,380,677	1,375,160
State on-behalf payments for fringe benefits	3,531,349	2,539,460
Changes in assets and liabilities:		
Receivables	142,204	15,214
Other assets	126,695	(263)
Accounts payable	580,577	188,758
Accrued liabilities	26,616	1,880
Accrued compensated absences	11,821	(34,978)
Unearned tuition and fees	13,389	19,505
Other unearned revenue	(792)	16,053
Net cash used in operating activities	(\$16,114,087)	(\$17,239,009)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:		
Increase (decrease) in fair value of investments and amortization/accretion	(\$365,557)	\$101,194
Purchase of equipment under capital leases	\$0	\$0
STATE ON-BEHALF PAYMENTS	\$3,531,349	\$2,539,460

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Component Unit - Carl Sandburg College Foundation

Statements of Financial Position

June 30, 2013 and 2012

ASSETS	2013	2012
Cash	\$162,151	\$134,095
Investments	4,506,893	4,001,128
Accounts receivable	1,000	9,151
Total assets	\$4,670,044	\$4,144,374
LIABILITIES AND NET ASSETS		
Liabilities:		
Scholarships payable	\$68,325	\$115,000
Accounts payables	3,033	1,073
Total liabilities	71,358	116,073
Net assets:		
Unrestricted	81,589	151,373
Temporarily restricted	1,756,342	1,565,461
Permanently restricted	2,760,755	2,311,467
Total net assets	4,598,686	4,028,301
Total liabilities and net assets	\$4,670,044	\$4,144,374

See Notes to Financial Statements.

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Carl Sandburg College - Community College District 518

Component Unit - Carl Sandburg College Foundation

Statements of Activities

For the years ended June 30, 2013 and 2012

	2013			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$4,566	\$205,026	\$125,986	\$335,578
Interest and dividends	3,459	110,180	19,269	132,908
Net unrealized gain (loss) on investments	10,293	60,548	304,033	374,874
Donated goods & facilities	78,309			78,309
Donated services	4,960			4,960
Special events	15,265			15,265
Other	45,979			45,979
	162,831	375,754	449,288	987,873
Net assets released from restrictions -				
Satisfaction of program restrictions	184,873	(184,873)		0
Total revenues, gains, and other support	347,704	190,881	449,288	987,873
Expenses and losses:				
Program	194,031			194,031
Management and general	196,367			196,367
Fund raising	27,090			27,090
Total expenses and losses	417,488	0	0	417,488
Change in net assets	(69,784)	190,881	449,288	570,385
Net assets at beginning of year	151,373	1,565,461	2,311,467	4,028,301
Net assets at end of year	\$81,589	\$1,756,342	\$2,760,755	\$4,598,686

See Notes to Financial Statements.

2012			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$2,712	\$171,547	\$68,510	\$242,769
6,133	66,896	17,873	90,902
2,925	46,548	45,644	95,117
75,541			75,541
22,424			22,424
11,738			11,738
20,591			20,591
142,064	284,991	132,027	559,082
221,629	(221,629)		0
363,693	63,362	132,027	559,082
224,698			224,698
195,240			195,240
45,897			45,897
465,835	0	0	465,835
(102,142)	63,362	132,027	93,247
253,515	1,502,099	2,179,440	3,935,054
\$151,373	\$1,565,461	\$2,311,467	\$4,028,301

See Notes to Financial Statements.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies:

Carl Sandburg College, Community College District 518 (College), established in 1966 under the Illinois Public Community College Act, provides baccalaureate, vocational, and continuing education courses to a ten county area located in central Illinois. The Board of Trustees is the College's ruling body which establishes the policies and procedures by which the College is governed.

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

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities as well as those prescribed by the Illinois Community College Board (ICCB). The College reports are based on applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB), Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The College has elected not to apply FASB pronouncements issued after November 30, 1989. The following is a summary of the more significant policies.

Reporting Entity

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit, the Carl Sandburg Foundation (the Foundation).

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 18 member board of the Foundation is self-perpetuating and consists of graduates and friends of the College. 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 under Financial Accounting Standard Board (FASB) Statements. Most significant to the Foundation's operations and reporting model are described by FASB issued guidance. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No financial reporting entity for these differences; however, significant note disclosures (see Note 8) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued):

Reporting Entity (continued)

Financial statements for the Foundation can be obtained at 2400 Tom L. Wilson Boulevard, Galesburg, Illinois 61401.

The College is not aware of any entity whose elected officials are financially accountable for the operations of the college which would result in the College being considered a component unit of such entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The 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 Cash Equivalents

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

Investments

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, 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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued):

Property Taxes and Other Revenue

Property taxes attach as an enforceable lien on property as of January 1. The College's property tax is levied no later than the last Tuesday of December prior to the ensuing budget year and is extended against the assessed valuation of the College on January 1. Taxes are due and payable in two installments in June and September. Pursuant to the Board of Trustees resolution, the 2011 property tax levies passed on December 15, 2011 is recognized as property tax revenue. Deferred property taxes represent the revenue to be generated from the 2012 property tax levy which was passed on December 20, 2012. In addition, property taxes receivable represents the remaining 2012 property tax levy to be collected in fiscal year 2014.

Uncollected taxes are sold by the County Collector in order that those taxes can be distributed to respective taxing bodies. Final distribution on the current year is made by the county Collector's office at a date after the tax sale, usually no later than sometime during the first quarter of the following year.

Corporate personal property replacement tax is recorded on the accrual basis based on amounts held by the state.

Inventories

Inventories consist primarily of supplies and are stated at the lower of cost or market on a first-in, first-out basis.

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 two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Costs related to the development of computer software are expensed as incurred until (a) the College has completed the preliminary project stage and (b) management has implicitly or explicitly authorized or committed to funding the project. Activities related to the application development stage of internally generated software are capitalized at the amount of the associated outlays.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (continued):

Capital Assets (continued)

Post-implementation activities are expensed as incurred. Costs associated with data conversion are also expensed if such activities are not necessary in order for internally developed software to become operational. Intangible assets are defined by the College (software) as assets with an initial unit cost of \$25,000. Property, plant, and equipment of the college are depreciated using the straight-line method over the following useful lives.

<u>Assets</u>	<u>Years</u>
Buildings and building improvements	10 – 40
Infrastructure	10
Furniture and equipment	3 – 5
Land improvements	10
Vehicles	3
Software	3 – 15

Unearned Tuition and Fee Revenue

Tuition and fee revenues received and related to the period after June 30 have been deferred.

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, as well as issuance costs, are deferred and amortized over the life of the bonds and are recorded in other assets or liabilities.

Compensated Absences

Vacation leave is accrued as a liability as it is earned.

Other Post-Employment and Related Benefits

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

Classification of Revenues and Expenses

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

Carl Sandburg College – Community College District 518

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 Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

On-Behalf Payments for Fringe Benefits and Salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2013 and 2012, the state made contributions of \$3,531,349 and \$2,539,460 respectively (Note 5).

Net Position

The College's net position is classified as follows:

Invested in capital assets, net of related debt – 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 and insurance are both 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 of doubtful accounts, and the fair value of investments. Actual results could differ from those estimates.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash 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 classifies these accounts between cash and deposits on the combined balance sheet according to liquidity and intended use.

Cash and deposits as of June 30, 2013 consist of the following:

	Carrying Amount
Cash on hand	\$4,720
Deposits with financial institutions	10,020,968
Total	\$10,025,688

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

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

Investments at June 30, 2013 and 2012 comprise the following at fair value:

	2013	2012
Money market	\$3,369,953	\$3,891,594
Corporate checking	1,354,449	0
Certificate of deposit	1,115,095	247,829
Municipal bonds	1,286,694	1,513,090
U.S. government agency securities	12,577,604	14,040,776
	\$19,703,795	\$19,693,289

As of June 30, 2013, 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	\$3,369,953	\$3,369,953			
Corporate checking	1,354,449	1,354,449			
Certificate of deposit	1,115,095		\$1,115,095		
Municipal bonds	1,286,694		377,670	\$909,024	
U.S. Government agency securities	12,577,604	2,623,510	5,087,249	2,648,105	\$2,218,740
Total	\$19,703,795	\$7,347,912	\$6,580,014	\$3,557,129	\$2,218,740

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and Investments (continued):

As of June 30, 2012, 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	\$3,891,594	\$3,891,594			
Certificate of deposit	247,829		\$247,829		
Municipal bonds	1,513,090		562,182	\$950,908	
U.S. Government agency securities	14,040,776	1,628,240	7,234,070	4,320,017	\$858,449
Total	\$19,693,289	\$5,519,834	\$8,044,081	\$5,270,925	\$858,449

As of June 30, 2013, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$3,369,953	\$3,207,715			\$162,238
Corporate checking	1,354,449				1,354,449
Certificate of deposit	1,115,095				1,115,095
Municipal bonds	1,286,694		\$743,240	\$543,454	
U.S. Government agency securities	12,577,604		12,577,604		
Total	\$19,703,795	\$3,207,715	\$13,320,844	\$543,454	\$2,631,782

As of June 30, 2012, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$3,891,594				\$3,891,594
Certificate of deposit	247,829				247,829
Municipal bonds	1,513,090		\$963,157	\$549,932	
U.S. Government agency securities	14,040,776	\$14,040,776			
Total	\$19,693,289	\$14,040,776	\$963,157	\$549,932	\$4,139,423

Credit Risk. Credit risk is the risk that the issuer or other counterparty to a debt investment will not fulfill its obligations. It is the College's policy to limit its investments in corporate paper to the three top ratings issued by at least two standard rating services. The college's investment policy also limits holding of corporate paper to no more than ten percent of its outstanding obligations.

Custodial Credit Risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of June 30, 2013 there are no investments with custodial credit risk.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and Investments (continued):

Custodial credit risk for deposits is the risk that in the event of a bank failure, the College's deposits may not be returned to it. At year end, the College's carrying amount of deposits was \$10,020,968 and the bank balance was \$9,999,444. Of the bank balance, \$1,753,228 was covered by federal depository insurance; \$8,246,216 was collateralized with securities held by the pledging financial institution's trust department or agent in the College's name. All deposits were fully collateralized.

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

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

Note 3. Capital Assets:

Changes in the various capital asset categories during the year ended June 30, 2013 are as follows:

	Balance at July 1, 2012	Additions	Deletions	Transfers	Balance at June 30, 2013
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	72,313	\$1,160,295		(\$72,313)	1,160,295
Depreciable:					
Buildings and additions	32,651,633	26,681		50,919	32,729,233
Infrastructure	2,420,338				2,420,338
Furniture and equipment	4,414,737	301,940	\$612,770	13,484	4,117,391
Land improvements	304,832	86,279		7,910	399,021
Vehicles	322,651		124,194		198,457
Total cost	\$40,591,987	\$1,575,195	\$736,964	\$0	\$41,430,218

Accumulated depreciation for the year ended June 30, 2013 is as follows:

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Buildings and additions	\$13,790,305	\$948,051		\$14,738,356
Infrastructure	2,275,734	24,131		2,299,865
Furniture and equipment	3,687,926	368,204	\$612,770	3,443,360
Land improvements	222,299	30,491		252,790
Vehicles	311,903	9,800	124,194	197,509
Total accumulated depreciation	\$20,288,167	\$1,380,677	\$736,964	\$20,931,880

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 3. Capital Assets (continued):

Changes in the various capital asset categories during the year ended June 30, 2012 as follows:

	Balance at July 1, 2011	Additions	Deletions	Transfers	Balance at June 30, 2012
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	24,044	\$80,806	\$2,878	(\$29,659)	72,313
Depreciable:					
Buildings and additions	32,548,993	102,640			32,651,633
Infrastructure	2,420,338				2,420,338
Furniture and equipment	4,176,512	234,744	10,685	14,166	4,414,737
Land improvements	289,339			15,493	304,832
Vehicles	312,151	10,500			322,651
Total cost	\$40,176,860	\$428,690	\$13,563	\$0	\$40,591,987

Accumulated depreciation for the year ended June 30, 2012 as follows:

	Balance at July 1, 2011	Additions	Deletions	Balance at June 30, 2012
Buildings and additions	\$12,836,473	\$953,832		\$13,790,305
Infrastructure	2,247,758	27,976		2,275,734
Furniture and equipment	3,350,644	347,967	\$10,865	3,687,926
Land improvements	198,731	23,568		222,299
Vehicles	290,086	21,817		311,903
Total accumulated depreciation	\$18,923,692	\$1,375,160	\$10,865	\$20,288,167

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, 2013:

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$27,325,000	\$8,120,000	\$7,375,000	\$28,070,000	\$2,310,000	\$25,760,000
Bond premiums (discounts)	(77,850)	267,401	19,150	170,401	17,744	152,657
Compensated absences	365,931	294,975	283,154	377,752	251,835	125,917
Totals	\$27,613,081	\$8,682,376	\$7,677,304	\$28,618,153	\$2,579,579	\$26,038,574

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2012:

	Balance July 1, 2011	Increases	Decreases	Balance June 30, 2012	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$29,825,000		\$2,500,000	\$27,325,000	\$2,210,000	\$25,115,000
Bond discounts	(86,630)		8,780	(77,850)	(8,780)	(69,070)
Compensated absences	400,909	\$276,243	311,221	365,931	243,954	121,977
Totals	\$30,139,279	\$276,243	\$2,820,001	\$27,613,081	\$2,445,174	\$25,167,907

Details on the debt as of June 30, 2013 are as follows:

- The general obligation bonds, Series 2000, bear interest at 5.45 to 5.75 percent, which is due January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2016. A portion of these bonds was defeased with the issuance of the general obligation refunding bonds, Series 2005. A portion of the bond proceeds (16.32%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$225,000	\$32,056	\$257,056
2015	235,000	18,831	253,831
2016	210,000	6,038	216,038
Totals	\$670,000	\$56,925	\$726,925

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

2. The general obligation refunding bonds, Series 2005, bear interest at 2.50 to 4.20 percent, which is due on June 1 and December 1 of each year, while principal amounts mature serially on December 1 of each year (excluding 2006-2009), with final maturity on December 1, 2019. A portion of the bond proceeds (12.04%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$1,000,000	\$361,577	\$1,361,577
2015	1,065,000	318,712	1,383,712
2016	1,205,000	272,850	1,477,850
2017	1,306,000	222,152	1,582,152
2018	1,455,000	165,125	1,620,125
2019 – 2020	3,240,000	137,999	3,377,999
Totals	\$9,325,000	\$1,478,415	\$10,803,415

3. The general obligation bonds, Series 2007C, bear interest at 4.250 to 4.125 percent, which is due on January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year (excluding 2009-2017), with final maturity on January 1, 2020. A portion of the bond proceeds (85.24%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014		\$130,406	\$130,406
2015		130,406	130,406
2016		130,406	130,406
2017		130,406	130,406
2018	\$990,000	109,369	1,099,369
2019 – 2020	2,110,000	88,510	2,198,510
Totals	\$3,100,000	\$719,503	\$3,819,503

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

4. The general obligation bonds, Series 2009, bear interest at 2.90 to 4.40 percent, which is due on January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2024. A portion of these bonds was defeased with the issuance of the general obligation refunding bonds, Series 2010B. A portion of the bond proceeds (56.00%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$160,000	\$86,932	\$246,932
2015	170,000	81,807	251,807
2016	180,000	76,032	256,032
2017	185,000	69,640	254,640
2018	195,000	62,611	257,611
2019 – 2023	1,135,000	183,306	1,318,306
2024	260,000	5,720	265,720
Totals	\$2,285,000	\$566,048	\$2,851,048

5. The general obligation bonds, Series 2010B, bear interest at 2.00 to 4.00 percent, which is due on January 1 and July 1 of each year (excluding 2010-2011), while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2021. A portion of the bond proceeds (37.00%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$400,000	\$124,238	\$524,238
2015	415,000	115,050	530,050
2016	425,000	103,487	528,487
2017	290,000	91,312	381,312
2018	400,000	78,762	478,762
2019 - 2021	2,030,000	136,970	2,166,970
Totals	\$3,960,000	\$649,819	\$4,609,819

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

6. The general obligation bonds, Series 2010C, bear interest at 1.60 to 4.70 percent, which is due on January 1 and July 1 of each year (excluding 2018-2020), while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2021. A portion of the bond proceeds (0.00%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$225,000	\$76,799	\$301,799
2015	230,000	71,165	301,165
2016	175,000	65,550	240,550
2017	185,000	59,780	244,780
2018		56,635	56,635
2019 - 2021	1,205,000	141,587	1,349,587
Totals	\$2,020,000	\$471,516	\$2,491,516

7. The general obligation bonds, Series 2010D, bear interest at 4.00 to 4.25 percent, which is due on January 1 and July 1 of each year (excluding 2012-2016 and 2019-2020), while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2021. A portion of the bond proceeds (75.00%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014		\$67,162	\$67,162
2015		67,163	67,163
2016		67,162	67,162
2017	\$270,000	61,763	331,763
2018	235,000	51,662	286,662
2019 - 2021	1,105,000	117,407	1,222,407
Totals	\$1,610,000	\$432,319	\$2,042,319

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

8. The general obligation bonds, Series 2012A, bear interest at 2.00 to 3.00 percent, which is due on January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year (excluding 2018-2021), with final maturity on January 1, 2022. A portion of the bond proceeds (89.45%) were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2014	\$300,000	\$133,600	\$433,600
2015	360,000	127,000	487,000
2016	435,000	119,050	554,050
2017	545,000	109,250	654,250
2018		103,800	103,800
2019 - 2022	3,460,000	363,300	3,823,300
Totals	\$5,100,000	\$956,000	\$6,056,000

9. In December 2001, the College defeased the Series 2001 general obligation debt certificates by placing a portion of the proceeds of the Series 2001A general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the old debt certificates. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2013, the College has \$950,000 of the debt certificates outstanding which are considered defeased.
10. In May 2005, the College defeased portions of both the Series 1999A general obligation bonds and the Series 2000 general obligation bonds by placing a portion of the proceeds of the Series 2005 general obligation bond issue in an irrevocable trust to provide for all future debt service payments on the defeased portion of the bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the College's financial statements. As of June 30, 2013, the College has \$8,750,000 of the general obligation bonds which are considered defeased.
11. In November 2012, the College defeased the remaining Series 2004B general obligation bonds by placing a portion of the proceeds of the Series 2012A general obligation bond issue in an irrevocable trust on November 15, 2012 to provide for debt service payments on the defeased portion of the bonds. Accordingly, the Series 2004B general obligation bonds were fully defeased on that date. The decrease in cash flow requirements as a result of the economic gain or loss is the difference between the present value of the old debt service requirements and the present value of the new debt service requirements, discounted at the effective interest rate and adjusted for additional cash paid. The District had an economic gain on this refunding of \$50,867.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

The annual requirements to amortize all debt outstanding as of June 30, 2013, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2014	\$2,310,000	\$251,835	\$2,561,835	\$1,012,770	\$3,574,605
2015	2,475,000	125,917	2,600,917	930,134	3,531,051
2016	2,630,000		2,630,000	840,575	3,470,575
2017	2,835,000		2,835,000	744,303	3,579,303
2018	3,275,000		3,275,000	627,964	3,902,964
2019 – 2023	14,285,000		14,285,000	1,169,079	15,454,079
2024	260,000		260,000	5,720	265,720
Total	\$28,070,000	\$377,752	\$28,447,752	\$5,330,545	\$33,778,297

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2013, is \$44,035,579. General obligation debt at June 30, 2013, is \$28,070,000, resulting in a legal debt margin of \$15,965,579.

Note 5. Retirement Commitments – State University Retirement System:

Plan Description. The College contributes to the State Universities Retirement system of Illinois (SURS), a cost-sharing, multiple-employer defined benefit pension plan with a special funding situation whereby the State of Illinois makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of the state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the State's financial reports as a pension trust fund. SURS is governed by Section 5/15, Chapter 40, of the *Illinois Compiled Statutes*. SURS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by accessing the website at www.SURS.org, or calling 1-800-275-7877.

Funding Policy. Plan members are required to contribute 8.0% of their annual covered salary and substantially all employer contributions are made by the State of Illinois on behalf of the individual employers at an actuarially determined rate. The current rate (for FY 2014) is 35.20% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly. The employer contributions to SURS for the years ended June 30, 2013, 2012 and 2011, were \$3,531,349, \$2,539,460, and \$2,055,908, respectively, equal to the required contributions for each year.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 6. Risk Management:

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

Note 7. Contingencies and Commitments:

Commitments under operating lease agreements for facilities, equipment, and vehicles provide for minimum annual rental payments as follows:

<u>Year Ended June 30</u>	<u>Facilities</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
2014	\$22,000	\$99,146	\$26,300	\$147,446
2015	22,000		13,150	35,150
Total	\$44,000	\$99,146	\$39,450	\$182,596

Fiscal year 2013 facilities, equipment, and vehicles rent expense was \$22,000, \$99,146, and \$26,300, respectively.

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

The College is part of a consortium that created a corporation called the Alliance of Community Colleges for Electronic Sharing, or "ACCES," to enable them to purchase computer software collectively. ACCES has the authority to incur debt on behalf of the College and its other members.

In December 2011, the College signed a contract with Energy Systems Group, LLC for project manager for Geothermal and HVAC projects to the College's main campus. The contract was for \$3,100,000, and as of June 30, 2013, the College expended \$1,101,386 for this contract. The remaining costs as of June 30, 2013 is \$1,998,614 and the estimated date of completion is August 2013.

During fiscal year 2013, the College and ICCB Capital Development Board (CDB) agreed to renovate the Science Labs at the College's main campus. The total project is estimated to cost \$632,149 with the CDB paying for \$220,200 and the College paying for \$411,949. The CDB contracts with the construction contractors and pays them directly. The College remits their share of the project costs to CDB as they request. As of June 30, 2013, the College expended \$51,209. The College's remaining costs as of June 30, 2013 is \$360,740 and the estimated date of completion is September 2013.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures:

Carl Sandburg College Foundation

Nature of Business

The Carl Sandburg College Foundation was organized and operates exclusively for educational purposes to assist in developing and augmenting the facilities and carrying out the educational functions of Carl Sandburg College. The Foundation relies on contributions, from individuals and organizations, and investment income to provide financial assistance to students, primarily attending Carl Sandburg College. The Foundation is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) except for taxes on unrelated income.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis.

Financial Statement Presentation

The financial statements separately identify the net assets of the Foundation according to the legal restrictions placed on the assets by donors as follows:

Unrestricted Net Assets – Includes net assets that are not restricted by donor-imposed stipulations which can be used at the discretion of the Foundation's Board to accomplish the purposes for which the Foundation was founded.

Temporarily Restricted Net Assets – Includes net assets that are temporarily restricted by donor-imposed stipulations that require the Foundation to expend the resources either for a particular purpose or after the expiration of a certain period of time. As donor-imposed stipulations are satisfied, the related net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets – Includes net assets that are permanently restricted by the donors and cannot be expended.

Contributions and Revenues

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Foundation reports the support as unrestricted. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Contributions and Revenues (continued)

Contributions of assets other than cash are recorded at fair value at the date of the donation.

Donated services include certain administrative, marketing, and professional services funded by the College.

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.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. As of June 30, 2013, there were no promises to give.

Income Taxes

The Foundation is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

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. The Foundation maintains its general cash accounts in one financial institution located in Galesburg, Illinois. Those balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments and Investment Earnings

Investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. All investments are in mutual funds with readily determinable fair values. Investments are carried at fair value as determined by quoted market prices and realized and unrealized gains and losses are reported in the statement of activities. Investment earnings on permanently restricted endowments are permanently restricted by the donor or unrestricted according to the solicitation literature provided to the donor. Following is a summary of the allocation percentages used in allocating endowment investment earnings:

	Temporarily Restricted	Permanently Restricted
Single year contributions and/or endowment has met minimum funding level of \$10,000	75%	25%
Multiple year contributions and endowment has not met minimum funding level of \$10,000	0%	100%

Donated Services

Donated services are to be recognized in the financial statements, the services must either (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. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in certain administrative, marketing and professional services.

Pledged Receivable

The Foundation receivables consist principally of pledged contributions from donors. Management individually reviews all delinquent accounts receivable balances. After all attempts to collect a receivable have failed, the receivable is written off as a bad debt using the specific charge-off method. Generally accepted accounting principles require that the allowance method be used to reflect bad debt expense. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed. Foundation's management expects to collect all pledged receivables shown on the Statement of Financial Position. As of June 30, 2013, there were no pledged receivables.

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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Subsequent Events

The Foundation has evaluated subsequent events through September 17, 2013 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2013 have been incorporated herein. There are no other subsequent events that require disclosure.

Investments

Interest, dividends, realized and unrealized gains and losses attributable to investments have been distributed based on each fund's percentage holdings of that investment. All investments are carried by the Foundation at fair market value. The investments at June 30, 2013 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Mutual Funds - equity	\$3,231,665	\$2,593,386	\$638,279
Mutual Funds - bonds	1,275,228	1,294,506	(19,278)
	<u>\$4,506,893</u>	<u>\$3,887,892</u>	<u>\$619,001</u>

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 Plan 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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments (continued)

The following table presents the Foundation's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2013:

Assets measured at fair value on a recurring basis:	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Mutual Funds - equity	\$3,231,665	\$3,231,665		
Mutual Funds - bonds	1,275,228	1,275,228	\$0	\$0
Total investments	\$4,506,893	\$4,506,893	\$0	\$0

Endowment Funds

The Foundation's endowment consists of approximately 83 individual funds for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Investment income generated by the Foundation's endowment funds are used for the benefit of the Foundation 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, 2013 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds		\$1,756,342	\$2,760,755	\$4,517,097
Board-designated endowment funds	\$81,589			81,589
	\$81,589	\$1,756,342	\$2,760,755	\$4,598,686

Carl Sandburg College – Community College District 518
Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Endowment Funds (continued)

Changes in endowment net assets as of June 30, 2013 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year	\$151,373	\$1,565,461	\$2,311,467	\$4,028,301
Contributions	4,566	205,026	125,986	335,578
Interest and dividend income	3,459	110,180	19,269	132,908
Net unrealized gain(loss) on investments	10,293	60,548	304,033	374,874
Donated goods, services, facilities	83,269			83,269
Special events	15,265			15,265
Other Income	45,979			45,979
Amounts appropriated for expenditure	(417,488)			(417,488)
Amounts released from restriction	184,873	(184,873)		0
	<u>\$81,589</u>	<u>\$1,756,342</u>	<u>\$2,760,755</u>	<u>\$4,598,686</u>

Temporarily Restricted Net Position

Temporarily restricted net assets are available for the following purposes or periods:

Student scholarships currently available	\$1,160,452
For periods after June 30, 2015	595,890
	<u>\$1,756,342</u>

Permanently Restricted Net Position

Permanently restricted net assets are restricted to be held as investments, with a portion of earnings to be added to permanently restricted net assets and a portion of earnings to be used for scholarships to students. Earnings which are used for scholarships to students are temporarily restricted until such earnings are used for scholarships to students as specified by the donor, at which time they are reclassified as unrestricted. As of June 30, 2013 permanently restricted net assets totaled \$2,760,755.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Net Assets Released

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, temporarily and permanently restricted net assets are reclassified to unrestricted 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 years ended June 30, 2013 for scholarships totaled \$184,873.

Related Parties

The Foundations is a component unit of Carl Sandburg College – Community College District 518 (College) for financial reporting purposes. The financial balances and activities included in these financial statements are, therefore, also included in the College's financial statements. The College donated \$83,269 of services, goods, and facilities to the Foundation during the year ended June 30, 2013.

Income Taxes

As stated in footnote (A), the Foundation is organized as a non-profit corporation under Section 501(c)(3) of the Internal Revenue Code. The Foundation pays no income tax on its related function income as long as it stays within the guidelines of Section 501(c)(3). The Foundation is subject to income tax on its "non-related" function income. For the year ending June 30, 2013, the Foundation did not have any "non-related" function income. Accordingly, the Foundation had no taxable income for the year.

Accounting principles generally accepted in the United States of American provides detailed guidance for the financial statement recognition, measurement and disclosure of uncertain tax positions recognized in an enterprise's financial statements. Generally accepted accounting principles require an entity to recognize the financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

U.S. Department of Education – Endowment Challenge Grant

Endowment Challenge Grant - Carl Sandburg College Foundation received a \$200,000 Endowment Challenge Grant from the U.S. Department of Education during the year ended June 30, 1995. To receive this award, Carl Sandburg College Foundation had to raise \$100,000 from corporate and individual contributions which would be matched by the Department of Education on a two-for-one basis up to \$200,000. These funds must be placed in a separate endowment trust for a period of twenty years. In addition, half of the annual earnings on this account must be added to the principal of this grant for the next twenty years. The other half of the earnings could be distributed as student scholarships. There are two years remaining in the twenty-year period at June 30, 2013. The Endowment Challenge Grant has \$933,480 of investments as of June 30, 2013.

The restricted portion of the Endowment Challenge Grant funds, for the purpose of these financial statements, have been presented in the temporarily restricted net asset category.

Note 9. Accounting Changes:

In June 2011, the Governmental Accounting Standards Board (GASB) issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* to improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The College adopted this guidance as of July 1, 2012.

Note 10. New Reporting Standards:

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 67 "Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25". The College is required to implement this standard for the fiscal year ending June 30, 2014. The College has not yet determined the full impact that adoption of GASB Statement 67 will have on the financial statements.

In June 2012, the Governmental Accounting Standards Board (GASB) issued Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No 27". The College is required to implement this standard for the fiscal year ending June 30, 2015. The College has not yet determined the full impact that adoption of GASB Statement 68 will have on the financial statements.

In April 2013, the GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The College is required to implement this standard for the fiscal year ending June 30, 2014. The College has not yet determined the full impact that adoption of GASB Statement 70 will have on the financial statements.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 11. Subsequent Event:

The College has evaluated subsequent events through September 17, 2013 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2013 have been incorporated herein. There are no other subsequent events that require disclosure.

STATISTICAL SECTION
(Unaudited)

Carl Sandburg College – Community College District 518

Statistical Section

This section of the College’s Comprehensive Annual Financial Report presents additional historical perspective, context, and detailed information to assist the reader in using the information in the financial statements, note disclosures, and supplemental financial information to understand and assess the College’s overall economic condition.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the college’s financial performance and well-being have changed over time.	47 - 49
Revenue Capacity These schedules contain information to help the reader assess the College’s most significant local revenue source, the property tax.	50 - 52
Debt Capacity These schedules present information to help the reader assess the affordability of the College’s current levels of outstanding debt and the ability to issue additional debt in the future.	53 - 56
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the College’s financial activities take place.	57 - 59
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the College’s financial report relates to the services the College provides and the activities it performs.	60 - 61

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Carl Sandburg College - Community College District 518

Net Position by Component

For the Last Ten Fiscal Years ended June 30,

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

TABLE A

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Net investment in capital assets	\$8,109	\$10,120	\$10,152	\$11,085	\$9,641	\$7,933	\$9,881	\$9,981	\$8,717	\$8,596
Restricted - expendable:										
Debt Service	245	239	559	374	235	136	205	89	279	547
Insurance	4,316	4,316	4,316	4,316	4,316	5,324	5,332	5,429	5,349	5,191
Unrestricted	6,686	3,710	1,533	(1,057)	(1,894)	(3,738)	(7,152)	(7,965)	(6,856)	(6,593)
Total net position	\$19,356	\$18,385	\$16,560	\$14,718	\$12,298	\$9,655	\$8,266	\$7,534	\$7,489	\$7,741

Carl Sandburg College - Community College District 518

Changes in Net Position

For the Last Ten Fiscal Years ended June 30,

(Accrual Basis of Accounting)

(Amounts Expressed in Thousands)

TABLE B

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Operating expenses:										
Instruction	\$6,854	\$6,367	\$6,241	\$6,907	\$6,796	\$7,135	\$7,640	\$14,856	\$13,538	\$10,230
Academic support	414	400	340	350	318	323	355	364	382	377
Student services	2,667	2,303	2,189	2,112	2,256	1,844	1,773	1,829	1,617	1,524
Public services	407	438	550	619	692	650	829	1,032	914	938
General administration	0	0	0	0	0	0	0	373	649	645
Auxiliary services	1,162	1,138	1,165	1,132	1,068	1,027	950	942	833	785
Operation and maintenance of plant	1,724	1,677	1,422	1,453	1,343	1,339	1,217	1,148	1,190	1,094
Institutional support	8,749	8,356	8,514	8,381	7,357	6,874	6,368	6,231	7,095	11,052
Scholarships, student grants, and waivers	3,683	4,196	4,409	4,491	3,825	3,985	4,242	2,901	2,886	3,203
Depreciation	1,381	1,375	1,337	1,185	1,146	1,231	1,279	1,116	1,024	1,105
Total operating expenses	27,041	26,250	26,167	26,630	24,801	24,408	24,653	30,792	30,128	30,953
Operating revenues:										
Charges for services:										
Student tuition and fees	4,467	4,234	4,474	4,979	5,215	4,679	4,848	4,812	4,859	5,093
Chargeback revenue	0	0	0	0	0	9	8	3	4	26
Auxiliary enterprise	648	656	683	658	634	670	628	601	511	463
Other general government	0	0	0	0	0	0	0	0	0	226
Total operating revenue	5,115	4,890	5,157	5,637	5,849	5,358	5,484	5,416	5,374	5,808
Operating loss	(21,926)	(21,360)	(21,010)	(20,993)	(18,952)	(19,050)	(19,169)	(25,376)	(24,754)	(25,145)
Nonoperating revenues (expenses):										
State grants	3,799	4,448	4,574	5,551	6,268	6,572	6,805	6,789	6,026	10,180
Property taxes	9,238	9,030	8,711	8,411	8,017	7,411	6,944	6,761	6,612	6,444
Personal property replacement tax	268	262	284	219	271	361	285	257	200	170
Federal grants	6,908	6,988	7,331	7,211	5,599	4,874	4,853	11,666	11,030	7,337
Local grants	9	15	24	34	331	120	225	241	222	257
Investment income	60	687	418	565	644	952	805	392	769	100
Interest expense	(1,231)	(1,146)	(1,060)	(1,436)	(1,163)	(1,235)	(1,161)	(1,193)	(1,111)	(1,159)
Other nonoperating revenues	3,846	2,902	2,569	2,858	1,627	1,385	1,145	614	754	633
State capital grants	0	0	0	0	0	0	0	0	0	0
Net nonoperating revenues	22,897	23,186	22,851	23,413	21,594	20,440	19,901	25,527	24,502	23,962
Residual equity transfer								(106)		
Change in net position	\$971	\$1,826	\$1,841	\$2,420	\$2,642	\$1,390	\$732	\$45	(\$252)	(\$1,183)

Carl Sandburg College - Community College District 518
Assessed and Estimated Actual Value of Taxable Property

TABLE C

Year of Levy	Farm	Residential	Commercial	Industrial	Railroad	Assessed Valuation	Estimated Actual Value	Total Direct Tax Rate
2012	\$524,085,393	\$703,152,066	\$229,659,312	\$15,395,715	\$59,379,815	\$1,531,672,301	\$4,595,016,903	0.6228
2011	488,503,803	710,972,443	231,155,952	13,391,155	56,980,047	1,501,003,400	4,503,010,200	0.6175
2010	455,125,203	709,365,274	232,398,947	14,408,616	48,507,941	1,459,805,981	4,379,417,943	0.6187
2009	422,967,267	710,540,769	235,181,036	14,766,284	43,602,404	1,427,057,760	4,281,173,280	0.6115
2008	388,086,823	705,307,888	230,806,544	14,488,324	36,186,986	1,374,876,565	4,124,629,695	0.6140
2007	366,114,462	685,531,667	217,675,204	15,337,689	33,242,770	1,317,901,792	3,953,705,376	0.6205
2006	353,713,202	627,785,603	206,387,886	14,700,023	31,039,414	1,233,626,128	3,700,878,384	0.6039
2005	370,911,761	587,047,230	199,895,676	16,308,829	29,315,785	1,203,479,281	3,610,437,843	0.5759
2004	385,139,723	585,377,052	200,479,506	19,448,129	30,515,095	1,220,959,504	3,662,878,512	0.5530
2003	409,399,553	623,111,270	204,699,777	20,598,720	29,610,660	1,287,419,979	3,862,259,937	0.5139

Note: Assessed value is computed by the County Clerk's offices equal to one-third of the estimated actual value.

Source: Knox County Clerk's Office

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518
Property Tax Levies and Collections
Last Ten Fiscal Years

TABLE D

Year of Levy	Fiscal Year	Total Tax Levy	Current Year Taxes Collected	Percent of Levy Collected	Collected in Subsequent Years	Total Collections to Date	Total Percent of Levy Collected to Date
2012	2013	\$9,638,725	\$2,532,548	26.27%		\$2,532,548	26.27%
2011	2012	9,337,450	9,273,468	99.31%		9,273,468	99.31%
2010	2011	9,111,406	9,025,906	99.06%	(\$23,472)	9,002,434	98.80%
2009	2011	8,755,224	8,702,932	99.40%	(11,085)	8,691,847	99.28%
2008	2010	8,452,772	8,425,007	99.67%	3,037	8,428,044	99.71%
2007	2009	7,940,586	8,016,081	100.95%	496	8,016,577	100.96%
2006	2008	7,508,428	7,380,245	98.29%	(13,760)	7,366,485	98.11%
2005	2007	7,088,319	6,932,067	97.80%	(2,258)	6,929,809	97.76%
2004	2006	6,751,906	6,759,972	100.12%	2,869	6,762,841	100.16%
2003	2005	6,616,051	6,611,494	99.93%	12,880	6,624,374	100.13%

Source: Knox County Treasurer's Office

See Accompanying Independent Auditor's Report.

Note - Property taxes of the counties in the district are levied based on a calendar year (January 1 - December 31) and are due in two installments in the calendar year following the year of the levy.

The first installment is usually due in June and is approximately one half the prior year's tax bill.

The second installment generally includes any adjustments to the assessed valuation and is usually due 30 days after assessments are billed (usually by mid-September).

Any tax levy receivable outstanding at the end of the second fiscal year, after the year of the levy is recorded as a receivable.

Property taxes collected in advance of the year to which they apply are recorded as deferred revenue.

Carl Sandburg College - Community College District 518

Property Tax Rates - Direct and Overlapping Governments (1)

Last Ten Fiscal years

TABLE E

Taxing Bodies	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
City of Galesburg	1.5560	1.4157	1.4420	1.4055	1.4353	1.4638	1.6952	1.7196	1.6099	1.8674
Township of the City of Galesburg	0.1612	0.1624	0.1757	0.1932	0.2075	0.2166	0.2221	0.2147	0.2015	0.1852
Galesburg Unit School District 205	4.2200	4.2048	4.1994	4.2039	4.063	4.137	4.2769	4.2761	4.1220	3.9452
Knox County	1.1608	1.1625	1.1472	1.1282	1.108	1.0826	1.0838	1.0799	1.0392	0.936
Galesburg City Fire	0.8913	1.0498	1.0063	0.9927	0.9254	0.8782	0.5875	0.5833	0.5464	0.3456
Galesburg Sanitary District	0.3064	0.3005	0.2873	0.3063	0.304	0.3075	0.3141	0.3052	0.2906	0.2672
Total Overlapping Rate	8.2957	8.2957	8.2579	8.2298	8.0432	8.0857	8.1796	8.1788	7.8096	7.5466
Carl Sandburg College Dist. 518										
Educational	0.2088	0.2021	0.2000	0.2013	0.1953	0.2020	0.2063	0.2015	0.1989	0.2054
Building	0.0500	0.0500	0.0500	0.0500	0.0500	0.0495	0.0500	0.0500	0.0500	0.0500
Bond and Interest	0.2202	0.2195	0.2244	0.2262	0.2193	0.2106	0.1943	0.1833	0.1813	0.1458
Audit	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0041
Tort Immunity	0.1220	0.1240	0.1225	0.1099	0.1070	0.1167	0.1168	0.1191	0.1095	0.1010
Protection, Health, and Safety	0.0060	0.0061	0.0060	0.0062	0.0264	0.0239	0.0149	0.0000	0.0000	0.0000
Social Security and Medicare	0.0108	0.0108	0.0108	0.0129	0.0110	0.0128	0.0167	0.0170	0.0083	0.0076
Total	0.6228	0.6175	0.6187	0.6115	0.6140	0.6205	0.6040	0.5759	0.5530	0.5139
Total rate	8.9185	8.9132	8.8766	8.8413	8.6572	8.7062	8.7836	8.7547	8.3626	8.0605
Carl Sandburg College										
Percentage of Total	6.98%	6.93%	6.97%	6.92%	7.09%	7.13%	6.88%	6.58%	6.61%	6.38%

See Accompany Independent Auditor's Report.

(1) Tax rates are assessed in dollars per hundred of equalized assessed value.

Note - Tax rates displayed are representative for property within the district.

Source: Knox County Clerk's Office

Carl Sandburg College - Community College District 518

Principal Taxpayers

Current Year and Nine Years Ago

Table F

Taxpayer	Type of Business	2012		2003		
		Taxable Assessed Value (approx.)	Percent District's Total EAV	Taxable Assessed Value (approx.)	Percent District's Total EAV	
Burlington Northern Santa Fe	Railroad	\$37,941,902	1	\$19,940,000	1	1.55%
Union Electric Co	Utilities	13,066,633	2	12,574,270	2	0.98%
Galesburg Hospital Corporation	Hospital	7,081,990	3			
KC Acquisition Inc	Processing Plant	5,083,600	4			
Wal-Mart Stores	Retailer	4,096,420	5	2,500,000	9	0.19%
Menard Inc.	Retailer	3,066,470	6			
Hy Vee Food Stores Inc.	Retailer	2,414,620	7	2,640,000	8	0.21%
OSF St. Francis Inc.	Hospital	2,371,640	8			
Lowes Home Centers, Inc.	Retailer	2,272,810	9	2,210,000	10	0.17%
Consolidated Grain/Twomey Co	Grain	2,133,120	10	2,865,830	7	0.22%
Admiral-Maytag Co.	Manufacturer			6,370,000	3	0.49%
Galesburg Cottage Hospital	Hospital			5,360,000	4	0.42%
First Property Management Corp	Mall			4,560,000	5	0.35%
United Facilities, Inc.	Shipping			3,650,000	6	0.28%
		\$79,529,205	5.19%	\$62,670,100	4.87%	

See Accompany Independent Auditor's Report.

Sources: County Assessors' Offices - Valuations are obtained which provide details as to owner and valuation for each parcel in each County. Since a taxpayer may own numerous parcels in the District, a piece of property with a small assessed valuation may be overlooked. Thus, the valuations presented herewith have been noted as approximations.

Carl Sandburg College - Community College District 518

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

TABLE G

Fiscal Year	General Bonded Debt	Capital Leases	Total Primary Government	Estimated Actual Value Taxable Property	Ratio Total Debt to Est. Actual Taxable Prop. Value	Estimated Population	Net Bonded Debt Per Capita	Personal Income (amounts expressed in thousands)	Ratio of Total Outstanding Debt to Personal Income
2013	\$28,240,401		\$28,240,401	\$4,595,016,903	0.615%	105,835	267	\$2,261,164	1.25%
2012	27,247,150		27,247,150	4,503,010,200	0.605%	105,835	257	2,215,656	1.23%
2011	29,825,000		29,825,000	4,379,417,943	0.681%	105,835	282	2,204,225	1.35%
2010	29,255,000		29,255,000	4,281,173,280	0.683%	120,186	243	2,226,085	1.31%
2009	28,610,000	\$7,288	28,617,288	4,124,629,695	0.694%	120,877	237	2,063,975	1.39%
2008	26,610,000	105,200	26,715,200	3,953,705,376	0.648%	121,300	219	2,071,198	1.28%
2007	24,795,000	180,861	24,975,861	3,700,878,384	0.632%	121,300	204	2,087,816	1.19%
2006	25,830,000	834,901	26,664,901	3,610,437,843	0.739%	121,986	212	2,099,623	1.23%
2005	26,805,000	919,899	27,724,899	3,662,878,517	0.757%	123,180	218	2,120,174	1.26%
2004	26,600,000	1,155,838	27,755,838	3,862,259,937	0.719%	124,778	213	2,147,679	1.24%

Note: Details regarding the District's outstanding debt can be found in Note D, in the Notes to Basic Financial Statements.

Sources: Knox County Clerk's Office College records

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518
Ratio of Net General Bonded Debt to Assessed Value and
Net General Bonded Debt Per Capita
 Last Ten Fiscal Years

TABLE H

Fiscal Year	Net General Bonded Debt	Estimated Actual Taxable Value of Property	Estimated Population	Ratio of Net General Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	\$28,240,401	\$4,595,016,903	105,835	0.615%	267
2012	27,247,150	4,503,010,200	105,835	0.605%	257
2011	29,825,000	4,379,417,943	105,835	0.681%	282
2010	29,255,000	4,281,173,280	120,186	0.683%	243
2009	28,610,000	4,124,629,695	120,877	0.694%	237
2008	26,610,000	3,953,705,376	121,300	0.673%	219
2007	24,795,000	3,700,878,384	121,300	0.670%	204
2006	25,830,000	3,610,437,843	121,986	0.715%	235
2005	26,805,000	3,662,878,512	123,180	0.732%	242
2004	26,600,000	3,862,259,937	124,778	0.689%	239

Note: Details regarding the District's outstanding debt can be found in Note D - Debt, in the Notes to Basic Financial Statements.

Sources: Knox County Clerk's Office
 College records

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Computation of Direct and Overlapping Bonded Debt

June 30, 2013

TABLE I

Overlapping Agencies	Outstanding Debt	Percent (1)	Amount
Knox County	8,535,000	94.97%	\$8,105,690
Hamilton Park District	525,000	100.00%	525,000
Monmouth Park District	168,000	100.00%	168,000
City of Monmouth	23,040,211	100.00%	23,040,211
City of Galesburg	28,255,000	100.00%	28,255,000
City of Abingdon	1,145,000	100.00%	1,145,000
Spoon River Valley CUSD #4	690,000	27.99%	193,131
Wyoming CUSD #100	7,155,000	2.90%	207,495
West Prairie CUSD #103	250,000	100.00%	250,000
Bushnell-Prairie City CUSD #170	700,000	86.54%	605,780
Avon CUSD #176	460,000	5.57%	25,622
Knoxville CUSD #202	11,860,000	100.00%	11,860,000
Galesburg CUSD #205	32,620,000	96.45%	31,461,990
CUSD #208	8,375,000	96.93%	8,117,888
Abingdon CUSD #217	2,069,993	89.10%	1,844,364
Galva CUSD #224	500,000	7.91%	39,550
Alwood CUSD #225	2,675,000	8.23%	220,153
West Central CUSD #235	776,000	2.66%	20,642
Monmouth-Roseville CUSD #238	1,482,000	100.00%	1,482,000
Farmington CUSD #265	5,400,935	19.79%	1,068,845
Alexis CUSD #304	7,870,000	0.12%	9,444
Warsaw CUSD #316	2,095,232	100.00%	2,095,232
Elmwood CUSD #322	2,495,000	0.15%	3,743
Nauvoo-Colusa CUSD #325	890,000	100.00%	890,000
Hamilton CUSD #328	550,000	100.00%	550,000
Dallas City CUSD #336	400,000	100.00%	400,000
LaHarpe Elementary District #347	2,500,000	100.00%	2,500,000
Community College Dist #503	32,715,000	0.33%	107,960
Community College Dist #534	10,965,000	0.16%	17,544
			\$125,210,281
Community College Dist. #518	28,240,401	100.00%	28,240,401
Total Direct & Overlapping General Obligation Bonded Debt			\$153,450,682

Source: Office of the 10 counties in the Carl Sandburg College District

(1) Debt percentage applicable to the College is calculated by applying the ratio of assessed value of the governmental unit applicable to the College district compared to the total assessed value of the governmental unit.

Carl Sandburg College - Community College District 518

Legal Debt Margin

Last Ten Fiscal Years

TABLE J

Fiscal Year	Debt Limit	Total Net Debt Applicable to Limit	Legal Debt Margin	Percentage of Debt Limit
2013	\$44,035,579	\$28,070,000	\$15,965,579	63.744%
2012	43,153,848	27,325,000	15,828,848	63.320%
2011	41,969,422	29,825,000	12,144,422	71.064%
2010	41,027,911	29,255,000	11,772,911	71.305%
2009	39,527,701	28,617,288	10,910,413	72.398%
2008	37,889,677	26,715,200	11,174,477	70.508%
2007	35,467,875	24,975,861	10,492,014	70.418%
2006	34,600,029	26,664,901	7,935,128	77.066%
2005	35,102,586	27,724,899	7,377,687	78.982%
2004	37,013,324	27,755,838	9,257,486	74.989%

Assessed valuation - 2012 levy \$1,531,672,301

Debt limit (2.875% of total assessed value) \$44,035,579

Debt applicable to limit:

General obligation bonds 28,070,000

Capital leases 0

Total net debt applicable to limit 28,070,000

Legal debt margin \$15,965,579

Sources: Knox County Clerk's Office College records

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Demographic and Economic Statistics*

Last Ten Fiscal Years

TABLE K

Fiscal Year	Estimated Population*	Personal Income (amounts expressed in thousands)	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate	District Student Enrollment	Average Class Size
2013	105,835	\$2,261,164	\$21,365	40.4	37,187	9.1%	2,460	14
2012	105,835	2,215,656	20,935	40.1	37,858	7.6%	2,383	17
2011	105,835	2,204,225	20,827	39.2	39,111	7.1%	2,538	17
2010	120,186	2,226,085	18,522	35.7	36,481	10.0%	2,661	17
2009	120,877	2,063,975	17,075	36.6	36,897	6.4%	2,615	12
2008	121,300	2,071,198	17,075	36.6	36,897	7.2%	2,693	12
2007	121,300	2,087,816	17,212	36.6	36,897	4.6%	2,490	10
2006	121,986	2,099,623	17,212	36.6	36,897	5.6%	2,930	10
2005	123,180	2,120,174	17,212	36.6	36,897	5.8%	3,260	10
2004	124,778	2,147,679	17,212	36.6	36,897	6.7%	3,575	12

Sources: Knox County Clerk's Office
U.S. Census Bureau
2007-2011 American Community Survey 5-Year Estimates
College records
IL Dept. of Employment Security, Economic Information & Analysis Division
ICCB Data and Characteristics

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Principal Employers

Current Year and Nine Years Ago

TABLE L

Employer	2013			2004		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Farmland Foods	1,400	1	1.67%	1,275	2	1.98%
Burlington Northern Santa Fe Railroad	1,115	2	1.33%	1,000	4	1.55%
OSF (Galesburg, Monmouth)	816	3	0.98%	525	7	0.82%
School District Number 205	742	4	0.89%	800	5	1.24%
Monmouth College	679	5	0.81%			
Galesburg Cottage Hospital	643	6	0.77%	700	6	1.09%
Hy-Vee	574	7	0.69%			
Dick Blick Company	450	8	0.54%	450	9	0.70%
Bridgeway/Bridgeway Training	450	9	0.54%			
Knox County	447	10	0.53%	420	10	0.65%
Maytag-Galesburg Refrigeration				2,400	1	3.73%
Methode Electronics				1,200	3	1.86%
Butler Manufacturing				500	8	0.78%
Total	7,316		8.74%	9,270		14.40%

Source: 2013 Principal Employers

[Galesburg Regional Economic Development Association www.greda.org](http://www.greda.org)

[City of Galesburg](http://www.cityofgalesburg.org)

Source: 2004 Principal Employers

Illinois Department of Commerce and Economic Opportunity Community Profiles

http://www.ildceo.net/dceo/Bureaus/Business_Development/Resources+and+Support

College records

Source: Labor Force Population

<http://www.ides.illinois.gov/Custom/Library/Statistic/QCEW/LWA14.pdf>

http://lehd.did.census.gov/cgi-bin/qwitop_main?xstate=il

Carl Sandburg College - Community College District 518
Full-Time Equivalent Employees
Last Ten Fiscal Years

TABLE M

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction-Faculty	116	113	112	119	110	112	143	134	135	135
Full-time	57	56	55	64	62	64	68	64	65	65
Part-time	59	57	57	55	48	48	75	70	70	70
Administrative Staff	21	19	20	20	20	21	21	22	28	25
Full-time	21	19	20	20	20	21	21	22	28	25
Part-time	0	0	0	0	0	0	0	0	0	0
Other Non-Teaching Professional	69	70	72	75	73	73	71	74	86	94
Full-time	65	66	67	70	69	69	70	74	86	94
Part-time	4	4	5	5	4	4	1	0	0	0
Classified Staff	56	56	55	52	54	58	63	56	53	56
Full-time	55	53	53	49	51	55	60	56	53	56
Part-time	1	3	2	3	3	3	3	0	0	0
Total	262	258	259	266	264	298	286	302	310	309

Carl Sandburg College - Community College District 518
Operating Indicators
Last Ten Fiscal Years

TABLE N

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction: ¹										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	2,740	2,784	3,270	2,965	2,844	2,731	2,972	2,349	2,289	2,240
Vocational	0	2	19	23	26	85	101	1,281	1,209	1,541
Occupational	1,046	1,101	1,055	1,220	1,206	1,311	1,536	1,880	2,572	2,645
ABE	154	196	225	266	201	153	146	43	50	43
ASE	126	140	142	182	209	206	226	226	382	493
ESL	128	84	74	67	71	39	46	14	61	45
General Studies	0	0	0	1	0	2	3	1	1	1
General Associates	91	85	83	80	71	88	170	241	55	33
Total	4,285	4,392	4,868	4,804	4,628	4,615	5,200	6,035	6,619	7,041
Annual FTE Students ²	1,599	1,644	1,737	1,772	1,641	1,682	1,914	2,283	2,443	2,392
Total Reimbursable Credit Hours ³	47,972	49,316	52,113	53,174	49,219	50,471	57,435	68,499	73,314	71,756
Degrees awarded: ⁴										
Associate (transfer)	148	129	118	106	108	102	98	109	130	105
Associate in applied science	156	140	119	122	118	123	181	295	190	175
Career & technical certificates	133	176	152	137	141	139	187	157	123	170
Average annual faculty salary ⁵	\$52,907	\$55,771	\$49,897	\$49,074	\$47,889	\$48,158	\$47,731	\$45,867	\$44,921	\$44,922
Students per faculty ⁶	16	16	17	17	16	11	13	17	18	18
Institutional support: ⁷										
Operation and maintenance of plant:										
Utility cost per gross square fees	1.40	1.45	1.80	1.85	1.71	1.69	1.30	1.50	1.34	1.30

¹Source: ICCB A1 Annual Student Enrollment and Completion

²Source: Total Reimbursable Credit Hours / 15 / 2

³Source: ICCB SU SR for each semester

⁴Source: ICCB A1 Annual Student Enrollment and Completion

⁵Source: ICCB C1 Faculty, Staff, Salary Data

⁶Source: ICCB C1, E1 Reports

⁷Source: ICCB Tax Revenue and Budget Information Survey

Carl Sandburg College - Community College District 518

Capital Asset Statistics

Last Ten Fiscal Years

TABLE O

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Instruction:										
Building - acres	6.9	6.9	6.9	6.9	6.9	6.6	6.6	6.4	6.4	6.4
Classroom - sq. ft.	47,195	45,756	47,128	46,167	45,938	46,327	42,489	38,455	38,538	37,288
Lab - sq. ft.	70,989	69,154	70,124	70,124	71,505	71,505	64,704	65,743	67,128	64,341
Academic support:										
Support - sq. ft.	3,530	3,530	3,530	3,385	3,385	3,385	3,736	3,980	2,678	1,967
Study - sq. ft.	17,750	18,784	18,784	18,784	19,349	19,349	19,056	17,945	15,483	15,483
Student services:										
PE & athletic fields - acres	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
Athletic/PE - sq. ft.	11,694	11,694	11,694	11,694	11,694	11,694	18,133	18,133	18,133	18,133
General administration:										
Office - sq. ft.	37,154	37,154	37,154	37,025	39,963	39,574	30,666	29,464	31,306	33,367
Institutional support:										
Landscaped grounds - acres	37.9	37.9	37.9	37.9	37.9	36.5	36.5	36.7	36.7	36.7
Parking lots - acres	9.9	9.9	9.9	9.9	9.9	9.0	9.0	9.0	9.0	9.0
Roadways - acres	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0

Source: Acres - ICCB Table 2

Source: Sq.ft. - ICCB R3

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SPECIAL REPORTS SECTION

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Supplemental Financial Information

Carl Sandburg College – Community College District 518

Supplemental Financial Information Section

Uniform Financial Statements

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

The Uniform Financial Statements include the following:

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

Certificate of Chargeback Reimbursement

- No. 6 - Certificate of Chargeback Reimbursement

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Carl Sandburg College - Community College District 518

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2013

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment
Fund balance (deficit) at July 1, 2012	\$3,809,897	\$515,704	(\$579,084)	\$9,575,272
Revenue:				
Local taxes	3,159,627	878,936	91,253	
All other local government				
ICCB grants	2,487,396	212,215	62,955	
All other state revenue				
Federal revenue				
Student tuition and fees	6,540,980	636,468		
All other revenue	118,071	33,435	395	(105,274)
Total revenue	12,306,074	1,761,054	154,603	(105,274)
Expenditures:				
Instruction	6,393,772			
Academic support	417,752			
Student services	2,178,763			
Public service	266,891			
Auxiliary services				
Operation and maintenance		1,718,548		
Institutional support	2,940,673	125,095		1,375
Scholarships, student grants, and waivers				
Principal retirement				
Interest, service charges, and issuance costs				
Building construction, building improvements, and equipment	11,629	44,652	1,263,735	
Total expenditures	12,209,480	1,888,295	1,263,735	1,375
Issuance of refunding bonds and serial bonds				
Net premium (discount) on bonds sold				
Payment to refunded bonds escrow agent				
Transfers in		76,713	3,477,330	
Transfers out				(565,778)
	0	76,713	3,477,330	(565,778)
Fund balance (deficit) at June 30, 2013	\$3,906,491	\$465,176	\$1,789,114	\$8,902,845

** Excludes State of Illinois SURS on-behalf payments.

Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund	Audit Fund	Liability Protection Funds	Sandburg Initiates Life-changing Opportunities	Nonexpendable Trust Fund	Total
\$238,840	\$115,681	\$409,418	(\$124,393)	\$2,590,217	\$1,116,302	\$8,184,802	\$25,852,656
3,283,616		9,263	74,798	2,016,544			9,504,774
		147,906					9,263
		888,604					2,910,472
	21,855	6,886,295					888,604
	269,631						6,908,150
13,780	808,206	40,667	322	41,440	15,107	56,808	7,447,079
							1,022,957
3,297,396	1,099,692	7,972,735	75,120	2,057,984	15,107	56,808	28,691,299
		456,236					6,850,008
		479,759					417,752
		138,036					2,658,522
	1,174,169						404,927
							1,174,169
5,537		14,522	74,025	1,993,806		1,457	1,718,548
		6,637,258					5,156,490
2,210,000							6,637,258
1,192,389							2,210,000
							1,192,389
		255,179					1,575,195
3,407,926	1,174,169	7,980,990	74,025	1,993,806	0	1,457	29,995,258
8,120,000							
267,401							
(5,270,858)							
	82,457						3,636,500
(3,000,000)		(14,506)				(56,215)	(3,636,499)
116,543	82,457	(14,506)	0	0	0	(56,215)	1
\$244,853	\$123,661	\$386,657	(\$123,298)	\$2,654,395	\$1,131,409	\$8,183,938	\$27,665,241

Carl Sandburg College - Community College District 518

Uniform Financial Statement #2

Summary of Fixed Assets and Debt*

For the years ended June 30, 2013

	Fixed Assets/ Debt Account Groups July 1, 2012	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2013
Fixed assets:					
Land	\$405,483				\$405,483
Work in progress	72,313	\$1,160,295		(\$72,313)	1,160,295
Furniture and equipment	4,414,737	301,940	\$612,770	13,484	4,117,391
Land improvements	304,832	86,279		7,910	399,021
Buildings and additions	32,651,633	26,681		50,919	32,729,233
Vehicles	322,651		124,194		198,457
Infrastructure	2,420,338				2,420,338
Total fixed assets	40,591,987	1,575,195	736,964	0	41,430,218
Accumulated depreciation	20,288,167	1,380,677	736,964		20,931,880
Total net fixed assets	\$20,303,820	\$194,518	\$0	\$0	\$20,498,338
Fixed debts:					
Bonds payable	\$27,325,000	\$8,120,000	\$7,375,000		\$28,070,000
Other fixed liabilities	365,931	294,975	283,154		377,752
Total fixed debts	\$27,690,931	\$8,414,975	\$7,658,154	\$0	\$28,447,752

* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2013.

Carl Sandburg College - Community College District 518

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2013

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$3,023,321	\$747,976	\$3,771,297
Corporate personal property replacement tax	136,306	130,960	267,266
Tuition chargeback revenue	0	0	0
Total local government	3,159,627	878,936	4,038,563
State government:			
ICCB base operating grant	1,559,868	143,415	1,703,283
ICCB equalization grant	791,198	68,800	859,998
ICCB career and technical education	136,330		136,330
Other state sources	0		0
Total state government	2,487,396	212,215	2,699,611
Total federal government	0	0	0
Student tuition and fees:			
Tuition	6,423,965	636,468	7,060,433
Fees	117,015	0	117,015
Total tuition and fees	6,540,980	636,468	7,177,448
Other sources:			
Interest	49,304	6,540	55,844
Other	68,767	26,895	95,662
Total other sources	118,071	33,435	151,506
Total revenue	12,306,074	1,761,054	14,067,128
Less nonoperating items -			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$12,306,074	\$1,761,054	\$14,067,128

* Excludes State of Illinois SURS on-behalf payments.

Carl Sandburg College - Community College District 518

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures (Continued)

For the year ended June 30, 2013

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$6,405,401	\$44,652	\$6,450,053
Academic support	417,752		417,752
Student services	2,178,763		2,178,763
Public services	266,891		266,891
Operation and maintenance of plant		1,718,548	1,718,548
Institutional support **	2,940,673	125,095	3,065,768
Scholarships, student grants, and waivers			0
Total expenditures	12,209,480	1,888,295	14,097,775
Less nonoperating items -*			
Tuition chargeback	2,162	0	2,162
Adjusted expenditures	\$12,207,318	\$1,888,295	\$14,095,613
By object:			
Salaries	8,061,090	557,723	\$8,618,813
Employee benefits **	1,219,143	159,988	1,379,131
Contractual services	615,328	217,574	832,902
General materials and supplies	839,622	123,924	963,546
Conference and meeting expense	214,264	4,897	219,161
Fixed charges	138,609	90,460	229,069
Utilities		602,943	602,943
Capital outlay	78,768	8,219	86,987
Other	1,042,656	122,567	1,165,223
Total expenditures	12,209,480	1,888,295	14,097,775
Less nonoperating items -*			
Tuition chargeback	2,162	0	2,162
Adjusted expenditures	\$12,207,318	\$1,888,295	\$14,095,613

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

** Excludes State of Illinois SURS on-behalf payments.

Carl Sandburg College - Community College District 518
Uniform Financial Statement #4
Restricted Purposes Fund Revenues and Expenditures
For the year ended June 30, 2013

Revenue by source:

Local government:

United Way	\$2,454
Galesburg Community Foundation	0
Great River Bend Grant	4,839
Quality Counts Child Care	1,970
Other	0

Total local government	9,263
------------------------	-------

State government:

ICCB:

Workforce Development Business/Industry Grant	0
State Adult Education Restricted Funds Grants	133,836
Program Improvement Grant	11,070
Perkins Postsecondary Innovation Grant	3,000
Student Success Grant	0
Illinois Student Assistance Commission	794,682
S.O.S. Family Literacy	88,706
Illinois Green Economy Network	5,216
RSVP	0

Total state government	1,036,510
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Federal government:

Department of Education:

College Work Study Grants	60,025
Pell Grants	4,758,101
Supplemental Educational Opportunity Grant	55,862
Direct Loans	968,588
Federal Adult Basic	71,992
Federal Adult EL/Civics	17,330
Tech Prep Education	0
Trio-Student Support services	179,621
Trio-Upward Bound	257,367
Perkins Postsecondary-Federal Allocation	180,181
Perkins Postsecondary Innovation Grant	3,431
Academic Competitive Grant	0
CTE Programs of Study	0
Title III	0
Department of Labor:	
Illinois Green Economy Network	333,797
WIA CTE Bridge Implementation Grant	0
Other-RSVP	0

Total federal government	6,886,295
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Carl Sandburg College - Community College District 518
Uniform Financial Statement #4
Restricted Purposes Fund Revenues and Expenditures (Continued)
For the year ended June 30, 2013

Revenue by source (continued):

Other sources	40,667
<hr/>	
Total restricted purposes fund revenues	\$7,972,735

Expenditures by program:

Instruction	\$711,415
Academic support	0
Student services	479,759
Public services	138,036
Operations and maintenance	0
Institutional support	14,522
Scholarships, student grants, and waivers	6,637,258
<hr/>	
Total restricted purposes fund expenditures by program	\$7,980,990

Expenditures by object:

Salaries	\$572,460
Employee benefits	109,404
Contractual services	27,773
General materials and supplies	138,257
Travel, conference and meeting expense	42,864
Student financial aid	6,637,258
Fixed charges	0
Utilities	0
Capital outlay	282,965
Other	170,009
<hr/>	
Total restricted purposes fund expenditures by object	\$7,980,990

Carl Sandburg College - Community College District 518

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2013

Instructional:	
Programs	\$6,024,115
Support	1,092,701
Total instructional	7,116,816
Academic support:	
Learning resource center	181,110
Instructional materials center	212,901
Educational media services	23,741
Total academic support	417,752
Student services:	
Admissions and records	172,380
Counseling and career guidance	477,125
Financial aid administration	182,836
Other student services	1,826,181
Total student services	2,658,522
Public service/continuing education:	
Community education	64,234
Customized training (instructional)	108,863
Community services	229,860
Other public service	1,970
Total public service/continuing education	404,927
Auxiliary services	1,174,169
Operations and maintenance of plant:	
Maintenance	700,314
Custodial	256,180
Grounds	161,682
Plant utilities	485,036
Other operations and maintenance	159,988
Total operations and maintenance of plant	1,763,200
Institutional support:	
Executive management	348,195
Fiscal operations **	492,986
Community relations	557,943
Administrative support services	1,817,969
Board of trustees	46,129
General institution	977,969
Institutional research	32,168
Administrative data processing	538,066
Other institutional support	336,696
Total institutional support	5,148,121
Scholarships, student grants, and waivers	6,637,258
Total current funds expenditures	\$25,320,765


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

** Excludes State of Illinois SURS on-behalf payments.

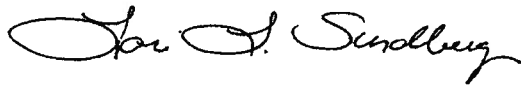
Carl Sandburg College - Community College District 518
Certification of Chargeback Reimbursement
For Fiscal Year 2014

All fiscal year 2013 noncapital audited operating expenditures from the following funds:

1	Education Fund	\$12,197,851	
2	Operations and Maintenance Fund	1,843,643	
3	Bond and Interest Fund	3,407,926	
4	Restricted Purposes Fund	7,725,811	
5	Audit Fund	74,025	
6	Liability, Protection, and Settlement Fund	<u>1,993,806</u>	
7	Total noncapital expenditures (sum of lines 1-6)		<u><u>\$27,243,062</u></u>
8	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$866,128</u>	
9	Total costs included (line 7 plus line 8)		<u><u>\$28,109,190</u></u>
10	Total certified semester credit hours for FY 2013	<u>47,972</u>	
11	Per capita cost (line 9 divided by line 10)		\$585.95
12	All FY 2013 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>\$7,307,599</u>	
13	FY 2013 state and federal grants per semester credit hour (line 12 divided by line 10)		152.33
14	District's average ICCB grant rate (excluding equalization grants) for FY 2014		66.36
15	District's student tuition and fee rate per semester credit hour for FY 2014		<u>140.00</u>
16	Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)		<u><u>\$227.26</u></u>

Approved: 
Chief Financial Officer

9/17/2013
Date


President

9/17/2013
Date

Other Supplemental Financial Information

Carl Sandburg College - Community College District 518

Schedule of Management Information

Balance Sheet - All Fund Types

June 30, 2013 with comparative totals at June 30, 2012

	Current Funds		Agency Fund	Plant Funds		Total June 30, 2013	Total June 30, 2012
	Unrestricted	Restricted		Operations and Maintenance Restricted	Capital Endowment Fund		
Cash and cash equivalents	\$4,125,666	\$4,001,022				\$8,126,688	\$6,153,730
Deposits	1,000,000	899,000				1,899,000	1,899,000
Investments	3,207,715	7,024,132		\$36,608	\$9,435,340	19,703,795	19,693,289
Receivables:							
Property taxes	2,911,497	4,033,107		67,594		7,012,198	6,103,871
Government claims and grants	848,580	290,470				1,139,050	1,111,202
Other	632,722	29,248			55,760	717,730	867,545
Due from other funds	1,029,974	3,009,570	\$77,936			4,117,480	4,304,785
Prepaid items	72,434					72,434	199,129
Inventories	9,951					9,951	9,951
Property and equipment, net	12,276					12,276	24,102
Total assets	\$13,850,815	\$19,286,549	\$77,936	\$104,202	\$9,491,100	\$42,810,602	\$40,366,604
LIABILITIES AND FUND BALANCE							
Liabilities:							
Accounts payable	\$958,239	\$3,991	\$77,936			\$1,040,166	\$459,589
Accrued liabilities	114,023					114,023	82,517
Unearned revenue:							
Property taxes	3,963,813	5,488,962		\$91,994		9,544,769	9,280,476
Other	311,342	83,410				394,752	386,581
Due to other funds	4,008,070	1,232,232		(1,711,077)	\$588,255	4,117,480	4,304,785
Total liabilities	9,355,487	6,808,595	77,936	(1,619,083)	\$588,255	15,211,190	14,513,948
Fund balance:							
Restricted	146,431					146,431	4,435,724
Unrestricted	4,348,897	12,477,954		1,723,285	8,902,845	27,452,981	21,416,932
Total fund balance	4,495,328	12,477,954	0	1,723,285	8,902,845	27,599,412	25,852,656
Total liabilities and fund balance	\$13,850,815	\$19,286,549	\$77,936	\$104,202	\$9,491,100	\$42,810,602	\$40,366,604

Carl Sandburg College - Community College District 518

Schedule of Management Information

Schedule of Changes in Fund Balances - All Fund Types

For the year ended June 30, 2013 with comparative totals for fiscal year ended June 30, 2012

	Current Funds		Agency Fund	Plant Funds		Total June 30, 2013	Total June 30, 2012
	Unrestricted	Restricted		Maintenance Restricted	Capital Endowment Fund		
Revenues:							
Local government	\$4,038,563	\$5,384,221		\$91,253		\$9,514,037	\$9,306,953
State government	6,230,960	1,036,510		62,955		7,330,425	6,987,977
Federal government	21,855	6,886,295				6,908,150	6,987,926
Student tuition and fees	7,447,079					7,447,079	7,067,398
Sales and service fees	647,681					647,681	665,084
Interest	55,844	154,577		395	\$215,160	425,976	527,877
Net increase (decrease) in fair value of investments		(45,125)			(320,434)	(365,559)	159,058
Other	256,187	58,672				314,859	353,151
Total revenues	18,698,169	13,475,150	\$0	154,603	(105,274)	32,222,648	32,055,424
Expenditures/expenses:							
Current:							
Instruction	6,393,772	456,236				6,850,008	6,363,568
Academic support	417,752					417,752	404,506
Student services	2,178,763	479,759				2,658,522	2,304,635
Public services	266,891	138,036				404,927	448,984
Auxiliary services	1,174,169					1,174,169	1,160,244
Operation and maintenance of plant	1,718,548					1,718,548	1,680,016
Institutional support	6,597,117	2,089,347		65,829	1,375	8,753,668	8,374,667
Scholarships, student, grants, and waivers		6,637,258				6,637,258	7,025,368
Debt service:							
Principal retirement		2,210,000				2,210,000	2,500,000
Interest		1,080,364				1,080,364	1,110,781
Bond issuance costs		112,025				112,025	0
Capital outlay:							
Building construction, building improvement and equipment	56,281	255,179		1,263,735		1,575,195	415,206
Total expenditures/expenses	18,803,293	13,458,204	0	1,329,564	1,375	33,592,436	31,787,975
Excess (deficiency) of revenues over expenditures/expenses	(105,124)	16,946	0	(1,174,961)	(106,649)	(1,369,788)	267,449
Other financing sources (uses):							
Issuance of refunding bonds and serial bonds		8,120,000				8,120,000	0
Net (discount) premium on bonds sold		267,401				267,401	0
Payment to refunded bonds escrow agent		(5,270,858)				(5,270,858)	0
Transfers in	159,170	0		3,477,330		3,636,500	220,215
Transfers out	0	(3,070,721)			(565,778)	(3,636,499)	(220,215)
Total other financing sources (uses)	159,170	45,822	0	3,477,330	(565,778)	3,116,544	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	54,046	62,768		2,302,369	(672,427)	1,746,756	267,449
Fund balance at beginning of year	4,441,282	12,415,186	0	(579,084)	9,575,272	25,852,656	25,585,207
Fund balance at end of year	\$4,495,328	\$12,477,954	\$0	\$1,723,285	\$8,902,845	\$27,599,412	\$25,852,656

Carl Sandburg College - Community College District 518

Schedule of Management Information

Schedule of Current Funds Revenues, Expenditures and Other Changes

For the year ended June 30, 2013 with comparative totals for year ended June 30, 2012

	Unrestricted	Restricted	Total June 30, 2013	Total June 30, 2012
Revenues:				
Local government	\$4,038,563	\$5,384,221	\$9,422,784	\$9,219,383
State government	6,230,960	1,036,510	7,267,470	6,937,058
Federal government	21,855	6,886,295	6,908,150	6,981,962
Student tuition and fees	7,447,079		7,447,079	7,067,398
Sales and service fees	647,681		647,681	656,000
Interest	55,844	154,577	210,421	270,375
Net increase (decrease) in fair value of investments		(45,125)	(45,125)	7,668
Other	256,187	58,672	314,859	344,151
Total revenues	18,698,169	13,475,150	32,173,319	31,483,995
Expenditures/expenses:				
Current:				
Instruction	6,393,772	456,236	6,850,008	6,363,568
Academic support	417,752		417,752	404,506
Student services	2,178,763	479,759	2,658,522	2,304,635
Public services	266,891	138,036	404,927	448,984
Auxiliary services	1,174,169		1,174,169	1,160,244
Operation and maintenance of plant	1,718,548		1,718,548	1,607,736
Institutional support	6,597,117	2,089,347	8,686,464	8,292,192
Scholarships, student, grants, and waivers		6,637,258	6,637,258	7,025,368
Debt service:				
Principal retirement		2,210,000	2,210,000	2,500,000
Interest		1,080,364	1,080,364	1,110,781
Bond issuance costs		112,025	112,025	0
Capital outlay:				
Building construction, building improvements, and equipment	56,281	255,179	311,460	236,450
Total expenditures/expenses	18,803,293	13,458,204	32,261,497	31,454,464
Excess (deficiency) of revenues over expenditures/expenses	(105,124)	16,946	(88,178)	29,531
Other financing sources (uses):				
Issuance of refunding bonds and serial bonds		8,120,000	8,120,000	0
Net (discount) premium on bonds sold		267,401	267,401	0
Payment to refunded bonds escrow agent		(5,270,858)	(5,270,858)	0
Transfers in	159,170		159,170	66,461
Transfers out		(3,070,721)	(3,070,721)	(116,051)
Total other financing sources (uses)	159,170	45,822	204,992	(49,590)
Net increase (decrease) in fund balance	\$54,046	\$62,768	\$116,814	(\$20,059)

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Carl Sandburg College - Community College District 518

Balance Sheet - Current Funds

June 30, 2013

ASSETS	Current Unrestricted Funds			Total Current Unrestricted Funds
	Education Fund	Operations and Maintenance Fund	Auxiliary Enterprise Fund	
Cash and cash equivalents	\$4,124,816		\$850	\$4,125,666
Deposits	1,000,000			1,000,000
Investments	3,207,715			3,207,715
Receivables:				
Property taxes	2,348,214	\$563,283		2,911,497
Government claims and grants	753,903	94,677		848,580
Other	631,687		1,035	632,722
Due from other funds		742,712	287,262	1,029,974
Prepaid items	68,256	4,178		72,434
Inventories			9,951	9,951
Property and equipment, net			12,276	12,276
Total assets	\$12,134,591	\$1,404,850	\$311,374	\$13,850,815
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$956,607		\$1,632	\$958,239
Accrued liabilities	66,225		47,798	114,023
Unearned revenue:				
Property taxes	3,197,198	\$766,615		3,963,813
Other		173,059	138,283	311,342
Due to other funds	4,008,070			4,008,070
Total liabilities	8,228,100	939,674	187,713	9,355,487
Fund balance:				
Restricted	8,430	14,340	123,661	146,431
Unrestricted	3,898,061	450,836		4,348,897
Total fund balance	3,906,491	465,176	123,661	4,495,328
Total liabilities and fund balance	\$12,134,591	\$1,404,850	\$311,374	\$13,850,815

Current Restricted Funds

Restricted Purpose	Nonexpendable Trust	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Bond and Interest	Total Current Restricted Funds
	\$4,001,022					\$4,001,022
	899,000					899,000
	2,786,019		\$4,231,394		\$6,719	7,024,132
		\$56,328	1,496,080		2,480,699	4,033,107
\$290,470						290,470
	10,279		18,969			29,248
183,588	487,618		73,348	\$1,131,409	1,133,607	3,009,570
						0
						0
						0
\$474,058	\$8,183,938	\$56,328	\$5,819,791	\$1,131,409	\$3,621,025	\$19,286,549
\$3,991						\$3,991
						0
		\$76,661	\$2,036,129		\$3,376,172	5,488,962
83,410						83,410
		102,965	1,129,267			1,232,232
87,401	\$0	179,626	3,165,396	\$0	3,376,172	6,808,595
						0
386,657	8,183,938	(123,298)	2,654,395	1,131,409	244,853	12,477,954
386,657	8,183,938	(123,298)	2,654,395	1,131,409	244,853	12,477,954
\$474,058	\$8,183,938	\$56,328	\$5,819,791	\$1,131,409	\$3,621,025	\$19,286,549

Carl Sandburg College - Community College District 518

Schedule of Revenues, Expenditures/Expenses, and Changes

in Fund Balance - Current Funds

For the year ended June 30, 2013

	Current Unrestricted Funds			Total Current Unrestricted Funds
	Education	Operations and Maintenance	Auxiliary Enterprise	
Revenues:				
Local government	\$3,159,627	\$878,936		\$4,038,563
State government	6,018,745	212,215		6,230,960
Federal government			\$21,855	21,855
Student tuition and fees	6,540,980	636,468	269,631	7,447,079
Sales and service fees			647,681	647,681
Interest	49,304	6,540		55,844
Net increase (decrease) in fair value of investments				0
Other	68,767	26,895	160,525	256,187
Total revenues	15,837,423	1,761,054	1,099,692	18,698,169
Expenditures/expenses:				
Current:				
Instruction	6,393,772			6,393,772
Academic support	417,752			417,752
Student services	2,178,763			2,178,763
Public services	266,891			266,891
Auxiliary services			1,174,169	1,174,169
Operation and maintenance of plant		1,718,548		1,718,548
Institutional support	6,472,022	125,095		6,597,117
Scholarships, student grants, and waivers				0
Debt service:				
Principal retirement				0
Interest				0
Bond issuance costs				0
Capital outlay:				
Building construction, building improvements, and equipment	11,629	44,652		56,281
Total expenditures/expenses	15,740,829	1,888,295	1,174,169	18,803,293
Excess (deficiency) of revenues over expenditures/expenses	96,594	(127,241)	(74,477)	(105,124)
Other financing sources (uses):				
Issuance of refunding bonds and serial bonds				
Net premium (discount) on bonds sold				
Payment to refunded bonds escrow agent				
Transfers in		76,713	82,457	159,170
Transfers out				0
Total other financing sources (uses)	0	76,713	82,457	159,170
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	96,594	(50,528)	7,980	54,046
Fund balance at beginning of year	3,809,897	515,704	115,681	4,441,282
Fund balance at end of year	\$3,906,491	\$465,176	\$123,661	\$4,495,328

Current Restricted Funds

Restricted Purpose	Nonexpendable Trust	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Bond and Interest	Total Current Restricted Funds
\$9,263		\$74,798	\$2,016,544		\$3,283,616	\$5,384,221
1,036,510						1,036,510
6,886,295						6,886,295
						0
						0
	\$82,738	322	42,630	\$15,107	13,780	154,577
	(25,930)		(19,195)			(45,125)
40,667			18,005			58,672
<u>7,972,735</u>	<u>56,808</u>	<u>75,120</u>	<u>2,057,984</u>	<u>15,107</u>	<u>3,297,396</u>	<u>13,475,150</u>
456,236						456,236
						0
479,759						479,759
138,036						138,036
						0
						0
14,522	1,457	74,025	1,993,806		5,537	2,089,347
6,637,258						6,637,258
						0
						0
					2,210,000	2,210,000
					1,080,364	1,080,364
					112,025	112,025
255,179						255,179
<u>7,980,990</u>	<u>1,457</u>	<u>74,025</u>	<u>1,993,806</u>	<u>0</u>	<u>3,407,926</u>	<u>13,458,204</u>
(8,255)	55,351	1,095	64,178	15,107	(110,530)	16,946
						0
						0
						0
						0
					8,120,000	8,120,000
					267,401	267,401
					(5,270,858)	(5,270,858)
						0
(14,506)	(56,215)				(3,000,000)	(3,070,721)
(14,506)	(56,215)	0	0	0	116,543	45,822
(22,761)	(864)	1,095	64,178	15,107	6,013	62,768
409,418	8,184,802	(124,393)	2,590,217	1,116,302	238,840	12,415,186
<u>\$386,657</u>	<u>\$8,183,938</u>	<u>(\$123,298)</u>	<u>\$2,654,395</u>	<u>\$1,131,409</u>	<u>\$244,853</u>	<u>\$12,477,954</u>

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Education Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$3,038,628	\$3,023,321	(\$15,307)
Corporate personal property replacement tax	124,680	136,306	11,626
Total local government	3,163,308	3,159,627	(3,681)
State government:			
ICCB base operating grant	1,573,552	1,559,868	(13,684)
ICCB equalization grant	799,976	791,198	(8,778)
ICCB career and technical education formula grant	110,000	136,330	26,330
State of Illinois SURS on-behalf payments	1,000,000	3,531,349	2,531,349
Total state government	3,483,528	6,018,745	2,535,217
Student tuition and fees	6,509,946	6,540,980	31,034
Interest	43,935	49,304	5,369
Miscellaneous - other	65,000	68,767	3,767
Total revenues	13,265,717	15,837,423	2,571,706
Expenditures:			
Instruction:			
Salaries	5,263,635	5,231,959	31,676
Employee benefits	432,500	519,835	(87,335)
Contractual services	385,598	346,060	39,538
General materials and supplies	315,100	110,196	204,904
Conference and meeting expense	104,017	108,188	(4,171)
Fixed charges	0	0	0
Capital Outlay	100,000	78,768	21,232
Other	123,180	10,395	112,785
Total instruction	6,724,030	6,405,401	318,629

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Education Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Academic support:			
Salaries	299,490	247,315	52,175
Employee benefits	57,350	36,361	20,989
Contractual services	40,280	39,559	721
General materials and supplies	101,499	89,940	11,559
Conference and meeting expense	5,071	4,577	494
Total academic support	503,690	417,752	85,938
Student services:			
Salaries	1,142,019	1,176,218	(34,199)
Employee benefits	188,720	152,716	36,004
Contractual services	18,320	24,163	(5,843)
General materials and supplies	45,460	37,906	7,554
Conference and meeting expense	31,041	27,547	3,494
Other	649,618	760,213	(110,595)
Total student services	2,075,178	2,178,763	(103,585)
Public services:			
Salaries	88,150	92,571	(4,421)
Employee benefits	0	21,817	(21,817)
Contractual services	52,050	85,207	(33,157)
General materials and supplies	61,250	38,565	22,685
Conference and meeting expense	30,700	25,822	4,878
Fixed charges	900	0	900
Other	6,600	2,909	3,691
Total public services	239,650	266,891	(27,241)
Institutional support:			
Salaries	1,408,108	1,313,027	95,081
Employee benefits	1,852,558	4,019,763	(2,167,205)
Contractual services	133,605	120,339	13,266
General materials and supplies	552,213	563,015	(10,802)
Conference and meeting expense	72,434	48,130	24,304
Fixed charges	148,294	138,609	9,685
Other	159,493	269,139	(109,646)
Total institutional support	4,326,705	6,472,022	(2,145,317)

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Education Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Total expenditures	13,869,253	15,740,829	(1,871,576)
Excess (deficiency) of revenues over expenditures	(603,536)	96,594	700,130
Other financing sources:			
Transfers in	597,800	0	(597,800)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$5,736)</u>	96,594	<u>\$102,330</u>
Fund balance at beginning of year		<u>3,809,897</u>	
Fund balance at end of year		<u>\$3,906,491</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Operations and Maintenance Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$751,764	\$747,976	(\$3,788)
Corporate personal property replacement tax	119,320	130,960	11,640
Total local government	871,084	878,936	7,852
State government:			
ICCB base operating grant	131,613	143,415	11,802
ICCB equalization grant	69,563	68,800	(763)
Total state government	201,176	212,215	11,039
Student tuition and fees	680,025	636,468	(43,557)
Interest	5,828	6,540	712
Other:			
Rent	21,600	24,047	2,447
Miscellaneous	150	2,848	2,698
Total other revenue	21,750	26,895	5,145
Total revenues	1,779,863	1,761,054	(18,809)
Expenditures:			
Operation and maintenance of plant:			
Salaries	615,397	557,723	57,674
Employee benefits	119,320	159,988	(40,668)
Contractual services	104,498	210,386	(105,888)
General materials and supplies	88,850	123,924	(35,074)
Conference and meeting expense	5,696	4,897	799
Fixed charges	27,029	90,460	(63,431)
Utilities	580,222	485,036	95,186
Capital outlay	14,610	8,219	6,391
Other	172,366	122,567	49,799
Total operation and maintenance of plant	1,727,988	1,763,200	(35,212)

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
Operations and Maintenance Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Institutional support:			
Contractual services	11,115	7,188	3,927
General materials and supplies	616	0	616
Conference and meeting expense	514	0	514
Utilities	118,630	117,907	723
Total institutional support	130,875	125,095	5,780
Total expenditures	1,858,863	1,888,295	(29,432)
Excess (deficiency) of revenues over expenditures	(79,000)	(127,241)	(48,241)
Other financing sources (uses) -			
Transfers in	76,000	76,713	713
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$3,000)</u>	<u>(50,528)</u>	<u>(\$47,528)</u>
Fund balance at beginning of year		515,704	
Fund balance at end of year		<u>\$465,176</u>	

Carl Sandburg College - Community College District 518

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

Audit Fund

For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Local government - Property taxes	\$75,176	\$74,798	(\$378)
Interest	287	322	35
Total revenues	75,463	75,120	(343)
Expenditures -			
Institutional support:			
Salaries	7,705	7,705	0
Contractual services	61,600	66,320	(4,720)
General materials and supplies	650	0	650
Conference and meeting expense	4,600	0	4,600
Total expenditures	74,555	74,025	530
Excess of revenues over expenditures	<u>\$908</u>	1,095	<u>\$187</u>
Fund balance (deficit) at beginning of year		(124,393)	
Fund balance (deficit) at end of year		<u>(\$123,298)</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenue, Expenditures, and Changes in Fund Balance -
Budget and Actual
Sandburg Initiates Life-Changing Opportunities Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues -			
Interest	\$22,500	\$15,107	(\$7,393)
Other financing sources -			
Transfers out	(101,500)	0	101,500
Excess of revenues and other financing sources	<u>(\$79,000)</u>	15,107	<u>\$94,107</u>
Fund balance at beginning of year		<u>1,116,302</u>	
Fund balance at end of year		<u>\$1,131,409</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Bond and Interest Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Local government - Property taxes	\$3,282,777	\$3,283,616	\$839
Interest	12,290	13,780	1,490
Total revenues	3,295,067	3,297,396	2,329
Expenditures -			
Institutional support - Other	8,300	5,537	2,763
Debt service:			
Principal retirement	2,210,000	2,210,000	0
Interest	1,041,375	1,080,364	(38,989)
Bond issuance costs	0	112,025	(112,025)
Total debt service	3,251,375	3,402,389	(151,014)
Total expenditures	3,259,675	3,407,926	(148,251)
Excess (deficiency) of revenues over expenditures	35,392	(110,530)	150,580
Other financing sources (uses):			
Issuance of refunding bonds and serial bonds	0	8,120,000	8,120,000
Net premium (discount) on bonds sold	0	267,401	267,401
Payment to refunded bonds escrow agent	0	(5,270,858)	(5,270,858)
Transfers out	0	(3,000,000)	(3,000,000)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$35,392</u>	6,013	<u>\$267,123</u>
Fund balance at beginning of year		238,840	
Fund balance at end of year		<u>\$244,853</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Operations and Maintenance Fund (Restricted)
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Local government - Property taxes	\$86,800	\$91,253	\$4,453
State government	0	62,955	62,955
Sales and service fees	10,950	0	(10,950)
Interest	340	395	55
Total revenues	98,090	154,603	56,513
Expenditures:			
Institutional support: Contractual services	0	11,933	(11,933)
Capital outlay	137,422	1,317,631	(1,180,209)
Total expenditures	137,422	1,329,564	(1,192,142)
Excess (deficiency) of revenues over expenditures	(39,332)	(1,174,961)	(1,135,629)
Other financing sources -			
Transfers in	47,000	3,477,330	3,430,330
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$7,668</u>	2,302,369	<u>\$2,310,037</u>
Fund balance (deficit) at beginning of year		(579,084)	
Fund balance (deficit) at end of year		<u>\$1,723,285</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Capital Endowment Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Interest	\$354,402	\$215,160	(\$139,242)
Net increase (decrease) in fair value of investments	0	(320,434)	(320,434)
Total revenues	354,402	(105,274)	(459,676)
Expenditures:			
Institutional support:			
Fixed charges	1,250	1,250	0
Other	0	125	(125)
Total expenditures	1,250	1,375	(125)
Excess of revenues over expenditures	353,152	(106,649)	(459,801)
Other financing sources -			
Transfers out	(585,100)	(565,778)	(19,322)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$231,948)</u>	<u>(672,427)</u>	<u>(\$904,375)</u>
Fund balance at beginning of year		<u>9,575,272</u>	
Fund balance at end of year		<u><u>\$8,902,845</u></u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenses, and Changes in Fund Balance
Budget and Actual
Auxiliary Enterprise Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Operating revenues:			
State government	\$130	\$0	(\$130)
Federal government	20,400	21,855	1,455
Student tuition and fees	251,015	269,631	18,616
Sales and service fees	771,860	647,681	(124,179)
Other	198,805	160,525	(38,280)
Total operating revenues	1,242,210	1,099,692	(142,518)
Operating expenses:			
Salaries	605,966	577,654	28,312
Employee benefits	13,789	14,517	(728)
Contractual services	186,857	138,385	48,472
General materials and supplies	305,161	254,851	50,310
Conference and meeting expense	45,810	44,852	958
Capital outlay	27,825	27,724	101
Depreciation	17,800	11,826	5,974
Other	124,964	104,360	20,604
Total operating expenses	1,328,172	1,174,169	154,003
Operating income before transfers in (out)	(85,961)	(74,477)	11,484
Transfers in	0	82,457	82,457
Net income	<u>(\$85,961)</u>	7,980	<u>(\$77,981)</u>
Fund balance at beginning of year		<u>115,681</u>	
Fund balance at end of year		<u>\$123,661</u>	

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Carl Sandburg College - Community College District 518
Schedule of Operating Revenues and Expenses, by Program
Auxiliary Enterprise Fund
For the year ended June 30, 2013

	Message Therapy	Auto Mechanics
Operating revenues:		
Federal government grants		
Student tuition and fees		
Sales and service fees	\$13,235	\$26,544
Other		
Total operating revenues	13,235	26,544
Operating expenses:		
Salaries		
Employee benefits		
Contractual services		
General materials and supplies	137	28,576
Conference and meetings		
Capital outlay		
Depreciation		
Other		
Total operating expenses	137	28,576
Operating income (loss)	\$13,098	(\$2,032)

Bookstore	Child Care Center	Cosmetology	Dental Hygiene	Food Service	Athletics	Student Activities - Other Services	Totals
	\$21,855						\$21,855
	402,282	\$23,957	\$24,689			\$269,631	269,631
\$135,125	1,601			\$11,079		156,974	647,681
						12,720	160,525
135,125	425,738	23,957	24,689	11,079	\$0	439,325	1,099,692
	422,709				93,786	61,159	577,654
	14,517						14,517
	35,861	2,904		38,863	37,185	23,572	138,385
	3,338	2,569	23,194	43	47,347	149,647	254,851
	197				44,548	107	44,852
			824			26,900	27,724
						11,826	11,826
	1,495			1,081	45,163	56,621	104,360
0	478,117	5,473	24,018	39,987	268,029	329,832	1,174,169
\$135,125	(\$52,379)	\$18,484	\$671	(\$28,908)	(\$268,029)	\$109,493	(\$74,477)

Carl Sandburg College - Community College District 518

Combining Balance Sheet - Liability Protection Funds

June 30, 2013

ASSETS	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Investments			\$4,231,394	\$4,231,394
Receivables:				
Property taxes		\$1,496,080		1,496,080
Other			18,969	18,969
Due from other funds	\$7,708		65,640	73,348
Total assets	\$7,708	\$1,496,080	\$4,316,003	\$5,819,791
LIABILITIES AND FUND BALANCE				
Liabilities:				
Unearned revenue -				
Property taxes		\$2,036,129		\$2,036,129
Due to other funds		1,129,267		1,129,267
Total liabilities	\$0	3,165,396	\$0	3,165,396
Fund balance:				
Restricted				0
Unrestricted	7,708	(1,669,316)	4,316,003	2,654,395
Total fund balance	7,708	(1,669,316)	4,316,003	2,654,395
Total liabilities and fund balance	\$7,708	\$1,496,080	\$4,316,003	\$5,819,791

Carl Sandburg College - Community College District 518

Combining Schedule of Revenues, Expenditures, and

Changes in Fund Balance (Deficit)

Liability Protection Funds

For the year ended June 30, 2013

	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Revenues:				
Local government		\$2,016,544		\$2,016,544
Interest		8,500	\$34,130	42,630
Net (decrease) in fair value of investments			(19,195)	(19,195)
Other	\$18,005			18,005
Total revenues	18,005	2,025,044	14,935	2,057,984
Expenditures -				
Current -				
Institutional support	15,628	1,978,083	95	1,993,806
Excess (deficiency) of revenues over expenditures	2,377	46,961	14,840	64,178
Other financing sources -				
Transfers in (out)		14,841	(14,841)	0
Excess (deficiency) of revenues and other financing sources over expenditures	2,377	61,802	(1)	64,178
Fund balance (deficit) at beginning of year	5,331	(1,731,118)	4,316,004	2,590,217
Fund balance (deficit) at end of year	\$7,708	(\$1,669,316)	\$4,316,003	\$2,654,395

Carl Sandburg College - Community College District 518

Schedule of Revenues, Expenditures, and Changes in

Fund Balance - Budget and Actual

Employee Insurance Fund

For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues -			
Other	\$0	\$18,005	\$18,005
Expenditures -			
Employee benefits	0	15,628	(15,628)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$0</u>	2,377	<u>\$2,377</u>
Fund balance at beginning of year		<u>5,331</u>	
Fund balance at end of year		<u>\$7,708</u>	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance (Deficit) -
Budget and Actual
Liability, Protection, and Settlement Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Property taxes	\$0	\$2,016,544	\$2,016,544
Interest income	0	8,500	8,500
Total revenues	0	2,025,044	2,025,044
Expenditures:			
Salaries	0	1,235,306	(1,235,306)
Employee benefits	0	221,376	(221,376)
Contractual services	0	256,223	(256,223)
General materials and supplies	0	12,466	(12,466)
Conference and meetings	0	935	(935)
Fixed charges	0	248,354	(248,354)
Other	0	3,423	(3,423)
Total expenditures	0	1,978,083	(1,978,083)
Excess (deficiency) of revenues over expenditures	0	46,961	46,961
Other financing sources (uses) -			
Transfer in	0	14,841	14,841
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	\$0	61,802	\$61,802
Fund balance (deficit) at beginning of year		(1,731,118)	
Fund balance (deficit) at end of year		(\$1,669,316)	

Carl Sandburg College - Community College District 518
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
Insurance Reserve Fund
For the year ended June 30, 2013

	Budget	Actual	Variance With Budget
Revenues:			
Interest income	\$0	\$34,130	\$34,130
Net increase in fair value of investments	0	(19,195)	(19,195)
Total revenues	0	14,935	14,935
Expenditures -			
Other	0	95	(95)
Excess (deficiency) of revenues over expenditures	0	14,840	14,840
Other financing sources (uses) -			
Transfers out	0	(14,841)	(14,841)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$0</u>	<u>(1)</u>	<u>(\$1)</u>
Fund balance at beginning of year		<u>4,316,004</u>	
Fund balance at end of year		<u><u>\$4,316,003</u></u>	

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2012, 2011, and 2010

	2012	2011	2010
Assessed Valuations:			
Knox County	\$696,149,598	\$691,839,527	\$680,739,185
Fulton County	13,719,949	13,058,063	12,863,319
Hancock County	265,894,226	263,098,933	255,682,422
Henderson County	122,957,378	118,677,416	114,246,717
Henry County	2,262,019	619,466	596,242
McDonough County	141,361,384	135,330,374	129,680,226
Mercer County	19,742,693	19,188,500	17,888,483
Schuyler County	2,590,055	2,474,496	2,313,882
Stark County	114,405	104,478	96,063
Warren County	266,880,594	256,612,147	245,699,442
Total assessed valuations	\$1,531,672,301	\$1,501,003,400	\$1,459,805,981
Tax Rate (per \$100 assessed valuation):			
Educational Accounts	0.2088	0.2021	0.2000
Operations and Maintenance Accounts	0.0560	0.0561	0.0560
Bond and Interest Fund	0.2202	0.2195	0.2244
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1328	0.1348	0.1333
Total tax rate	0.6228	0.6175	0.6187
Tax Extensions:			
Educational Accounts	\$3,197,198	\$3,037,383	\$2,931,156
Operations and Maintenance Accounts	858,609	843,133	817,452
Bond and Interest Fund	3,376,172	3,298,890	3,275,645
Audit Fund	76,661	75,145	72,987
Liability, Protection, Settlement, Social Security, and Medicare Accounts	2,036,129	2,025,924	1,945,826
Total tax extensions	\$9,544,769	\$9,280,475	\$9,043,066

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions

and Tax Collections (Continued)

Levy Years 2012, 2011, and 2010

	2012	2011	2010
Tax Collections to June 30:			
Education Fund	\$849,062	\$3,035,090	\$2,917,700
Operations and Maintenance Fund	203,320	750,888	729,425
Bond and Interest Fund	895,419	3,296,399	3,273,660
Audit Fund	20,332	75,089	72,943
Protection, Health, Safety	24,398	91,608	87,531
Liability, Protection, and Settlement Fund	540,017	2,024,394	1,944,647
Total tax collections	\$2,532,548	\$9,273,468	\$9,025,906
Percent of extensions collected	26.53%	99.92%	99.81%

Carl Sandburg College - Community College District 518
Schedule of Management Information
Reconciliation of the Balance Sheet - All Fund Types
to the Statement of Net Assets
For the year ended June 30, 2013

Fund equity - all fund types (page 72)	\$27,599,412
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	20,486,062
Bond issuance costs are not financial resources and, therefore, are not reported in the governmental funds	263,263
Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date	(31,840)
Long-term liabilities not reported in the governmental funds	(28,578,911)
Revenue for student tuition is recognized in the governmental funds when substantially received	<u>(382,019)</u>
Net position (Page 14)	<u><u>\$19,355,967</u></u>

Carl Sandburg College - Community College District 518
Schedule of Management Information - Reconciliation of the
Schedule of Revenues, Expenditures/Expenses and Changes in
Fund Balance (deficit) - All Fund Types to the State of Revenues,
Expenses, and Changes in Net Position
For the year ended June 30, 2013

Net increase in fund equity - all fund types (page 73)	\$1,746,756
<p>Governmental funds report capital outlays as expenditures. However, in the Statements of Net Position, the cost of those assets is allocated over their useful life and reported as depreciation expense:</p>	
Capital outlay	1,575,195
Depreciation expense	(1,368,851)
<p>Repayment of bond principal and changes in other long-term debt obligations is an expenditure or other financing use of governmental funds, but reduces long-term liabilities in the Statement of Net Position:</p>	
Bond principal repayments and gain on defeasement of bonded debt	2,104,142
Compensated absences	(11,848)
<p>Bond proceeds and bond premium on bonds sold are revenues or other financing sources of governmental funds, but increases long-term liabilities in the Statement of Net Position:</p>	
Bond proceeds	(8,120,000)
Bond issuance costs	112,025
Premium on bonds sold	(267,401)
Deposits in escrow	5,270,858
<p>The costs associated with issuing long-term debt are an expenditure of governmental funds, but increase other assets (unamortized debt issuance costs and bond premiums) in the Statements of Net Position.</p>	
	(49,317)
<p>Interest payable on debt is not reported in the governmental funds if payments are due subsequent to reporting date.</p>	
	4,917
<p>Revenue for student tuition is recognized in the governmental funds when substantially received.</p>	
	<u>(25,833)</u>
Increase in net position (page 15)	<u><u>\$970,643</u></u>

State Grant Activity and Schedule of Enrollment Data

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

Board of Trustees
Carl Sandburg College
Community College District 518
Galesburg, Illinois 61401

We have audited the accompanying balance sheets of the State Adult Education and Family Literacy and Career and Technical Education-Program Improvement Grants of Carl Sandburg College – Community College District 518 (the College) as of June 30, 2013, and the related statements of revenues, expenditures, and changes in fund balance – actual for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards; the standards applicable to financial audit contained in Government Auditing Standard issued by the Comptroller General of the United States and the grant policy guidelines of the Illinois Community College Board's *Fiscal Management Manual*. Those standards and guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a direct and material effect on the Grants occurred. An audit also includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

With respect to the compliance tests performed, the results of those procedures disclosed no material instances of noncompliance with the provisions of the agreements.

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 and Career and Technical Education-Program Improvement Grants of Carl Sandburg College – Community College District 518 as of June 30, 2013, and the results of their operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

This report is intended solely for the information and use of the Board of Trustees, management, the State of Illinois and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Sterling, Illinois
September 17, 2013

Carl Sandburg College - Community College District 518

Balance Sheet

State Adult Education Restricted Funds Grant

June 30, 2013

ASSETS	State Basic	State Public Assistance	State Performance	Total
Due from other funds	\$0	\$0	\$0	\$0
LIABILITIES AND FUND BALANCE				
Liabilities	\$0	\$0	\$0	\$0
Fund balance - reserved for encumbrances	0	0	0	0
Total liabilities and fund balance	\$0	\$0	\$0	\$0

Carl Sandburg College - Community College District 518
Statement of Revenues, Expenditures and Changes in Fund Balance
State Adult Education Restricted Funds Grants
For the year ended June 30, 2013

	State Basic	State Public Assistance	State Performance	Total
Revenues -				
Grant revenue	\$75,024	\$8,696	\$50,116	\$133,836
Expenditures:				
Instruction	53,031	5,691	11,284	70,006
Social work services				0
Guidance services	1,935		15,773	17,708
Assistive and adaptive equipment				0
Assessment and testing		3,005	10,367	13,372
Student transportation services			3,302	3,302
Literacy services	14,071			14,071
Child care services				0
Subtotal instructional and student services	69,037	8,696	40,726	118,459
Improvement of instructional services			7,138	7,138
General administration	5,987		2,252	8,239
Operation and maintenance of plant services				0
Workforce coordination				0
Data and information services				0
Approved indirect costs				0
Subtotal program support	5,987	0	9,390	15,377
Total expenditures	75,024	8,696	50,116	133,836
Excess of revenues over expenditures	0	0	0	0
Fund balance at beginning of year	0	0	0	0
Fund balance at end of year	\$0	\$0	\$0	\$0

Carl Sandburg College - Community College District 518
ICCB Compliance Statement for the Adult Education and Family Literacy
Grant - Expenditure Amounts and Percentages for ICCB Grant Funds Only
State Adult Education Restricted Funds Grants
For the year ended June 30, 2013

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$53,031	70.69%
General Administration (9% maximum allowed)	\$5,987	7.98%
State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$5,691	65.44%
General Administration (9% maximum allowed)	\$0	0.00%
State Performance	Audited Expenditure Amount	Actual Expenditure Percentage
General Administration (9% maximum allowed)	\$2,252	4.49%

Carl Sandburg College - Community College District 518

Balance Sheet

Career and Technical Education Program Improvement Grant

June 30, 2013

ASSETS

Cash	\$0
------	-----

LIABILITIES AND FUND BALANCE

Liabilities	\$0
-------------	-----

Fund balance	0
--------------	---

Total liabilities and fund balance	\$0
------------------------------------	-----

Carl Sandburg College - Community College District 518
Statement of Revenues, Expenditures, and Changes in Fund Balance
Career and Technical Education Program Improvement Grant
For the year ended June 30, 2013

Revenues -	
State sources	\$11,070
<hr/>	
Expenditures -	
General materials and supplies	11,070
<hr/>	
Excess of revenues over expenditures	0
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<hr/> <hr/>	

Carl Sandburg College – Community College District 518

Notes to ICCB Grant Programs Financial Statements

Note 1. Summary of Significant Accounting Policies:

General

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

Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2013. Funds obligated for goods prior to June 30, for which the goods are received prior to August 31, are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the Illinois Community College Board by October 15.

Fixed Assets

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

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.

Carl Sandburg College – Community College District 518

Background Information on State Grant Activity

Restricted Adult Education Grants/State

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

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

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

Restricted Grants

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

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

Board of Trustees
Carl Sandburg College
Community College District 518
Galesburg, Illinois

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed (Schedule) of Carl Sandburg College – Community College District 518 for the year ended June 30, 2013. The College's management is responsible for the Schedule. Our responsibility is to express an opinion on the schedule based on our audit.

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

In our opinion, the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is presented in conformity with the provisions of the aforementioned guidelines.

This report is intended solely for the information and use of the Board Trustees, management, and the Illinois Community College Board and is not intended to be and should not be used by anyone other than these specified parties.

Wipfli LLP

Sterling, Illinois
September 17, 2013

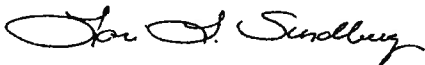
Carl Sandburg College - Community College District 518
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
For the year ended June 30, 2013

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	3,041.0		11,920.0		11,606.0		26,567.0	0.0
Business Occupational	362.5		1,085.5		1,331.5		2,779.5	0.0
Technical Occupation	207.0		1,552.5		1,376.5		3,136.0	0.0
Health Occupational	1,091.5		3,958.0		3,585.0		8,634.5	0.0
Remedial Development	418.0		2,134.0		1,468.0		4,020.0	0.0
Adult Basis Education/ Adult Secondary Education	12.5	32.3	32.5	1,320.0	506.5	931.0	551.5	2,283.3
Total credit hours certified	5,132.5	32.3	20,682.5	1,320.0	19,873.5	931.0	45,688.5	2,283.3

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	42,505.5	0.0	42,505.5
Reimbursable semester credit hours (all terms)	3,609.5	0.0	
District equalized assessed valuation			\$1,531,672,301

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

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

Signatures 

President



Chief Financial Officer (CFO)

Carl Sandburg College - Community College District 518
Schedule of Enrollment Data and Other Bases Upon Which Claims are Filed
(Continued)
For the year ended June 30, 2013

Reconciliation of Total Semester Credit Hours						
For the year ended June 30, 2013						
	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	26,567.0	26,567.0	-	-	-	-
Business Occupational	2,779.5	2,779.5	-	-	-	-
Technical Occupation	3,136.0	3,136.0	-	-	-	-
Health Occupational	8,634.5	8,634.5	-	-	-	-
Remedial Development	4,020.0	4,020.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	551.5	551.5	-	2,283.3	2,283.3	-
Total	45,688.5	45,688.5	-	2,283.3	2,283.3	-

Reconciliation of In-District/Chargeback and Cooperative/ Contractual Agreement Credit Hours			
	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	42,505.5	42,505.5	-
Out-of-districts on chargeback or contractual agreement	0.0	0.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	3,609.5	3,609.5	-
Dual enrollment	0	0	-

Reconciliation of Total Correctional Semester Credit Hours			
For the year ended June 30, 2013			
	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories:			
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupation	-	-	-
Remedial Development	-	-	-
Total	-	-	-

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

Carl Sandburg College – Community College District 518

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

Note 1. Residency Verification Process

Procedures for Verifying and Classifying Residency

Every credit student must submit an application to the College which contains biographic and demographic information. The student signs the application verifying the accuracy of the information and the ability to provide documentation to verify it. The College will use the data contained in the application and on the subsequent enrollment forms to determine residency.

In order to be classified as in-district for tuition, the student must indicate one or more of the following:

- Current residence for at least 30 days at an in-district address
- Permanent residence at an in-district address
- Graduation from or current enrollment in an in-district high school
- Current enrollment at another institution of higher education located in-district
- Although the student resides out-of-district, the student or his parent or guardian maintains full-time employment in-district
- Although the student resides out-of-district, the student owns land and pays taxes in-district.

In the case of an address change, a student will submit the change in writing to the Records Department or via the self service address change in our online system.

The student's signature on the forms mentioned above indicates that he/she is able to produce appropriate documentation to verify residency in-district. Proper documentation includes one or more of the following:

- Drivers license
- State-issued ID
- Voter registration card
- Utility bill
- Bank statement
- ID card from another institution of higher education in district
- Progress summary from another institution of higher education in district
- Home/apartment lease
- Cell phone bill

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ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION

**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
Carl Sandburg College – Community
College District 518
Galesburg, Illinois

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Carl Sandburg College – Community College District 518 (the College) and its discretely presented component unit, Carl Sandburg College Foundation, as of and for the years ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Carl Sandburg College – Community College District 518's basic financial statements and have issued our report thereon dated September 17, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Carl Sandburg College – Community College District 518's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of Carl Sandburg College – Community College District 518's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carl Sandburg College – Community College District 518's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Wipfli LLP

Sterling, Illinois
September 17, 2013

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of Trustees
Carl Sandburg College – Community
College District 518
Galesburg, Illinois

Report on Compliance for Each Major Federal Program

We have audited Carl Sandburg College – Community College District 518's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Carl Sandburg College – Community College District 518's major federal programs for the year ended June 30, 2013. Carl Sandburg College – Community College District 518's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Carl Sandburg College – Community College District 518's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Carl Sandburg College – Community College District 518's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Carl Sandburg College – Community College District 518's compliance.

Opinion on Each Major Federal Program

In our opinion, Carl Sandburg College – Community College District 518 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

Management of Carl Sandburg College – Community College District 518 is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Carl Sandburg College – Community College District 518's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Carl Sandburg College – Community College District 518's internal control over compliance.

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

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

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

Wipfli LLP

Sterling, Illinois
September 17, 2013

Carl Sandburg College - Community College District 518
COMMUNITY COLLEGE DISTRICT NO. 518
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2013

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture -			
Pass-through the Illinois State Board of Education:			
Child & Adult Care Food Program	10.558	XX-4226-00	\$21,455
U.S. Department of Labor:			
Pass-through College of Lake County			
Trade Adjustment Assistance Community College and Career Training			
Illinois Green Economy Network Department of Energy Program (m)	17.282	TC-22517-11-60-A17	\$333,797
U.S. Department of Education:			
Pass-through Illinois Community College Board:			
Adult Education:			
Federal Adult EL/Civics	84.002	51801	\$17,330
Federal Adult Basic	84.002	51801	71,992
Total CFDA 84.002			89,322
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1115	55,862
Federal Work Study Program (m)	84.033	P033AXX1115	60,025
Federal Pell Grant Program (m)	84.063	P063XXX0511	4,765,976
Federal Direct Loan Program (m)	84.268	P268KXX0511	968,588
Total student financial assistance cluster			5,850,451
Pass-through Southeastern Community College -			
TRIO - Student Support Services	84.042	P042A100091	172,366
Direct awards -			
TRIO - Upward Bound -			
Crossing the Bridge to Success	84.047	P047A070128-XX	257,394
Total TRIO cluster			429,760
Pass-through Illinois Community College Board:			
Career and Technical Education Programs:			
Perkins Postsecondary Grants	84.048	CTE51813	180,181
Innovation Grant	84.048	CTE11518	3,431
Total CFDA 84.048			183,612
Total U.S. Department of Education			\$6,553,145
Total federal awards expended			\$6,908,397

(m) Denotes major program

Carl Sandburg College – Community College District 518

Notes to the Schedule of Expenditures of Federal Awards

- **General** – The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Carl Sandburg College – Community College District 518. Carl Sandburg College – Community College District 518 reporting entity is defined in Note (1) to the College’s basic financial statements. Federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included on the schedule.
- **Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting which is described in Note (1) to the College’s basic financial statements.

- **Program Totals** – Subtotals for major programs are as follows:

IGEN Career Pathways Consortium (17.282)	\$333,797
Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)	\$5,850,451

- **Subrecipient Payments** - Carl Sandburg College – Community College District 518 did not provide any federal payments to subrecipients during the year ended June 30, 2013.
- **Non-Cash Assistance** - Carl Sandburg College – Community College District 518 did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2013.
- **Other Federal Award Information** - Carl Sandburg College – Community College District 518 did not receive or administer any insurance, loans or loan guarantees during fiscal year ended June 30, 2013.

Carl Sandburg College – Community College District 518

Schedule of Findings and Questioned Costs

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are
not considered to be material weakness(es)? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___ yes X no

Significant deficiency(ies) identified that are
not considered to be material weakness(es) ___ yes X none reported

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

Any audit findings disclosed that are required
to be reported in accordance with Section 510(a)
of Circular A-133? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.282	IGEN Career Pathways Consortium
84.007, 84.033, 84.063, 84.268	Student Financial Aid

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? X yes ___ no

Carl Sandburg College – Community College District 518

Schedule of Findings and Questioned Costs

Section II – Financial Statement Findings

A. Internal Control

None

B. Compliance Finding

None

Section III – Federal Award Findings and Questioned Costs

A. Internal Control

None

B. Compliance Findings

None

Carl Sandburg College – Community College District 518

Summary Schedule of Prior Audit Findings

Prior Year Findings:

June 30, 2012

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

A. Internal Control

None

B. Compliance Finding

None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Finding

None

June 30, 2011

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

A. Internal Control

None

B. Compliance Finding

None

II. Findings and Questioned Costs for Federal Awards

A. Internal Control

None

B. Compliance Finding

None