

2015 Comprehensive Annual Financial Report

Fiscal years ended June 30, 2015 and 2014



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



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SANDBURG
COLLEGE™

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President's Letter

September 15, 2015

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 2015. This document represents the record of the College's financial operations for the year ending June 30, 2015.

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. Student Success is our primary goal both in retention and in degree completion. 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,

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

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Transmittal Letter

September 15, 2015

To President Sundberg,
Members of the Board of Trustees, and
Citizens of Carl Sandburg College District No. 518:

The Comprehensive Annual Financial Report of Carl Sandburg College, Community College District No. 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, 2015, 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 No. 518 basic financial statements for the year ended June 30, 2015. 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 2014, the College enrolled 2,200 students, with an average age of 27 years. Women represented 63 percent of the student body and 43 percent were part-time students. Many students balance the demands of college with work and family responsibilities.

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EXCELLENCE | COLLABORATION | INTEGRITY | RESPECT

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

Fiscal Year	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Fall College enrollment	2,661	2,538	2,383	2,460	2,200	2,200
Annual Full-time equivalents	1,772	1,737	1,644	1,599	1,450	1,436
Continuing Education Credit Hours	918	798	913	1,012	712	660
<u>Total Annual Credit Hours</u>	53,174	52,113	49,316	47,972	43,511	43,090

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.

The Strategic Planning process for the College includes 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 all students with opportunities for success.

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 a few 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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Current:					
Education	0.2146	0.2088	0.2021	0.2000	0.2013
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500
Liability, Protection and Settlement	0.1205	0.1220	0.1240	0.1225	0.1099
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	0.0106	0.0108	0.0108	0.0108	0.0129
Bond and Interest	0.2187	0.2202	0.2195	0.2244	0.2262
Plant:					
Operations and Maintenance (Restricted) - Life Safety	0.0058	0.0060	0.0061	0.0060	0.0062
Total	0.6252	0.6228	0.6175	0.6187	0.6115

The College District's 2015 tax levy base of \$1,567,074,436 increased by 2.36% over the 2014 tax base. Property tax revenue has held relatively stable after the loss of many industries in the district. During fiscal year 2015, local property taxes accounted for approximately 34% 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 2015, the college issued refunding bonds to take advantage of lower interest rates, thus producing savings to our district taxpayers.

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 2015 included learning area enhancements and road and parking lot resurfacing. 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 Building Illinois' Bioeconomy grant, funded through the Trade Adjustment Assistance Community College and Career Training program with the U.S. Department of Labor. The Building Illinois' Bioeconomy (BIB) consortium is comprised of five higher education institutions in the state including Carl Sandburg College. The consortium aims to merge the collective strengths and resources of each partner school with a network of committed employers to establish a transformative series of career pathways into our state's bioeconomy. This grant funded initiative outlines a comprehensive plan to connect veterans, TAA-eligible workers, unemployed persons, underserved minorities, and rural workers with in-demand careers in this growing field.

The College was successful in extending our labor agreement through June 30, 2019 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, 2019.

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 \$2.5M 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, 2014. This was the twelfth 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,



Lisa M. Blake
Chief Financial Officer



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

**Illinois Community College District No. 518
Principal Officials as of June 30, 2015**

Board of Trustees

Name Expires	Position	Term
Rev. Jon A. Sibley, Sr.	Chairperson	2019
Ms. Sandra L. Wood	Vice Chairperson	2017
Rev. Lee E. Johnson	Secretary	2019
Mr. Thomas H. Colclasure	Trustee	2021
Mr. Bruce A. Lauerman	Trustee	2021
Ms. Gayla J. Pacheco	Trustee	2017
Mr. William C. Robinson	Trustee	2017
Ms. Mia Ismal	Student Trustee	
Ms. Melissa Bankes	Faculty Representative	
Mr. Keith Williams	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

Administrative Staff

Mr. Kip Canfield	Director of Public Safety
Mr. Michael Bailey	Director of Athletics
Mr. Tony Bentley	Director of TRiO Upward Bound Project
Ms. Lisa Blake	Chief Financial Officer/Treasurer
Ms. Dylana Carlson	Director of Recruiting
Ms. Robin DeMott	Director of Marketing & Public Relations
Ms. Maureen Dickinson	Executive Director of Advancement
Mr. Rick Eddy	Director of Admissions & Records
Ms. Lisa Hanson	Director of Financial Aid
Ms. Michelle Johnson	Director of Institutional Effectiveness/Adult Education
Ms. Gina Krupps	Director of Human Resources
Ms. Misty Lyon	Dean of Student Success
Mr. Patrick Meridith	Director of Business Services
Ms. Debra Miller	Dean of Extension Services
Ms. Christy Pecs	Director of Information Technology
Ms. Stacey Rucker	Director of Business & Community Education
Ms. Autumn Scott	Director of TRiO/SSS
Ms. Linda Thomas	Director of Extension Services
Dr. Connie Thurman	Dean of Human Resources and Org. Development
Dr. Kyle Cecil	Dean of Career, Technical, & Health Ed/Program Development

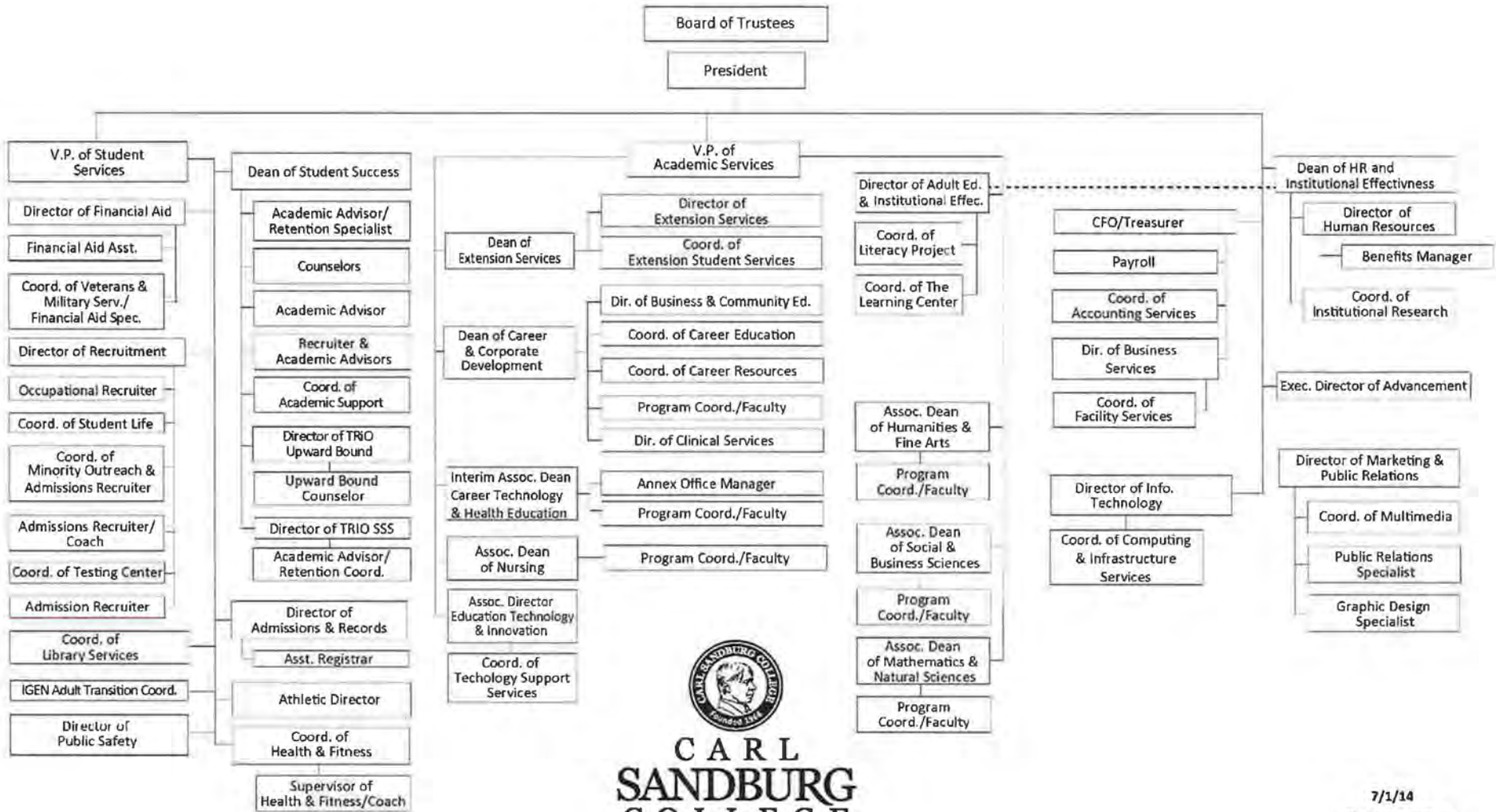
Official Issuing Report

Ms. Lisa Blake, Chief Financial Officer/Treasurer

Department Issuing Report

Finance Office

Organizational Chart



7/1/14
Position/Title



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, 2014

Executive Director/CEO



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 the business-type activities and discretely presented component unit of Carl Sandburg College – Community College District 518 (the College), as of and for the years ended June 30, 2015 and 2014, 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 College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Carl Sandburg College – Community College District 518, as of June 30, 2015 and 2014, 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.

Emphasis of Matter

The College adopted GASB Statement 68 "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27" and GASB Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68". Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Covered Payroll, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College'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 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 listed in the special reports section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2015, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
September 15, 2015

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Management's Discussion and Analysis

This section of Carl Sandburg College – Community College District 518's (the "College") Comprehensive Annual Financial Report presents management's discussion and analysis of the College's financial activity during the fiscal years ended June 30, 2015 and 2014. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, please read it in conjunction with the transmittal letter (pages v-x), the College's basic financial statements (pages 14-17), and the footnotes (pages 21-44). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

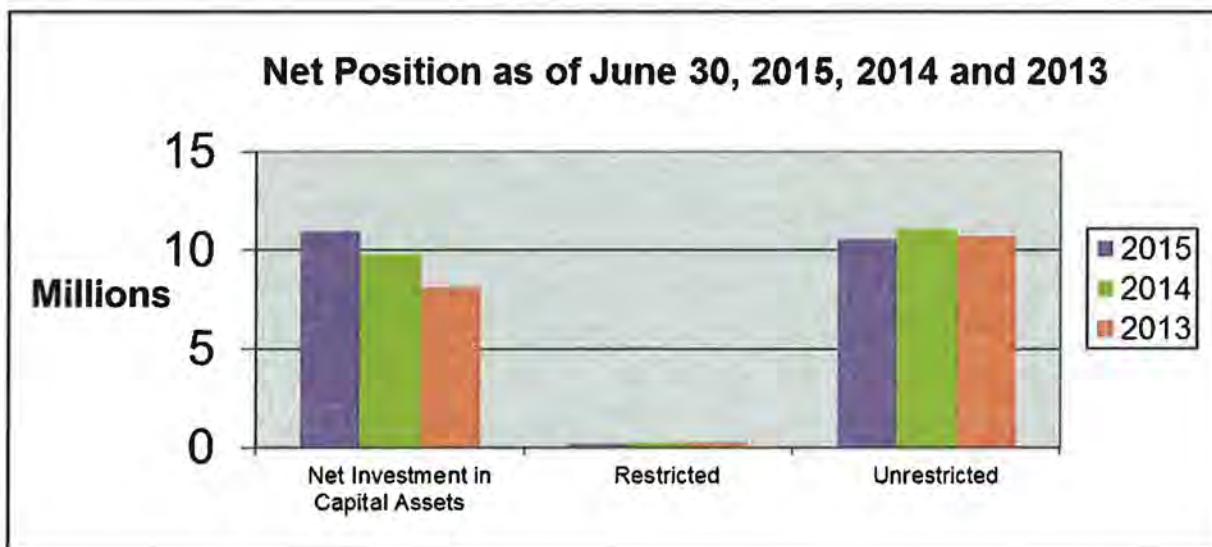
The financial statement format focuses on the College as a whole. A comparative analysis is presented under this model. The College financial statements (pages 14-17) are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus of the 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 (pages 18-20). 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)**

	2015	2014	Increase (Decrease) 2015-2014	As Restated 2013	Increase (Decrease) 2014-2013
Current assets	\$22.1	\$22.6	(\$0.5)	\$26.3	(\$3.7)
Non-current assets					
Capital assets, net of depreciation	21.3	21.9	(0.6)	20.5	1.4
Other	14.2	14.1	0.1	12.4	1.7
Total assets	57.6	58.6	(1.0)	59.2	(0.6)
Total deferred outflows of resources	0.0	0.0	0.0	0.0	0.0
Total assets and deferred outflows of resources	57.6	58.6	(1.0)	59.2	(0.6)
Current liabilities	4.3	4.0	0.3	4.3	(0.3)
Non-current liabilities	21.0	23.5	(2.5)	26.0	(2.5)
Total liabilities	25.3	27.5	(2.2)	30.3	(2.8)
Total deferred inflows of resources	10.5	9.9	0.6	9.8	0.1
Total liabilities and deferred inflows of resources	35.8	37.4	(1.6)	40.1	(2.7)
Net position					
Net investment in capital assets	11.0	9.8	1.2	8.1	1.7
Restricted	0.2	0.3	(0.1)	0.3	0.0
Unrestricted	10.6	11.1	(0.5)	10.7	0.4
Total	\$21.8	\$21.2	\$0.6	\$19.1	\$2.1

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 2015 Compared to 2014

Current assets decreased \$0.5 million due to the use of bond proceeds to complete energy efficiency improvements, a decrease in short-term investments, and an increase in property taxes receivable..

Non-current assets decreased \$0.5 million due to the increase in accumulated depreciation.

Current liabilities increased \$0.3 million due to an increase in accounts payable.

Non-current liabilities decreased \$2.5 million due to payments on bonds payable.

Deferred inflows of resources increased \$0.6 million with an increase in deferred property taxes and an increase related to the gain on the refunding of bonds.

Total net position at June 30, 2015 increased by \$0.6 million. The restricted net position are restricted for \$0.2 million of debt service payments.

Fiscal Year 2014 Compared to 2013

Current assets decreased \$3.7 million due to the use of bond proceeds for energy efficiency improvements and a decrease in property taxes receivable.

Non-current assets increased \$3.1 million due to the investment in work in progress for energy efficiency improvements and an increase in long term investments.

Current liabilities decreased \$0.3 million due to a decrease in accounts payable.

Non-current liabilities decreased \$2.5 million due to payments on bonds payable.

Total net position at June 30, 2014 increased by \$2.1 million. The restricted net position are restricted for \$0.3 million of debt service payments

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

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

	2015	2014	Increase (Decrease) 2015-2014	As Restated 2013	Increase (Decrease) 2014-2013
Operating revenue					
Tuition and fees	\$4.3	\$4.0	\$0.3	\$4.5	(\$0.5)
Auxiliary	0.2	0.6	(0.4)	0.6	0.0
Total operating revenue	4.5	4.6	(0.1)	5.1	(0.5)
Less operating expenses	26.8	25.9	0.9	27.0	(1.1)
Operating loss	(22.3)	(21.3)	(1.0)	(21.9)	0.6
Non-operating revenue					
State grants and contracts	3.1	3.9	(0.8)	3.8	0.1
Federal grants and contracts	6.0	6.3	(0.3)	6.9	(0.6)
Property taxes	9.9	9.5	0.4	9.2	0.3
Investment income	0.4	0.4	0.0	0.1	0.3
Other	5.0	4.3	0.7	4.1	0.2
Interest expense	(1.5)	(1.0)	(0.5)	(1.3)	0.3
Total net non-operating revenues	22.9	23.4	(0.5)	22.8	0.6
Increase (decrease) in net position	0.6	2.1	(1.5)	0.9	1.2
Net position, beginning of year as previously reported	21.2	19.1	2.1	18.4	0.7
Prior period adjustment	0.0	0.0	0.0	(0.2)	0.2
Net position, beginning of year as restated	21.2	19.1	2.1	18.2	0.9
Net position, end of year	\$21.8	\$21.2	\$0.6	\$19.1	\$2.1

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2015 were \$28.9 million and \$28.3 million, respectively. Fiscal year 2014 total revenues and expenses (Operating and Non-Operating) were \$29.0 million and \$26.9 million, respectively. Fiscal year 2013 total revenues and expenses (Operating and Non-Operating) were \$29.2 million and \$28.3 million.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2015 Compared to 2014

Operating revenue decreased \$0.1 million due to a decrease in auxiliary enterprises revenue.

Operating expenses as of June 30, 2015, increased \$0.9 million due to an increase in instructional and institutional support costs and a decrease in auxiliary costs with the children's school closure.

Non-operating revenue remained flat during Fiscal Year 2015.

Fiscal Year 2014 Compared to 2013

Operating revenue decreased \$0.5 million due to a decrease in student tuition and fees based on credit hours provided.

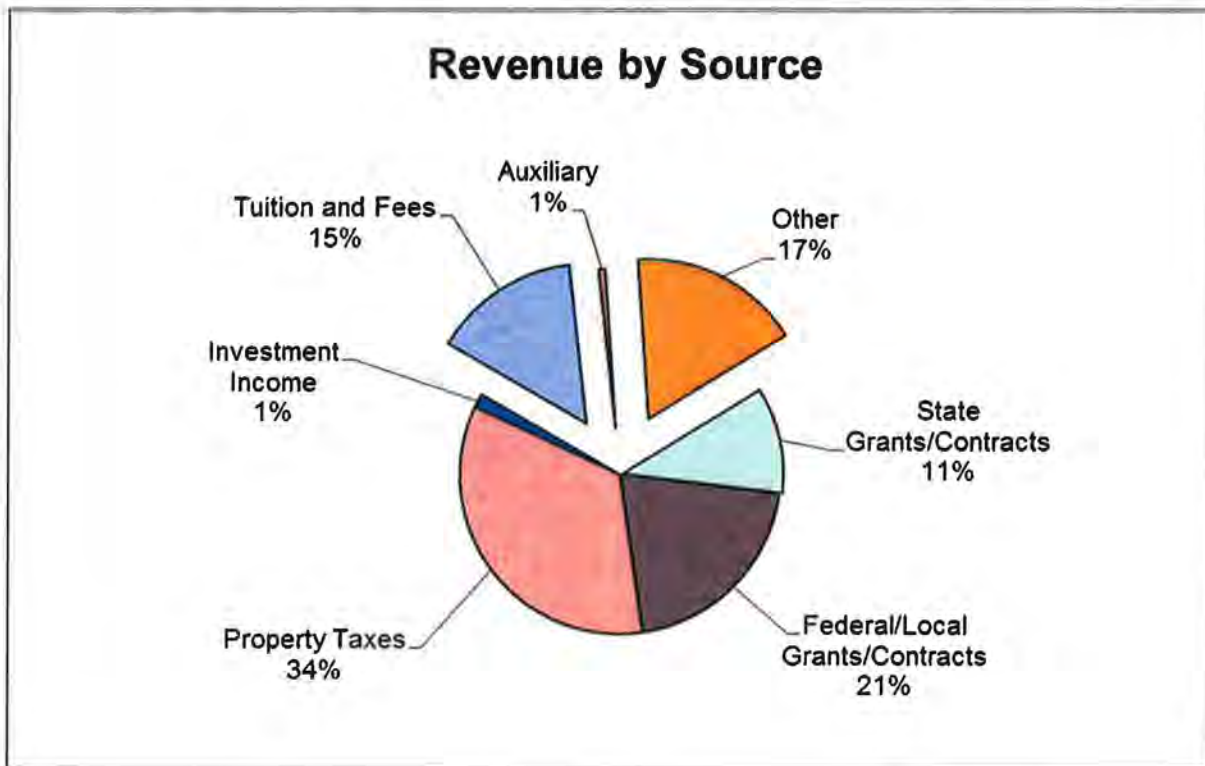
Operating expenses as of June 30, 2014, decreased \$1.1 million due to a decrease in financial aid transmitted and an emphasis on controlling expenditures due to a decrease in credit hour production.

Non-operating revenue increased \$0.3 million. Grant revenue decreased \$0.5 million. There was an increase in property taxes of \$0.3 million, an increase in investment income of \$0.3 million and an increase in SURS on-behalf payments of \$0.2 million.

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, 2015.



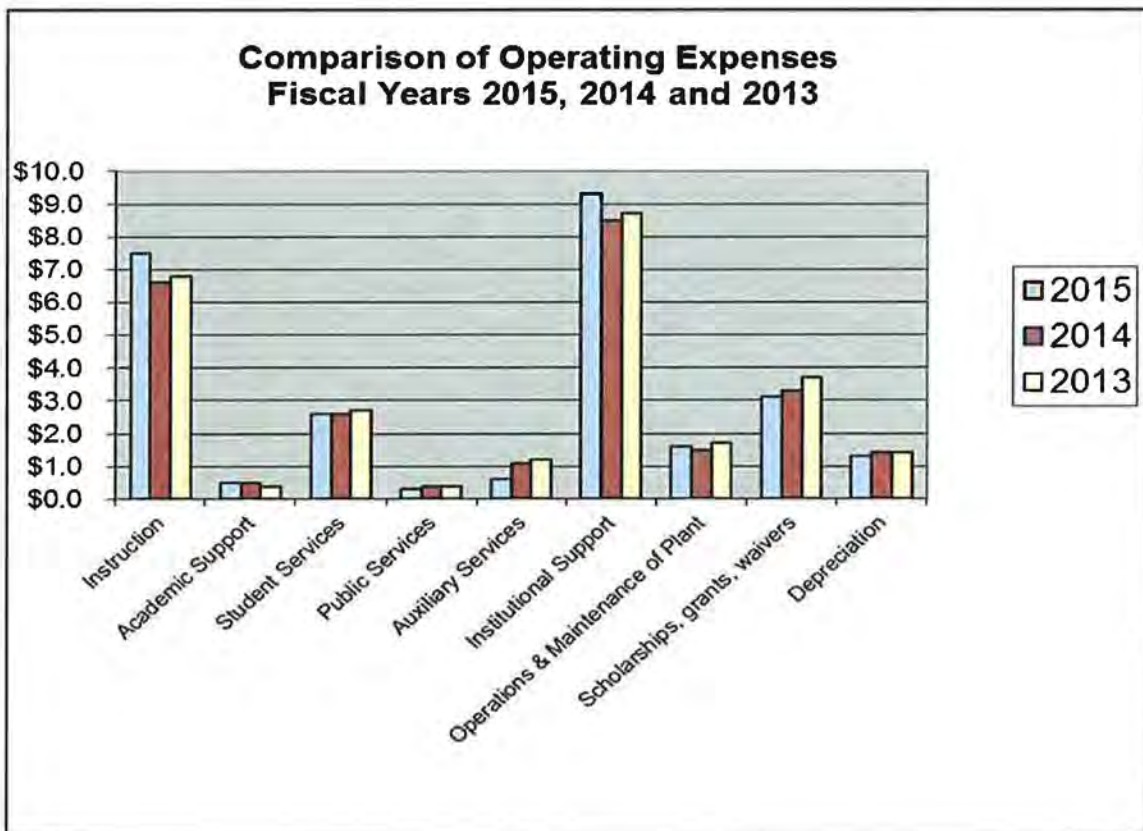
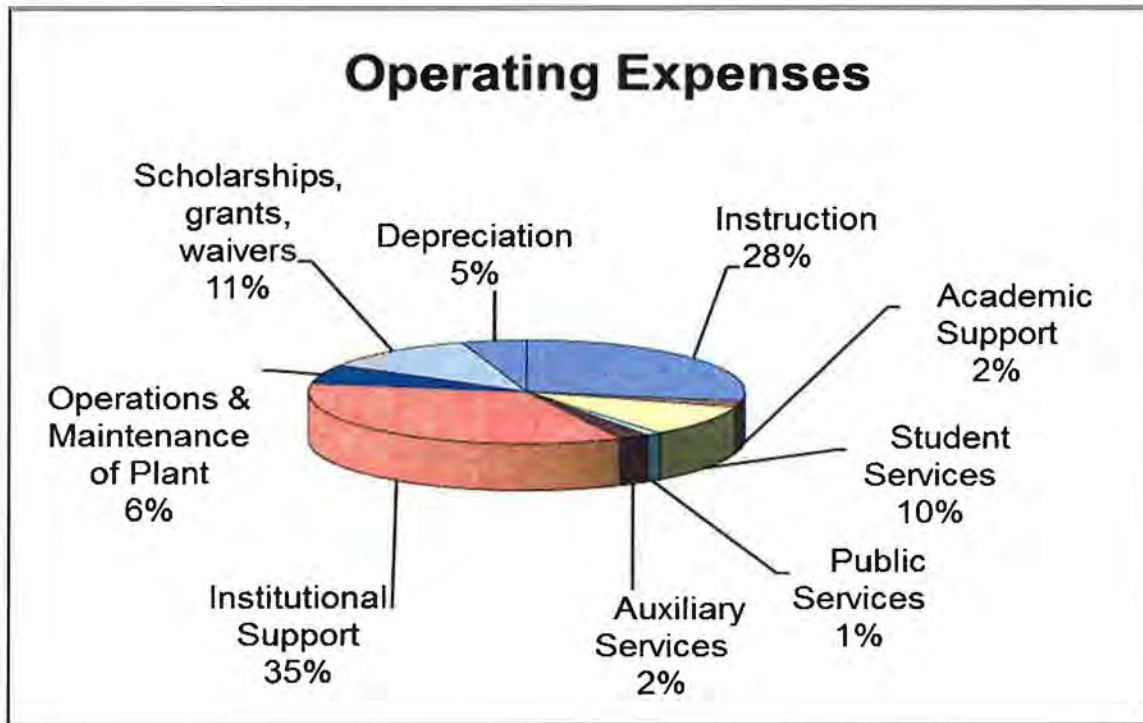
Operating Expenses For the Year Ended June 30, (in millions)

Operating expense	2015	2014	Increase (Decrease) 2015-2014	As Restated 2013	Increase (Decrease) 2014-2013
Instruction	\$7.5	\$6.6	0.9	\$6.8	(0.2)
Academic support	0.5	0.5	0.0	0.4	0.1
Student services	2.6	2.6	0.0	2.7	(0.1)
Public services	0.3	0.4	(0.1)	0.4	0.0
Auxiliary services	0.6	1.1	(0.5)	1.2	(0.1)
Operations & maintenance of plant	1.6	1.5	0.1	1.7	(0.2)
Institutional support	9.3	8.5	0.8	8.7	(0.2)
Scholarships, grants, waivers	3.1	3.3	(0.2)	3.7	(0.4)
Depreciation	1.3	1.4	(0.1)	1.4	0.0
Total	\$26.8	\$25.9	0.9	\$27.0	(1.1)

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

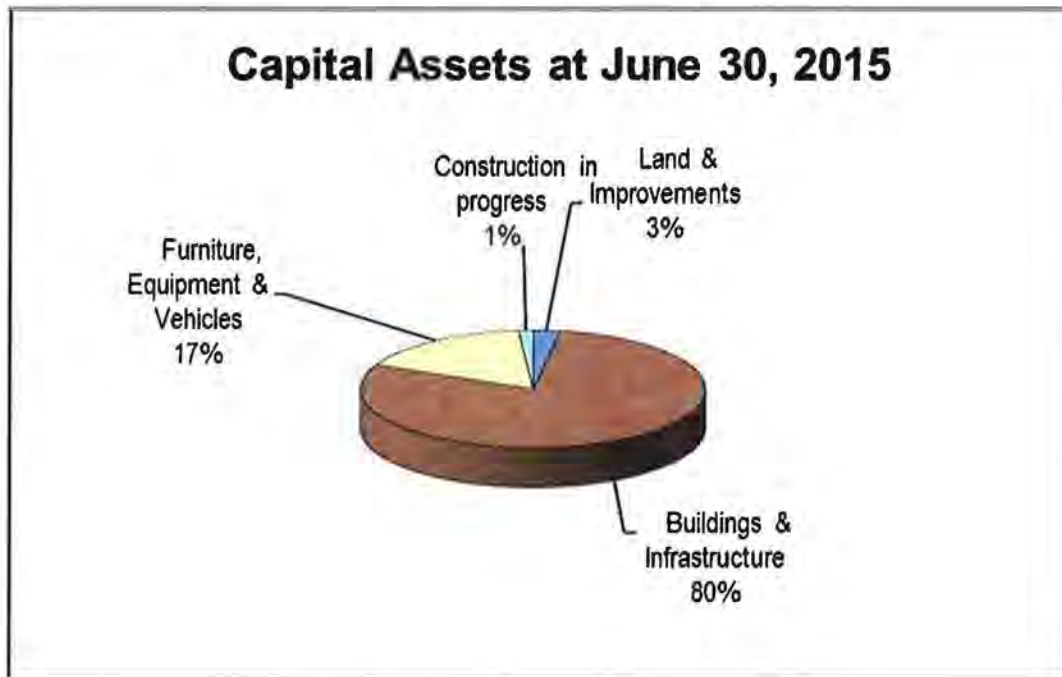
The following is a graphic illustration of operating expenses for the year ended June 30, 2015.



Carl Sandburg College – Community College District 518
Management Discussion and Analysis

**Capital Assets, Net
 June 30,
 (in millions)**

	2015	2014	Increase (Decrease) 2015-2014	As Restated 2013	Increase (Decrease) 2014-2013
Capital Assets					
Land & improvements	\$1.1	\$0.8	\$0.3	\$0.8	\$0.0
Buildings & infrastructure	34.8	35.8	(1.0)	35.1	0.7
Furniture, equipment, & vehicles	7.4	4.4	3.0	4.3	0.1
Construction in progress	0.6	3.0	(2.4)	1.2	1.8
Total	43.9	44.0	(0.1)	41.4	2.6
Less accumulated depreciation	(22.6)	(22.1)	0.5	(20.9)	(1.2)
Net capital assets	\$21.3	\$21.9	(\$0.6)	\$20.5	\$1.4



Fiscal Year 2015 Compared to 2014

As of June 30, 2015, the College had recorded \$43.9 million invested in capital assets, \$22.6 million in accumulated depreciation, and \$21.3 million in net capital assets. The College completed an energy efficiency project to replace HVAC systems on the main campus to address comfort issues in the learning environment. The College also sold an excess building in the southern part of the district due to population decline and decreased utilization. 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.

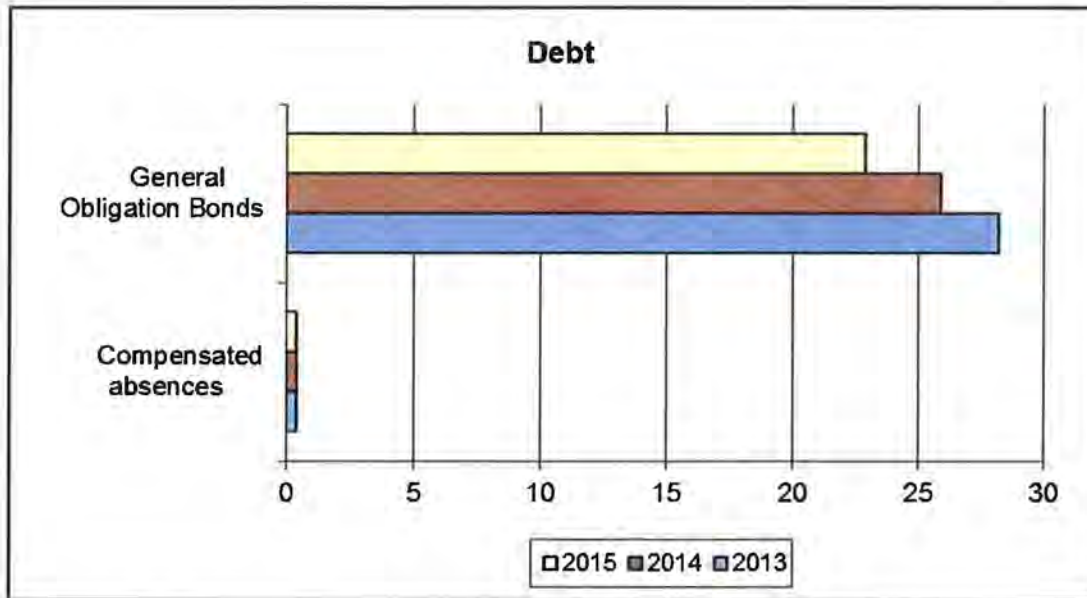
Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2014 Compared to 2013

As of June 30, 2014, the College had recorded \$44.0 million invested in capital assets, \$22.1 million in accumulated depreciation, and \$21.9 million in net capital assets. The College continues 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.

	Debt June 30, (in millions)		Increase (Decrease) 2015-2014	As Restated 2013	Increase (Decrease) 2014-2013
	2015	2014			
General Obligation Bonds	\$22.9	\$25.9	(\$3.0)	\$28.2	(\$2.3)
Compensated absences	0.4	0.4	0.0	0.4	0.0
Total	\$23.3	\$26.3	(\$3.0)	\$28.6	(\$2.3)



Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2015 Compared to 2014

During fiscal year 2015, the College paid \$12.3 in bond payments funded through the tax levy and the issuance of \$9.4 in refunding bonds. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements on pages 29-33.

Fiscal Year 2014 Compared to 2013

During fiscal year 2014, the College paid \$2.3 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 29-33.

Contacting the College's Financial Management

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

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Basic Financial Statements

Carl Sandburg College - Community College District 518

Statements of Net Position

June 30, 2015 and 2014

ASSETS	2015	2014
Current assets:		
Cash and cash equivalents	\$7,619,709	\$8,767,091
Deposits	1,551,069	1,550,000
Short-term investments	3,884,973	4,087,093
Property taxes receivable	7,269,165	6,490,923
Other receivables	1,518,771	1,517,887
Prepaid items	199,391	209,471
Inventories	9,175	11,850
Total current assets	22,052,253	22,634,315
Noncurrent assets:		
Long-term investments	14,226,350	14,054,589
Capital assets	43,897,332	43,996,246
Less accumulated depreciation	(22,602,335)	(22,088,209)
Total noncurrent assets	35,521,347	35,962,626
Total assets	57,573,600	58,596,941
DEFERRED OUTFLOW OF RESOURCES		
SURS pension contribution	38,128	0
Total assets and deferred outflows of resources	57,611,728	58,596,941
LIABILITIES		
Current liabilities:		
Accounts payable	784,663	507,220
Accrued liabilities	79,500	91,086
Unearned tuition and fees	588,353	658,663
Accrued compensated absences	238,171	234,107
Bonds payable, net of unamortized premiums (discounts)	2,659,663	2,492,744
Total current liabilities	4,350,350	3,983,820
Noncurrent liabilities:		
Accrued compensated absences	119,086	117,054
Bonds payable, net of unamortized premiums (discounts)	20,865,711	23,419,913
Total noncurrent liabilities	20,984,797	23,536,967
Total liabilities	25,335,147	27,520,787
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	9,989,510	9,794,127
Deferred grant revenue	67,532	64,642
Deferred concessions	50,000	0
Unamortized gain on refunding	390,298	0
Total deferred inflows of resources	10,497,340	9,858,769
Total liabilities and deferred inflows of resources	35,832,487	37,379,556
NET POSITION		
Net investment in capital assets	10,958,234	9,793,258
Restricted - expendable:		
Debt service	233,653	279,083
Unrestricted	10,587,354	11,145,044
Total net position	\$21,779,241	\$21,217,385

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, 2015 and 2014

	2015	2014
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,312,182 and \$2,782,969, respectively	\$4,338,322	\$4,002,982
Auxiliary enterprises revenue	201,486	599,619
Total operating revenue	4,539,808	4,602,601
Operating expenses:		
Instruction	7,537,490	6,604,597
Academic support	452,744	474,514
Student services	2,669,024	2,609,590
Public services	260,042	364,115
Auxiliary services	686,399	1,095,972
Operation and maintenance of plant	1,586,438	1,527,436
Institutional support	9,299,793	8,505,228
Scholarships, student grants, and waivers	3,108,326	3,316,528
Depreciation	1,254,003	1,354,835
Total operating expenses	26,854,259	25,852,815
Operating loss	(22,314,451)	(21,250,214)
Nonoperating revenues and (expenses):		
State grants	3,161,637	3,912,244
Federal grants	5,959,358	6,273,895
Property taxes	9,883,804	9,467,264
Personal property replacement tax	290,774	270,371
Local grants	12,422	19,812
Investment income	401,770	381,802
Other nonoperating revenues	4,646,753	4,041,119
Interest expense	(1,480,211)	(991,612)
Net nonoperating revenues and (expenses)	22,876,307	23,374,895
Change in net position	561,856	2,124,681
Net position, beginning of year	21,217,385	19,092,704
Net position, end of year	\$21,779,241	\$21,217,385

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows

For the years ended June 30, 2015 and 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$6,592,046	\$6,852,662
Payments to suppliers	(5,598,372)	(7,526,261)
Payments to employees	(10,123,590)	(10,743,194)
Payments to students for scholarships	(7,732,690)	(6,099,497)
Auxiliary enterprise charges	194,095	594,037
Net cash used in operating activities	(16,668,511)	(16,922,253)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	9,235,071	10,235,763
Proceeds from grants	9,988,850	11,111,752
Net cash provided by noncapital financing activities	19,223,921	21,347,515
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(1,543,996)	(2,764,535)
Loss on disposal of capital assets	784,986	0
Proceeds from sale of capital assets	118,047	0
Principal paid on bonds payable	(2,790,000)	(2,310,000)
Proceeds from bonds sold	9,400,000	0
Principal deposit in escrow	(9,470,000)	0
Interest from escrow	(275,084)	0
Premium (discount) on bonds sold	476,043	0
Bond issuance costs	(130,287)	0
Interest paid on bonds payable and other long-term obligations	(1,093,238)	(1,016,190)
Net cash used in capital and related financing activities	(4,523,529)	(6,090,725)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	832,543	395,063
Proceeds from maturities of investment securities	23,428,527	35,189,067
Purchases of investment securities	(23,440,333)	(33,278,264)
Net cash provided by investing activities	820,737	2,305,866
Net increase (decrease) in cash and cash equivalents	(1,147,382)	640,403
CASH AND CASH EQUIVALENTS:		
Beginning of year	8,767,091	8,126,688
End of year	\$7,619,709	\$8,767,091

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows (Continued)

For the years ended June 30, 2015 and 2014

	2015	2014
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	(\$22,314,451)	(\$21,250,214)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,254,003	1,354,835
State on-behalf payments for fringe benefits	4,211,206	3,626,005
Changes in assets and liabilities:		
Receivables	4,461	95,827
Other assets	12,755	(138,936)
Deferred outflows of resources	(38,128)	0
Accounts payable	277,443	(532,946)
Accrued liabilities	(11,586)	(15,535)
Accrued compensated absences	6,096	(26,591)
Unearned tuition and fees	(85,044)	(30,860)
Other unearned revenue	14,734	(3,838)
Net cash used in operating activities	(\$16,668,511)	(\$16,922,253)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:		
Increase (decrease) in fair value of investments and amortization/accretion	\$41,096	(\$312)
Purchase of equipment under capital leases	\$0	\$0
STATE ON-BEHALF PAYMENTS	\$4,211,206	\$3,626,005

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Component Unit - Carl Sandburg College Foundation

Statements of Financial Position

June 30, 2015 and 2014

ASSETS	2015	2014
Cash	\$113,419	\$110,649
Investments	5,479,799	5,252,145
Accounts receivable	10,000	10,000
Total assets	\$5,603,218	\$5,372,794
LIABILITIES AND NET ASSETS		
Liabilities:		
Scholarships payable	\$145,693	\$116,215
Accounts payables	5,427	6,005
Total liabilities	151,120	122,220
Net assets:		
Unrestricted	1,073,535	23,205
Temporarily restricted	937,990	1,928,803
Permanently restricted	3,440,573	3,298,566
Total net assets	5,452,098	5,250,574
Total liabilities and net assets	\$5,603,218	\$5,372,794

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, 2015 and 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$76,994	\$191,692	\$135,510	\$404,196
Interest and dividends	11,235	221,294	43,860	276,389
Net unrealized gain (loss) on investments	(13,756)	3,224	(37,363)	(47,895)
Donated goods & facilities	92,041			92,041
Donated services	26,807			26,807
Special events	1,298			1,298
Other	44,282			44,282
Net assets released from restrictions	1,407,023	(1,407,023)		0
Total revenues, gains, and other support	1,645,924	(990,813)	142,007	797,118
Expenses and losses:				
Program	400,168			400,168
Management and general	133,379			133,379
Fund raising	62,047			62,047
Total expenses and losses	595,594	0	0	595,594
Change in net assets	1,050,330	(990,813)	142,007	201,524
Net assets at beginning of year	23,205	1,928,803	3,298,566	5,250,574
Net assets at end of year	\$1,073,535	\$937,990	\$3,440,573	\$5,452,098

See Notes to Financial Statements.

2014			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$39,505	\$221,371	\$60,432	\$321,308
2,076	168,909	31,640	202,625
5,857	91,937	445,739	543,533
68,713			68,713
16,366			16,366
6,640			6,640
9,663			9,663
309,756	(309,756)		0
458,576	172,461	537,811	1,168,848
342,676			342,676
127,621			127,621
46,663			46,663
516,960	0	0	516,960
(58,384)	172,461	537,811	651,888
81,589	1,756,342	2,760,755	4,598,686
\$23,205	\$1,928,803	\$3,298,566	5,250,574

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 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 2013 property tax levies passed on December 19, 2013 is recognized as property tax revenue. Deferred property taxes represent the revenue to be generated from the 2014 property tax levy which was passed on December 18, 2014. In addition, property taxes receivable represents the remaining 2014 property tax levy to be collected in fiscal year 2016.

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

Deferred Tuition and Fee Revenue

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

Deferred inflows and outflows of resources

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

Classification of Revenues and Expenses

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

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 2015 and 2014, the state made contributions of \$4,211,206 and \$3,626,005 respectively (Note 5).

Pensions

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

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

Net Position

The College's net position is classified as follows:

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

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

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

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

Use of Estimates

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

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 statements of net position according to liquidity and intended use.

Cash and deposits as of June 30, 2015 consist of the following:

	Carrying Amount
Cash on hand	\$5,715
Deposits with financial institutions	9,165,063
Total	\$9,170,778

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, 2015 and 2014 comprise the following at fair value:

	2015	2014
Money market	\$2,148,348	\$2,565,175
Corporate checking	0	0
Certificate of deposit	5,878,908	3,453,086
Municipal bonds	1,852,048	1,384,636
U.S. government agency securities	8,232,018	10,738,785
	\$18,111,322	\$18,141,682

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and Investments (continued):

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

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market	\$2,148,348	\$2,148,348			
Certificate of deposit	5,878,908	698,175	\$5,180,732		
Municipal bonds	1,852,048		1,852,048		
U.S. Government agency securities	8,232,018	1,038,449	3,907,945	\$1,823,881	\$1,461,743
Total	\$18,111,322	\$3,884,973	\$10,940,725	\$1,823,881	\$1,461,743

As of June 30, 2014, 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	\$2,565,175	\$2,565,175			
Certificate of deposit	3,453,086	100,000	\$3,353,086		
Municipal bonds	1,384,636		1,384,636		
U.S. Government agency securities	10,738,785	1,421,918	4,996,064	\$2,513,117	\$1,807,686
Total	\$18,141,682	\$4,087,093	\$9,733,786	\$2,513,117	\$1,807,686

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

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$2,148,348				\$2,148,348
Certificate of deposit	5,878,908				5,878,908
Municipal bonds	1,852,048		\$532,126	\$1,319,922	
U.S. Government agency securities	8,232,018	\$8,232,018			
Total	\$18,111,322	\$8,232,018	\$532,126	\$1,319,922	\$8,027,256

As of June 30, 2014, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$2,565,175				\$2,565,175
Certificate of deposit	3,453,086				3,453,086
Municipal bonds	1,384,636		\$546,920	\$837,716	
U.S. Government agency securities	10,738,785		10,738,785		
Total	\$18,141,682	\$0	\$11,285,705	\$837,716	\$6,018,261

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and Investments (continued):

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, 2015 there are no investments with custodial credit risk.

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 \$9,170,778 and the bank balance was \$9,346,694. Of the bank balance, \$1,703,248 was covered by federal depository insurance; \$10,187,927 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, 2015 are as follows:

	Balance at July 1, 2014	Additions	Deletions	Transfers	Balance at June 30, 2015
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	3,040,859	\$618,600		(\$3,040,859)	618,600
Depreciable:					
Buildings and additions	33,393,349		\$1,617,371		31,775,978
Infrastructure	2,420,338	238,124		328,734	2,987,196
Furniture and equipment	4,181,266	459,610	25,539	2,591,819	7,207,156
Land improvements	348,494	227,662		120,306	696,462
Vehicles	206,457				206,457
Total cost	\$43,996,246	\$1,543,996	\$1,642,910	\$0	\$43,897,332

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

Note 3. Capital Assets (continued):

Accumulated depreciation for the year ended June 30, 2015 is as follows:

	Balance at July 1, 2014	Additions	Deletions	Balance at June 30, 2015
Buildings and additions	\$15,744,660	\$1,002,141	\$714,338	\$16,032,463
Infrastructure	2,323,751	23,886		2,347,637
Furniture and equipment	3,679,455	195,659	25,539	3,849,575
Land improvements	136,667	28,192		164,859
Vehicles	203,676	4,125		207,801
Total accumulated depreciation	\$22,088,209	\$1,254,003	\$739,877	\$22,602,335

Changes in the various capital asset categories during the year ended June 30, 2014 as follows:

	Balance at July 1, 2013	Additions	Deletions	Transfers	Balance at June 30, 2014
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	1,160,295	\$2,480,192		(\$599,628)	3,040,859
Depreciable:					
Buildings and additions	32,729,233	64,488		599,628	33,393,349
Infrastructure	2,420,338				2,420,338
Furniture and equipment	4,117,391	120,354	\$56,479		4,181,266
Land improvements	399,021	91,500	142,027		348,494
Vehicles	198,457	8,000			206,457
Total cost	\$41,430,218	\$2,764,534	\$198,506	\$0	\$43,996,246

Accumulated depreciation for the year ended June 30, 2014 as follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Buildings and additions	\$14,738,356	\$1,006,304		\$15,744,660
Infrastructure	2,299,865	23,886		2,323,751
Furniture and equipment	3,443,360	292,574	\$56,479	3,679,455
Land improvements	252,790	25,904	142,027	136,667
Vehicles	197,509	6,167	0	203,676
Total accumulated depreciation	\$20,931,880	\$1,354,835	\$198,506	\$22,088,209

Note 4. Debt:

In November 2014, the College partially defeased the Series 2009 and fully defeased the 2005 general obligation bond issues by placing the proceeds of the Series 2014 A&B general obligation refunding bonds issue in an irrevocable trust fund to provide future debt service payments on the bonds. Accordingly, the trust account assets and the liabilities for the defeased bonds are not included in the College's financial statements. As of June 30, 2015, the District has \$9,470,000 of the General Obligation Bonds which are considered defeased.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

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 the refunding of \$541,962.

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

	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$25,760,000	\$9,400,000	\$12,260,000	22,900,000	\$2,600,000	\$20,300,000
Bond premiums (discounts)	152,657	532,380	59,663	625,374	59,663	565,711
Compensated absences	351,161	264,961	258,865	357,257	238,171	119,086
Totals	\$26,263,818	\$797,341	\$3,178,528	\$23,882,631	\$2,897,834	\$20,984,797

The following is a summary of the college's long-term and short-term debt transactions for the year ended June 30, 2014:

	Balance July 1, 2013	Increases	Decreases	Balance June 30, 2014	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$28,070,000		\$2,310,000	\$25,760,000	\$2,475,000	\$23,285,000
Bond premiums (discounts)	170,401		17,744	152,657	17,744	134,913
Compensated absences	377,752	\$227,029	253,620	351,161	234,107	117,054
Totals	\$28,618,153	\$227,029	\$2,581,364	\$26,263,818	\$2,726,851	\$23,536,967

Details on the debt as of June 30, 2015 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: 2016	\$210,000	\$6,038	\$216,038

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

2. 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:			
2016		\$130,406	\$130,406
2017		130,406	130,406
2018	\$990,000	109,369	1,099,369
2019	1,035,000	66,338	1,101,338
2020	1,075,000	22,172	1,097,172
Totals	\$3,100,000	\$458,691	\$3,558,691

3. 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 the bonds were defeased with the issuances of the general obligation refunding bonds, Series 2010B and Series 2014A. 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:			
2016	\$85,000	\$35,155	\$120,155
2017	85,000	32,180	117,180
2018	90,000	28,944	118,944
2019	95,000	25,378	120,378
2020	100,000	21,477	121,477
2020-2024	450,000	40,374	490,374
Totals	\$905,000	\$183,507	\$1,088,507

4. 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:			
2016	\$425,000	\$103,487	\$528,487
2017	290,000	91,312	381,312
2018	400,000	78,762	478,762
2019	415,000	65,010	480,010
2020	430,000	50,481	480,481
2021	1,185,000	21,479	1,206,479
Totals	\$3,145,000	\$410,531	\$3,555,531

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

5. 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. None of the bond proceeds were used for the purchase of capital assets. The annual debt service requirements on these bonds are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2016	\$175,000	\$65,550	\$240,550
2017	185,000	59,780	244,780
2018		56,635	56,635
2019		56,635	56,635
2020		56,635	56,635
2021	1,205,000	28,317	1,233,317
Totals	\$1,565,000	\$323,552	\$1,888,552

6. 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:			
2016		\$67,162	\$67,162
2017	\$270,000	61,763	331,763
2018	235,000	51,662	286,662
2019		46,963	46,963
2020		46,962	46,962
2021	1,105,000	23,482	1,128,482
Totals	\$1,610,000	\$297,994	\$1,907,994

7. 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 (95.04%) 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:			
2016	\$435,000	\$119,050	\$554,050
2017	545,000	109,250	654,250
2018		103,800	103,800
2019		103,800	103,800
2020		103,800	103,800
2021-2022	3,460,000	155,700	3,615,700
Totals	\$4,440,000	\$695,400	\$5,135,400

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

8. The general obligation bonds, Series 2014B, bear interest at 2.00 to 4.00 percent, which is due on January 1 and July 1 of each year, while principal amounts mature serially on January 1 of each year, with final maturity on January 1, 2024. A portion of the bond proceeds (13.49%) 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:			
2016	\$1,270,000	\$232,602	\$1,502,602
2017	1,395,000	198,975	1,593,975
2018	1,480,000	163,250	1,643,250
2019	1,555,000	117,350	1,672,350
2020	1,670,000	52,850	1,722,850
2021-2024	555,000	41,925	596,925
Totals	\$7,925,000	\$806,952	\$8,731,952

The annual requirements to amortize all debt outstanding as of June 30, 2015, including interest, are as follows:

Year Ending June 30,	General Obligation Bonds	Compensated Absences	Total Principal	Interest	Total Principal And Interest
2016	\$2,600,000	\$238,171	\$2,838,171	\$759,450	\$3,597,621
2017	2,770,000	119,086	2,889,086	683,666	3,572,752
2018	3,195,000		3,195,000	592,422	3,787,422
2019	3,100,000		3,100,000	481,474	3,581,474
2020	3,275,000		3,275,000	354,377	3,629,377
2021-2025	7,960,000		7,960,000	311,277	8,271,277
Total	\$22,900,000	\$357,257	\$23,257,257	\$3,182,665	\$26,439,922

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2015, is \$46,628,126. General obligation debt at June 30, 2015, is \$22,900,000 resulting in a legal debt margin of \$23,728,126.

Note 5. Defined Benefit Pension Plans

General Information about the Pension Plan

Plan Description. The College contributes to the State Universities Retirement System of Illinois, a cost-sharing multiple-employer defined benefit plan with a special funding situation whereby the State of Illinois (the State) makes substantially all actuarially determined required contributions on behalf of the participating employers. SURS was established July 21, 1941 to provide retirement annuities and other benefits for staff members and employees of state universities, certain affiliated organizations, and certain other state educational and scientific agencies and for survivors, dependents, and other beneficiaries of such employees. SURS is considered a component unit of the State of Illinois' financial reporting entity and is included in the state's financial reports as a pension trust fund. SURS is governed by 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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

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

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

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

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

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

Employer Proportionate Share of Net Pension Liability. The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State's net pension liability associated with the College is \$55,045,220 or 0.2526%. This amount should not be recognized in the financial statement. The net pension liability was measured as of June 30, 2014, and the total pension used to calculate the net pension liability was determined based on the June 30, 2013 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable earnings made to SURS during fiscal year 2014.

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

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

Note 5. Defined Benefit Pension Plans (continued):

Employer Proportionate Share of Pension Expense. The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable earnings made to SURS during fiscal year 2014. As a result, the College recognized on-behalf revenue and pension expense of \$4,168,845 for the fiscal year ended June 30, 2015.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. Deferred outflows of resources are the consumption of net position by the system that is applicable to future reporting periods.

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$0	\$0
Changes in assumption	88,940,815	0
Net difference between projected and actual earnings on pension plan investments	0	1,271,105,952
Total	\$88,940,815	\$1,271,105,952

Employer Deferral of Fiscal Year 2015 Pension Expense

Employer paid \$38,128 in federal, trust or grant contributions for the fiscal year ended June 30, 2015. These contributions were made subsequent to the pension liability measurement date of June 30, 2014 and are recognized as Deferred Outflows of Resources as of June 30, 2015.

Assumptions and Other Inputs

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s).

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

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

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

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

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

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

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>
2016	\$22,000	\$99,081	\$13,150	\$134,231
2017		99,081	13,150	112,231
2018		99,081	1,400	100,481
2019		30,173	38,852	69,025
2020		2,732	23,452	26,184
Total	\$22,000	\$330,148	\$90,004	\$442,152

Fiscal year 2015 facilities, equipment, and vehicles rent expense was \$22,000, \$96,349, and \$26,300, respectively.

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.

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.

Note 8. Component Unit Disclosures:

Carl Sandburg College Foundation

Nature of Business

The Carl Sandburg College Foundation (the "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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

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.

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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

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.

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%

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

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.

Pledges 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. As of June 30, 2015, there was \$10,000 of 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.

Subsequent Events

The Foundation has evaluated subsequent events through September 15, 2015 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2015 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, 2015 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Mutual Funds - equity	\$4,124,637	\$2,982,600	\$1,142,037
Mutual Funds - bonds	1,355,162	1,382,560	(27,398)
	\$5,479,799	\$4,365,160	\$1,114,639

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments (continued):

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

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

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

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

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

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, 2015:

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	\$4,124,637	\$4,124,637		
Mutual Funds - bonds	1,355,162	1,355,162		
Total investments	\$5,479,799	\$5,479,799	\$0	\$0

Endowment Funds:

The Foundation's endowment consists of approximately 100 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.

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):

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, 2015 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds		\$937,990	\$3,440,573	\$4,378,563
Board-designated endowment funds	\$122,157			122,157
Unrestricted endowment funds	951,378			951,378
	\$1,073,535	\$937,990	\$3,440,573	\$5,452,098

Changes in endowment net assets as of June 30, 2015 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year	\$23,205	\$1,928,803	\$3,298,566	\$5,250,574
Contributions	76,994	191,692	135,510	404,196
Interest and dividend income	11,235	221,294	43,860	276,389
Net unrealized gain(loss) on investments	(13,756)	3,224	(37,363)	(47,895)
Donated goods, services, facilities	118,848			118,848
Special events	1,298			1,298
Other Income	44,282			44,282
Amounts appropriated for expenditure	(595,594)			(595,594)
Amounts released from restriction	1,407,023	(1,407,023)		
	\$1,073,535	\$937,990	\$3,440,573	\$5,452,098

Temporarily Restricted Net Assets:

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

Student scholarships currently available	\$937,990
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Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Permanently Restricted Net Assets:

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, 2015, permanently restricted net assets totaled \$3,440,573.

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.

During the year ended June 30, 2015, net assets were released from donor restrictions by satisfying the restricted purposes. The amounts released totaling \$1,407,023 were due to the satisfaction of the requirements of the United States Department of Education Endowment Challenge Grant and for Scholarships and other supporting services of the foundation.

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 \$70,892 of services, goods, and facilities to the Foundation during the year ended June 30, 2015.

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, 2015, 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 - The 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, the 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. On June 1, 2015, the U.S. Department of Education released the restricted portion of the Endowment Challenge Grant, \$1,056,805, to the Foundation, as the 20 year investment period was completed.

Note 9. Accounting Changes:

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 adopted this guidance for the year ended June 30, 2015.

In November 2013, the Governmental Accounting Standards Board (GASB) issued Statement 71 "Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68" The College adopted this guidance for the year ended June 30, 2015.

Note 10. Impact of Pending Accounting Pronouncements:

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68" The College is required to implement this standard for the fiscal year ending June 30, 2016.

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" The College is required to implement this standard for the fiscal year ending June 30, 2018.

The College has not yet determined the full impact that adoption of these GASB Statements will have on the financial statements.

Note 11. Subsequent Event:

The College has evaluated subsequent events through September 15, 2015 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2015 have been incorporated herein. There are no other subsequent events that require disclosure.

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Required Supplementary Information

Carl Sandburg College – Community College District 518

Covered Payroll

The definition of covered payroll in GASB Statement Number 25, Financial Reporting for Defined Benefit Pension Plans was changed in GASB Statement Number 67, Financial Reporting for Pensions. Below are the definitions from the glossaries of both statements.

GASB 25 Covered Payroll. All elements included in compensation paid to active employees on which contributions to a pension plan are based. For example, if pension contributions are calculated on base pay including overtime, covered payroll includes overtime compensation.

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

The change in definition refers to gross payroll rather than pensionable payroll. SURS employers do not report the gross payroll directly to SURS. Therefore, you must fill in your gross payroll amount for Fiscal Year 2014 in the following Required Supplementary Information for your covered-employee payroll and calculate the employer's proportion of collective net pension liability as a percentage of covered-employee payroll.

(a) Proportion percentage of the collective net pension liability	0%
(b) Proportion amount of the collective net pension liability	\$0
(c) Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with employer	\$55,045,220
Total (b) + (c)	\$55,045,220
Employer covered-employee payroll	\$10,504,206
Proportion of collective net pension liability associated with the employer as a percentage of covered-employee payroll	524.03%
SURS plan net position as a percentage of total pension liability	44.39%
Federal, trust, grant and other contribution	\$38,128
Contribution in relation to required contribution	\$38,128
Contribution deficiency (excess)	\$0
Employer covered-employee payroll	\$10,504,206
Contributions as a percentage of covered-employee payroll	0.36%

Additional Information

	<u>FY 2014</u>	<u>FY 2015</u>
On-Behalf Payments for community college health insurance program	\$44,484	\$42,361

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

Carl Sandburg College – Community College District 518

Notes to Required Supplementary Information

Note 1. Changes of Benefit Terms:

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

Note 2. Changes of Assumptions:

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

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.	48 - 50
Revenue Capacity These schedules contain information to help the reader assess the College's most significant local revenue source, the property tax.	51 - 53
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.	54 - 57
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.	58 - 60
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.	61 - 62

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

	2015	2014	As Restated 2013*	2012	2011	2010	2009	2008	2007	2006
Net investment in capital assets	\$10,958	\$9,793	\$8,109	\$10,120	\$10,152	\$11,085	\$9,641	\$7,933	\$9,881	\$9,981
Restricted - expendable:										
Debt Service	234	279	245	239	559	374	235	136	205	89
Unrestricted	10,587	11,145	10,739	8,026	5,849	3,259	2,422	1,586	(1,820)	(2,536)
Total net position	\$21,779	\$21,217	\$19,093	\$18,385	\$16,560	\$14,718	\$12,298	\$9,655	\$8,266	\$7,534

*Implementation of GASB 65

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

	2015	2014	As Restated 2013*	2012	2011	2010	2009	2008	2007	2006
Operating expenses:										
Instruction	\$7,538	\$6,605	\$6,854	\$6,367	\$6,241	\$6,907	\$6,796	\$7,135	\$7,640	\$14,856
Academic support	453	475	414	400	340	350	318	323	355	364
Student services	2,669	2,610	2,667	2,303	2,189	2,112	2,256	1,844	1,773	1,829
Public services	260	364	407	438	550	619	692	650	829	1,032
General administration	0	0	0	0	0	0	0	0	0	373
Auxiliary services	686	1,096	1,162	1,138	1,165	1,132	1,068	1,027	950	942
Operation and maintenance of plant	1,586	1,527	1,724	1,677	1,422	1,453	1,343	1,339	1,217	1,148
Institutional support	9,300	8,505	8,750	8,356	8,514	8,381	7,357	6,874	6,368	6,231
Scholarships, student grants, and waivers	3,108	3,316	3,683	4,196	4,409	4,491	3,825	3,985	4,242	2,901
Depreciation	1,254	1,355	1,381	1,375	1,337	1,185	1,146	1,231	1,279	1,116
Total operating expenses	26,854	25,853	27,042	26,250	26,167	26,630	24,801	24,408	24,653	30,792
Operating revenues:										
Charges for services:										
Student tuition and fees	4,338	4,003	4,467	4,234	4,474	4,979	5,215	4,679	4,848	4,812
Chargeback revenue	0	0	0	0	0	0	0	9	8	3
Auxiliary enterprise	202	600	648	656	683	658	634	670	628	601
Other general government	0	0	0	0	0	0	0	0	0	0
Total operating revenue	4,540	4,603	5,115	4,890	5,157	5,637	5,849	5,358	5,484	5,416
Operating loss	(22,314)	(21,250)	(21,927)	(21,360)	(21,010)	(20,993)	(18,952)	(19,050)	(19,169)	(25,376)
Nonoperating revenues (expenses):										
State grants	3,162	3,912	3,799	4,448	4,574	5,551	6,268	6,572	6,805	6,789
Property taxes	9,884	9,467	9,238	9,030	8,711	8,411	8,017	7,411	6,944	6,761
Personal property replacement tax	291	270	268	262	284	219	271	361	285	257
Federal grants	5,959	6,274	6,908	6,988	7,331	7,211	5,599	4,874	4,853	11,666
Local grants	12	20	9	15	24	34	331	120	225	241
Investment income	402	382	60	687	418	565	644	952	805	392
Interest expense	(1,480)	(992)	(1,274)	(1,146)	(1,060)	(1,436)	(1,163)	(1,235)	(1,161)	(1,193)
Other nonoperating revenues	4,646	4,042	3,846	2,902	2,569	2,858	1,627	1,385	1,145	614
State capital grants	0	0	0	0	0	0	0	0	0	0
Net nonoperating revenues	22,876	23,375	22,854	23,186	22,851	23,413	21,594	20,440	19,901	25,527
Residual equity transfer										(106)
Change in net position	\$562	\$2,125	\$927	\$1,826	\$1,841	\$2,420	\$2,642	\$1,390	\$732	\$45

*Implementation of GASB 65

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
2014	\$806,537,263	\$699,100,533	\$235,528,265	\$16,553,770	\$64,128,032	\$1,621,847,863	\$4,865,543,589	0.6192
2013	562,937,774	692,805,775	231,443,484	17,212,963	63,352,505	1,567,752,501	4,703,257,503	0.6252
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

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
2014	2015	\$9,989,509	\$2,720,891	27.24%		\$2,720,891	27.24%
2013	2014	9,794,127	9,819,120	100.26%		9,819,120	100.26%
2012	2013	9,544,769	9,498,458	99.51%	(1,587)	9,496,871	99.50%
2011	2012	9,337,450	9,273,468	99.31%	(33,500)	9,239,969	98.96%
2010	2011	9,073,066	9,025,906	99.48%	(23,472)	9,002,434	99.22%
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	7,972,970	8,016,081	100.54%	496	8,016,577	100.55%
2006	2008	7,508,428	7,380,245	98.29%	(13,760)	7,366,485	98.11%
2005	2007	6,932,356	6,932,067	100.00%	(2,258)	6,929,809	99.96%

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	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
City of Galesburg	1.6135	1.5472	1.5560	1.4157	1.4420	1.4055	1.4353	1.4638	1.6952	1.7196
Township of the City of Galesburg	0.1599	0.1614	0.1612	0.1624	0.1757	0.1932	0.2075	0.2166	0.2221	0.2147
Galesburg Unit School District 205	4.5915	4.4671	4.2200	4.2048	4.1994	4.2039	4.063	4.137	4.2769	4.2761
Knox County	1.3185	1.3157	1.1608	1.1625	1.1472	1.1282	1.108	1.0826	1.0838	1.0799
Galesburg City Fire	0.9647	0.9425	0.8913	1.0498	1.0063	0.9927	0.9254	0.8782	0.5875	0.5833
Galesburg Sanitary District	0.3143	0.3125	0.3064	0.3005	0.2873	0.3063	0.304	0.3075	0.3141	0.3052
Total Overlapping Rate	8.9622	8.7464	8.2957	8.2957	8.2579	8.2298	8.0432	8.0857	8.1796	8.1788
Carl Sandburg College Dist. 518										
Educational	0.2181	0.2146	0.2088	0.2021	0.2000	0.2013	0.1953	0.2020	0.2063	0.2015
Building	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0495	0.0500	0.0500
Bond and Interest	0.2103	0.2187	0.2202	0.2195	0.2244	0.2262	0.2193	0.2106	0.1943	0.1833
Audit	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Tort Immunity	0.1199	0.1205	0.1220	0.1240	0.1225	0.1099	0.1070	0.1167	0.1168	0.1191
Protection, Health, and Safety	0.0058	0.0058	0.0060	0.0061	0.0060	0.0062	0.0264	0.0239	0.0149	0.0000
Social Security and Medicare	0.0100	0.0106	0.0108	0.0108	0.0108	0.0129	0.0110	0.0128	0.0167	0.0170
Total	0.6192	0.6252	0.6228	0.6175	0.6187	0.6115	0.6140	0.6205	0.6040	0.5759
Total rate	9.5814	9.3716	8.9185	8.9132	8.8766	8.8413	8.6572	8.7062	8.7836	8.7547
Carl Sandburg College										
Percentage of Total	6.46%	6.67%	6.98%	6.93%	6.97%	6.92%	7.09%	7.13%	6.88%	6.58%

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	2015			2006		
		Taxable Assessed Value (approx.)		Percent District's Total EAV	Taxable Assessed Value (approx.)		Percent District's Total EAV
Burlington Northern Santa Fe	Railroad	\$40,005,881	1	2.47%	\$18,840,000	1	1.57%
Union Electric Co	Utilities	13,068,924	2	0.81%	12,600,000	2	1.05%
Galesburg Hospital Corporation	Hospital	7,035,440	3	0.43%	8,040,000	4	0.67%
KC Acquisition Inc	Processing Plant	6,100,690	4	0.38%			
Consolidated Grain	Grain	4,699,211	5	0.29%	2,900,000	7	0.24%
Wal-Mart Stores	Retailer	4,055,460	6	0.25%	2,450,000	9	0.20%
Menard Inc.	Retailer	3,035,810	7	0.19%			
The Villas at Carl Sandburg LLC	Commercial Housing	2,446,530	8	0.15%			
Hy Vee Food Stores Inc.	Retailer	2,390,470	9	0.15%	2,590,000	8	0.22%
OSF St. Francis Inc.	Hospital	2,347,920	10	0.14%			
First Property Management Corp	Mall				4,460,000	10	0.37%
United Facilities, Inc.	Shipping				3,570,000	3	0.30%
Lowes Home Centers, Inc.	Retailer				2,170,000	5	0.18%
CRC Cherry Street Facility LLC	Restaurant				2,090,000	6	0.17%
		\$85,186,336		5.25%	\$59,710,000		4.96%

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
2015	\$23,525,374		\$23,525,374	\$4,865,543,589	0.484%	105,790	222	\$2,439,200	0.96%
2014	25,912,657		25,912,657	4,703,257,503	0.551%	100,165	259	2,386,531	1.09%
2013	28,240,401		28,070,000	4,595,016,903	0.611%	105,835	267	2,261,164	1.25%
2012	27,247,150		27,325,000	4,503,010,200	0.607%	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%

Note: Details regarding the District's outstanding debt can be found in Note 4, 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
2015	\$23,525,374	\$4,703,257,503	105,790	0.500%	222
2014	25,912,657	4,703,257,503	100,165	0.551%	259
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

Note: Details regarding the District's outstanding debt can be found in Note 4 - 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, 2015

TABLE I

Overlapping Agencies	Outstanding Debt	Percent (1)	Amount
Knox County	\$3,915,000	98.08%	\$3,839,832
Hamilton Park District	430,000	100.00%	430,000
Monmouth Park District	135,000	100.00%	135,000
City of Monmouth	25,084,921	100.00%	25,084,921
City of Galesburg	16,325,000	100.00%	16,325,000
Spoon River Valley CUSD #4	1,020,000	27.28%	278,256
Schuyler-Industry CUSD #5	3,035,000	100.00%	3,035,000
Wyoming CUSD #100	6,500,000	2.80%	182,000
West Prairie CUSD #103	695,000	100.00%	695,000
Bushnell-Prairie City CUSD #170	525,000	86.54%	454,335
Avon CUSD #176	390,000	5.13%	20,007
Sherrard CUSD #200	7,045,344	69.34%	4,885,242
Knoxville CUSD #202	5,440,000	100.00%	5,440,000
Galesburg CUSD #205	20,090,000	97.14%	19,515,426
ROWVA CUSD #208	8,375,000	100.00%	8,375,000
Abingdon CUSD #217	1,679,993	89.88%	1,509,978
Galva CUSD #224	380,000	8.39%	31,882
Alwood CUSD #225	2,415,000	7.06%	170,499
West Central CUSD #235	635,000	2.66%	16,891
Monmouth-Roseville CUSD #238	1,305,000	100.00%	1,305,000
Farmington CUSD #265	5,401,963	18.39%	993,421
Alexis CUSD #304	6,995,000	0.13%	9,094
Warsaw CUSD #316	2,080,000	100.00%	2,080,000
Elmwood CUSD #322	2,205,000	0.20%	4,410
Nauvoo-Colusa CUSD #325	795,000	100.00%	795,000
Hamilton CUSD #328	345,000	100.00%	345,000
Dallas City CUSD #336	360,000	100.00%	360,000
LaHarpe Elementary District #347	2,315,000	100.00%	2,315,000
			<u>98,631,193</u>
Community College Dist. #518	\$23,525,374	100.00%	<u>23,525,374</u>
Total Direct & Overlapping General Obligation Bonded Debt			<u><u>\$122,156,567</u></u>

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.

See Accompanying Independent Auditor's Report.

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
2015	\$46,628,126	\$23,525,374	\$23,102,752	50.453%
2014	45,072,884	25,912,657	19,160,227	57.491%
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%

Assessed valuation - 2014 levy \$1,621,847,863

Debt limit (2.875% of total assessed value) \$46,628,126

Debt applicable to limit:

General obligation bonds 23,525,374

Capital leases 0

Total net debt applicable to limit 23,525,374

Legal debt margin \$23,102,752

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
2015	105,790	\$2,439,200	\$23,057	42.0	30,757	5.3%	2,328	15
2014	100,165	2,386,531	23,826	44.0	21,466	7.7%	2,200	15
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

Sources: U.S. Census Bureau, QuickFacts
 2007-2011 American Community Survey 5-Year Estimates
 College records
 IL Dept. of Employment Security, Economic Information & Analysis Division
 ICCB Data and Characteristics
 Esri.com
 Navteq
http://www.isbe.net/research/htmls/fall_housing.htm

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Principal Employers

Current Year and Nine Years Ago

TABLE L

Employer	2015			2006		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Farmland Foods	1,300	1	1.52%	1,275	1	2.15%
Burlington Northern Santa Fe Railroad	1,115	2	1.30%	1,025	2	1.73%
OSF (Galesburg, Monmouth)	1,100	3	1.28%	525	5	0.88%
Community School District #205	594	4	0.69%	797	3	1.34%
Hy-Vee Food Stores	574	5	0.67%	460	7	0.77%
Dick Blick Art Materials	530	6	0.62%	500	6	0.84%
Galesburg Cottage Hospital	500	7	0.58%	650	4	1.09%
Bridgeway/Bridgeway Training	450	8	0.53%			
Knox County	420	9	0.49%	420	8	
Carl Sandburg College	346	10	0.40%			0.00%
Knox College				347	9	0.58%
H.C. Hill Correctional Center				316	10	0.53%
Total	6,929		8.08%	6,315		10.63%

Source: 2015 Principal Employers

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

Source: 2006 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/LMI/Pages/Annual_Average_Data.aspx
http://lehd.did.census.gov/cgi-bin/qwitop_main?xstate=il

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Full-Time Equivalent Employees

Last Ten Fiscal Years

TABLE M

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction-Faculty	95	109	116	113	112	119	110	112	143	134
Full-time	51	54	57	56	55	64	62	64	68	64
Part-time	44	55	59	57	57	55	48	48	75	70
Administrative Staff	23	23	21	19	20	20	20	21	21	22
Full-time	23	23	21	19	20	20	20	21	21	22
Part-time	0	0	0	0	0	0	0	0	0	0
Other Non-Teaching Professional	57	64	69	70	72	75	73	73	71	74
Full-time	56	62	65	66	67	70	69	69	70	74
Part-time	1	2	4	4	5	5	4	4	1	0
Classified Staff	50	53	56	56	55	52	54	58	63	56
Full-time	47	51	55	53	53	49	51	55	60	56
Part-time	3	2	1	3	2	3	3	3	3	0
Total	225	249	262	258	259	266	257	264	298	286

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Operating Indicators

Last Ten Fiscal Years

TABLE N

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction: ¹										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	1,972	2,326	2,740	2,784	3,270	2,965	2,844	2,731	2,972	2,349
Vocational	0	0	0	2	19	23	26	85	101	1,281
Occupational	686	932	1,046	1,101	1,055	1,220	1,206	1,311	1,536	1,880
ABE	72	123	154	196	225	266	201	153	146	43
ASE	62	94	126	140	142	182	209	206	226	226
ESL	80	118	128	84	74	67	71	39	46	14
General Studies	0	0	0	0	0	1	0	2	3	1
General Associates	428	115	91	85	83	80	71	88	170	241
Total	3,300	3,708	4,285	4,392	4,868	4,804	4,628	4,615	5,200	6,035
Annual FTE Students ²	1,339	1,450	1,599	1,644	1,737	1,772	1,641	1,682	1,914	2,283
Total Reimbursable Credit Hours ³	40,172	43,511	47,972	49,316	52,113	53,174	49,219	50,471	57,435	68,499
Degrees awarded: ⁴										
Associate (transfer)	178	167	148	129	118	106	108	102	98	109
Associate in applied science	135	134	156	140	119	122	118	123	181	295
Career & technical certificates	222	236	133	176	152	137	141	139	187	157
Average annual faculty salary ⁵	\$54,159	\$54,670	\$52,907	\$55,771	\$49,897	\$49,074	\$47,889	\$48,158	\$47,731	\$45,867
Students per faculty ⁶	15	15	16	16	17	17	16	11	13	17
Institutional support: ⁷										
Operation and maintenance of plant:										
Utility cost per gross square feet	1.25	1.29	1.40	1.45	1.80	1.85	1.71	1.69	1.30	1.50

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: IPEDS Fall Enrollment 2013-14

⁷Source: ICCB Tax Revenue and Budget Information Survey

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Capital Asset Statistics

Last Ten Fiscal Years

TABLE O

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Instruction:										
Building - acres	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.6	6.6	6.4
Classroom - sq. ft.	48,340	45,898	47,195	45,756	47,128	46,167	45,938	46,327	42,489	38,455
Lab - sq. ft.	57,471	66,251	70,989	69,154	70,124	70,124	71,505	71,505	64,704	65,743
Academic support:										
Support - sq. ft.	3,595	3,763	3,530	3,530	3,530	3,385	3,385	3,385	3,736	3,980
Study - sq. ft.	18,044	18,760	17,750	18,784	18,784	18,784	19,349	19,349	19,056	17,945
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	11,694	11,694	18,133	18,133
General administration:										
Office - sq. ft.	33,528	36,954	37,154	37,154	37,154	37,025	39,963	39,574	30,666	29,464
Institutional support:										
Landscaped grounds - acres	37.9	37.9	37.9	37.9	37.9	37.9	37.9	36.5	36.5	36.7
Parking lots - acres	9.9	9.9	9.9	9.9	9.9	9.9	9.9	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

See Accompanying Independent Auditor's Report.

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, 2015

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment	Bond and Interest Fund
Fund balance (deficit) at July 1, 2014	\$3,991,257	\$476,770	\$118,536	\$8,856,576	\$279,083
Revenue:					
Local taxes	3,539,344	936,269	91,267		3,458,683
All other local government ICCB grants	2,064,896	168,032			
All other state revenue Federal revenue					
Student tuition and fees	5,739,161	575,613			
All other revenue	122,547	64,395	160	269,955	5,756
Total revenue	11,465,948	1,744,309	91,427	269,955	3,464,439
Expenditures:					
Instruction	6,148,536				
Academic support	455,527				
Student services	2,181,241				
Public service	163,474				
Auxiliary services					
Operation and maintenance		1,591,458			
Institutional support	2,827,780	97,627	185,208	800	4,250
Scholarships, student grants, and waivers					
Principal retirement					2,790,000
Interest, service charges, and issuance costs					846,578
Building construction, building improvements, and equipment	119,559	16,564	1,017,850		
Total expenditures	11,896,117	1,705,649	1,203,058	800	3,640,828
Issuance of refunding bonds and serial bonds					9,400,000
Net premium (discount) on bonds sold					476,043
Payment to refunded bonds escrow agent					(9,745,084)
Sale of capital assets			118,047		
Transfers in	423,247		832,871		
Transfers out				(1,231,393)	
	423,247	0	950,918	(1,231,393)	130,959
Fund balance (deficit) at June 30, 2015	\$3,984,335	\$515,430	(\$42,177)	\$7,894,338	\$233,653

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

Auxiliary Enterprise Fund	Restricted Purpose Fund	Audit Fund	Liability Protection Funds	Sandburg Initiates Life-changing Opportunities	Nonexpendable Trust Fund	Total
\$98,434	\$393,644	(\$118,873)	\$2,541,333	\$1,131,357	\$8,183,736	\$25,951,853
		79,088	2,074,166			10,178,817
	8,183					8,183
	156,803					2,389,731
	771,906					771,906
111	5,959,247					5,959,358
236,267						6,551,041
446,004	72,743	119	50,589	6,000	50,535	1,088,803
682,382	6,968,882	79,207	2,124,755	6,000	50,535	26,947,839
	604,795					6,753,331
						455,527
	486,604					2,667,845
	96,881					260,355
697,876						697,876
						1,591,458
	22,171	71,389	1,906,162		858	5,116,245
	5,420,508					5,420,508
						2,790,000
						846,578
	295,596		94,427			1,543,996
697,876	6,926,555	71,389	2,000,589	0	858	28,143,719
						9,400,000
						476,043
						(9,745,084)
						118,047
45,800						1,301,918
					(70,525)	(1,301,918)
45,800	0	0	0	0	(70,525)	249,006
\$128,740	\$435,971	(\$111,055)	\$2,665,499	\$1,137,357	\$8,162,888	\$25,004,979

Carl Sandburg College - Community College District 518

Uniform Financial Statement #2

Summary of Fixed Assets and Debt*

For the year ended June 30, 2015

	Fixed Assets/ Debt Account Groups July 1, 2014	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2015
Fixed assets:					
Land	\$405,483				\$405,483
Work in progress	3,040,859	\$618,600		(\$3,040,859)	618,600
Furniture and equipment	4,181,266	459,610	\$25,539	2,591,819	7,207,156
Land improvements	348,494	227,662		120,306	696,462
Buildings and additions	33,393,349		1,617,371		31,775,978
Vehicles	206,457				206,457
Infrastructure	2,420,338	238,124		328,734	2,987,196
Total fixed assets	43,996,246	1,543,996	1,642,910	0	43,897,332
Accumulated depreciation	22,088,209	1,254,003	739,877		22,602,335
Total net fixed assets	\$21,908,037	\$289,993	\$903,033	\$0	\$21,294,997
Fixed debts:					
Bonds payable	\$25,760,000	\$9,400,000	\$12,260,000		\$22,900,000
Other fixed liabilities	351,161	264,961	258,865		357,257
Total fixed debts	\$26,111,161	\$9,664,961	\$12,518,865	\$0	\$23,257,257

* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2015.

Carl Sandburg College - Community College District 518

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2015

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$3,389,718	\$790,882	\$4,180,600
Corporate personal property replacement tax	145,387	145,387	290,774
Tuition chargeback revenue	4,239		4,239
Total local government	3,539,344	936,269	4,475,613
State government:			
ICCB base operating grant	1,427,129	124,194	1,551,323
ICCB equalization grant	504,141	43,838	547,979
ICCB career and technical education	133,626		133,626
Other state sources *			0
Total state government	2,064,896	168,032	2,232,928
Total federal government	0	0	0
Student tuition and fees:			
Tuition	5,467,117	458,648	5,925,765
Fees	272,044	116,965	389,009
Total tuition and fees	5,739,161	575,613	6,314,774
Other sources:			
Interest	17,414	2,468	19,882
Other	105,133	61,927	167,060
Total other sources	122,547	64,395	186,942
Total revenue	11,465,948	1,744,309	13,210,257
Less nonoperating items -			
Tuition chargeback revenue	4,239	0	4,239
Adjusted revenue	\$11,461,709	\$1,744,309	\$13,206,018

* 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, 2015

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$6,268,095		\$6,268,095
Academic support	455,527		455,527
Student services	2,181,241		2,181,241
Public services	163,474		163,474
Operation and maintenance of plant		\$1,608,022	1,608,022
Institutional support **	2,827,780	97,627	2,925,407
Scholarships, student grants, and waivers			0
Total expenditures	11,896,117	1,705,649	13,601,766
Less nonoperating items -*			
Tuition chargeback	15,832	0	15,832
Adjusted expenditures	\$11,880,285	\$1,705,649	\$13,585,934
By object:			
Salaries	\$7,727,133	\$590,088	\$8,317,221
Employee benefits **	1,154,150	156,568	1,310,718
Contractual services	366,869	151,228	518,097
General materials and supplies	1,054,851	100,209	1,155,060
Conference and meeting expense	209,062	4,750	213,812
Fixed charges	107,539	22,757	130,296
Utilities		529,075	529,075
Capital outlay	147,312	24,924	172,236
Other	1,129,201	126,050	1,255,251
Total expenditures	11,896,117	1,705,649	13,601,766
Less nonoperating items -*			
Tuition chargeback	15,832	0	15,832
Adjusted expenditures	\$11,880,285	\$1,705,649	\$13,585,934

* 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, 2015

Revenue by source:

Local government:

United Way	\$8,183
Great River Bend Grant	0
Other	0

Total local government 8,183

State government:

ICCB:

State Adult Education Restricted Funds Grants	134,819
Program Improvement Grant	21,984
S.O.S. Family Literacy	62,846
Illinois Map Grant	709,060

Total state government 928,709

Federal government:

Department of Education:

College Work Study Grants	45,871
Pell Grants	3,978,596
Supplemental Educational Opportunity Grant	68,887
Direct Loans	618,094
Federal Adult Basic	64,885
Federal Adult EL/Civics	25,813
Trio-Student Support services	180,533
Trio-Upward Bound	263,566
Perkins Postsecondary-Federal Allocation	153,074
Special Populations Grant	5,000
Adult Ed Transitions Grant	10,000
CTE Dual Credit Enhancement	10,000
CTE Transitions Grant	10,000
UISFL Grant	9,441

Department of Labor:

BioProgress Grant	412,921
Illinois Green Economy Network	102,566

Total federal government 5,959,247

Carl Sandburg College - Community College District 518

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures (Continued)

For the year ended June 30, 2015

Revenue by source (continued):

Other sources	72,743
Total restricted purposes fund revenues	\$6,968,882

Expenditures by program:

Instruction	\$894,266
Academic support	0
Student services	486,604
Public services	103,006
Operations and maintenance	0
Institutional support	22,171
Scholarships, student grants, and waivers	5,420,508
Total restricted purposes fund expenditures by program	\$6,926,555

Expenditures by object:

Salaries	\$642,202
Employee benefits	119,095
Contractual services	40,957
General materials and supplies	267,478
Travel, conference and meeting expense	58,057
Student financial aid	5,420,508
Fixed charges	0
Utilities	0
Capital outlay	224,454
Other	153,804
Total restricted purposes fund expenditures by object	\$6,926,555

Carl Sandburg College - Community College District 518

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2015

Instructional:	
Programs	\$5,618,536
Support	1,543,825
Total instructional	7,162,361
Academic support:	
Learning resource center	96,978
Instructional materials center	222,684
Educational media services	0
Other academic support	135,865
Total academic support	455,527
Student services:	
Admissions and records	163,201
Counseling and career guidance	576,621
Financial aid administration	197,579
Other student services	1,730,444
Total student services	2,667,845
Public service/continuing education:	
Community education	81,056
Customized training (instructional)	58,089
Community services	111,693
Other public service	15,642
Total public service/continuing education	266,480
Auxiliary services	697,876
Operations and maintenance of plant:	
Maintenance	545,116
Custodial	281,249
Grounds	190,281
Plant utilities	434,808
Other operations and maintenance	156,568
Total operations and maintenance of plant	1,608,022
Institutional support:	
Executive management	327,573
Fiscal operations **	395,927
Community relations	577,145
Administrative support services	1,803,271
Board of trustees	50,049
General institution	911,208
Institutional research	93,887
Administrative data processing	580,911
Other institutional support	279,585
Total institutional support	5,019,556
Scholarships, student grants, and waivers	5,420,508
Total current funds expenditures	\$23,298,175

* 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 2016

All fiscal year 2015 noncapital audited operating expenditures from the following funds:

- 1 Education Fund
- 2 Operations and Maintenance Fund
- 3 Bond and Interest Fund
- 4 Restricted Purposes Fund
- 5 Audit Fund
- 6 Liability, Protection, and Settlement Fund

7 Total noncapital expenditures
(sum of lines 1-6)

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

9 Total costs included (line 7 plus line 8)

10 Total certified semester credit hours for FY 2015

11 Per capita cost (line 9 divided by line 10)

12 All FY 2015 state and federal operating grants for noncapital expenditures, except ICCB grants

13 FY 2015 state and federal grants per semester credit hour (line 12 divided by line 10)

14 District's average ICCB grant rate (excluding equalization grants) for FY 2016

15 District's student tuition and fee rate per semester credit hour for FY 2016

16 Chargeback reimbursement per semester credit hour (line 11 less lines 13, 14, and 15)

Approved: _____
Chief Financial Officer

_____ Date

President

_____ Date

* All data needed to complete the form was not available before the audit was published; Therefore, an addendum page will be distributed when the form is available.

Other Supplemental Financial Information

Carl Sandburg College - Community College District 518

Balance Sheet - All Fund Types

June 30, 2015

ASSETS AND DEFERRED OUTFLOWS	Education	Operations and Maintenance	Operations and Maintenance Restricted	Capital Endowment
Cash and cash equivalents	\$3,573,793			
Deposits	1,001,069			
Investments	1,336,390		\$36,638	\$9,974,384
Receivables:				
Property taxes	2,560,615	\$587,028	68,447	
Government claims and grants	387,220	59,270		
Other	508,533			52,022
Advances to other funds		883,793	(53,199)	
Prepaid items	195,213	4,178		
Inventories				
Property and equipment, net				
Total assets	9,562,833	1,534,269	51,886	10,026,406
Deferred outflows of resources - Deferred pension				
Total assets and deferred outflows	\$9,562,833	\$1,534,269	\$51,886	\$10,026,406
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$706,439			
Accrued liabilities	79,500			
Advances from other funds	1,273,683			\$2,132,068
Unearned tuition and fees		\$212,127		
Accrued compensated absences				
Bonds payable, net of amortized premiums (discounts)				
Total liabilities	2,059,622	212,127	\$0	2,132,068
Deferred inflows of resources:				
Deferred property taxes	3,518,876	806,712	94,063	
Deferred grant revenue				
Deferred concessions				
Unamortized gain on refunding				
Total deferred inflows	3,518,876	806,712	94,063	0
Fund balance (deficit):				
Net investment in capital assets				
Restricted	215			
Unrestricted	3,984,120	515,430	(42,177)	7,894,338
Total fund balance (deficit)	3,984,335	515,430	(42,177)	7,894,338
Total liabilities, deferred inflows of resources and fund balances	\$9,562,833	\$1,534,269	\$51,886	\$10,026,406

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purpose	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
	\$650					\$4,045,266
\$6,719				\$3,930,999		550,000
2,469,039		\$465,968	\$58,703	1,525,333		2,826,193
1,150,924	24,904			17,786		3,068
	236,237	37,679		2,869	\$1,137,357	738,361
	9,175					
	21,818					
3,626,682	292,784	503,647	58,703	5,476,987	1,137,357	8,162,888
<u>\$3,626,682</u>	<u>\$292,784</u>	<u>\$503,647</u>	<u>\$58,703</u>	<u>\$5,476,987</u>	<u>\$1,137,357</u>	<u>\$8,162,888</u>
	\$1,934	\$144				
	12,931		\$89,087	\$715,329		
	149,179					
\$0	164,044	144	89,087	715,329	\$0	\$0
3,393,029		67,532	80,671	2,096,159		
3,393,029	0	67,532	80,671	2,096,159	0	0
233,653	21,818					
	106,922	435,971	(111,055)	2,665,499	1,137,357	8,162,888
233,653	128,740	435,971	(111,055)	2,665,499	1,137,357	8,162,888
<u>\$3,626,682</u>	<u>\$292,784</u>	<u>\$503,647</u>	<u>\$58,703</u>	<u>\$5,476,987</u>	<u>\$1,137,357</u>	<u>\$8,162,888</u>

Carl Sandburg College - Community College District 518

Balance Sheet - All Fund Types - (Continued)

June 30, 2015

ASSETS	Agency Fund	Total	GASB			Adjusted Total
			General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
Cash and cash equivalents		\$7,619,709				\$7,619,709
Deposits		1,551,069				1,551,069
Investments		18,111,323				18,111,323
Receivables:						
Property taxes		7,269,165				7,269,165
Government claims and grants		912,458				912,458
Other		606,313				606,313
Advances to other funds	\$76,146	4,210,167			(\$4,210,167)	0
Prepaid items		199,391				199,391
Inventories		9,175				9,175
Property and equipment, net		21,818	\$21,273,179			21,294,997
Total assets	76,146	40,510,588	21,273,179	\$0	(4,210,167)	57,573,600
Deferred outflows of resources:						
Deferred pension		0			38,128	38,128
Total assets and deferred outflows	\$76,146	\$40,510,588	\$21,273,179	\$0	(\$4,172,039)	\$57,611,728
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts payable	\$76,146	\$784,663				\$784,663
Accrued liabilities		92,431		\$0	(\$12,931)	79,500
Advances from other funds		4,210,167			(4,210,167)	0
Unearned tuition and fees		361,306			227,047	588,353
Accrued compensated absences		0			357,257	357,257
Bonds payable, net of amortized premiums (discounts)		0		23,525,374		23,525,374
Total liabilities	76,146	5,448,567	\$0	23,525,374	(3,638,794)	25,335,147
Deferred inflows of resources:						
Deferred property taxes		9,989,510				9,989,510
Deferred grant revenue		67,532				67,532
Deferred concessions		0			50,000	50,000
Unamortized gain on refunding		0		390,298		390,298
Total deferred inflows	0	10,057,042	0	390,298	50,000	10,497,340
Fund balance (deficit):						
Net investment in capital assets		21,818	21,273,179	(10,336,763)		10,958,234
Restricted		233,868			(215)	233,653
Unrestricted		24,749,293		(13,578,909)	(583,030)	10,587,354
Total fund balance (deficit)	0	25,004,979	21,273,179	(23,915,672)	(583,245)	21,779,241
Total liabilities, deferred inflows of resources, and fund balances	\$76,146	\$40,510,588	\$21,273,179	\$0	(\$4,172,039)	\$57,611,728

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Carl Sandburg College - Community College District 518

Combining Schedule of Revenues, Expenditures/Expenses, and Changes

in Fund Balance (Deficit) - All Fund Types

For the year ended June 30, 2015

	Education	Operations and Maintenance	Operations and Maintenance Restricted	Capital Endowment
Revenues:				
Local government	\$3,539,344	\$936,269	\$91,267	
State government	6,276,102	168,032		
Federal government				
Student tuition and fees	5,739,161	575,613		
Sales and service fees				
Interest	17,414	2,468	160	\$188,268
Net increase (decrease) in fair value of investments				81,687
Other	105,133	61,927		
Total revenues	15,677,154	1,744,309	91,427	269,955
Expenditures/expenses:				
Current:				
Instruction	6,268,095			
Academic support	455,527			
Student services	2,181,241			
Public services	163,474			
Auxiliary services				
Operation and maintenance of plant		1,608,022		
Institutional support	7,038,986	97,627	1,203,058	800
Scholarships, student grants, and waivers				
Depreciation expense				
Debt service:				
Principal retirement				
Interest				
Bond issuance costs				
Total expenditures/expenses	16,107,323	1,705,649	1,203,058	800
Excess (deficiency) of revenues over expenditures/expenses	(430,169)	38,660	(1,111,631)	269,155
Other financing sources (uses):				
Issuance of refunding bonds and serial bonds				
Net premium (discount) on bonds sold				
Sale of capital assets			118,047	
Payment to refunded bonds escrow agent				
Transfers in	423,247		832,871	
Transfers out				(1,231,393)
Total other financing sources (uses)	423,247	0	950,918	(1,231,393)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(6,922)	38,660	(160,713)	(962,238)
Fund balance (deficit) at beginning of year	3,991,257	476,770	118,536	8,856,576
Fund balance (deficit) at end of year	\$3,984,335	\$515,430	(\$42,177)	\$7,894,338

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purpose	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
\$3,458,683		\$8,183	\$79,088	\$2,074,166		
	\$111	928,709				
	236,267	5,959,247				
5,756	201,486		119	48,289	\$6,000	\$57,310
				1,074		(6,775)
	244,518	72,743		1,226		
3,464,439	682,382	6,968,882	79,207	2,124,755	6,000	50,535
		894,266				
		486,604				
	686,399	103,006				
4,250		22,171	71,389	2,000,589		858
	11,477	5,420,508				
2,790,000						
716,291						
130,287						
3,640,828	697,876	6,926,555	71,389	2,000,589	0	858
(176,389)	(15,494)	42,327	7,818	124,166	6,000	49,677
9,400,000						
476,043						
(9,745,084)						
	45,800					(70,525)
130,959	45,800	0	0	0	0	(70,525)
(45,430)	30,306	42,327	7,818	124,166	6,000	(20,848)
279,083	98,434	393,644	(118,873)	2,541,333	1,131,357	8,183,736
\$233,653	\$128,740	\$435,971	(\$111,055)	\$2,665,499	\$1,137,357	\$8,162,888

Carl Sandburg College - Community College District 518

Combining Schedule of Revenues, Expenditures/Expenses, and Changes

in Fund Balance (Deficit) - All Fund Types - (Continued)

For the year ended June 30, 2015

	Agency Fund	Totals	GASB			Adjusted Total
			General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
Revenues:						
Local government		\$10,187,000				\$10,187,000
State government		7,372,843			(\$4,211,206)	3,161,637
Federal government		5,959,358				5,959,358
Student tuition and fees		6,551,041			(2,212,719)	4,338,322
Sales and service fees		201,486				201,486
Interest		325,784				325,784
Net increase (decrease) in fair value of investments		75,986				75,986
Other		485,547			4,161,206	4,646,753
Total revenues	\$0	31,159,045	\$0	\$0	(2,262,719)	28,896,326
Expenditures/expenses:						
Current:						
Instruction		7,162,361	375,956		(827)	7,537,490
Academic support		455,527			(2,783)	452,744
Student services		2,667,845			1,179	2,669,024
Public services		266,480	(6,125)		(313)	260,042
Auxiliary services		686,399				686,399
Operation and maintenance of plant		1,608,022	(16,564)		(5,020)	1,586,438
Institutional support		10,439,728	(1,112,277)		(27,658)	9,299,793
Scholarships, student grants, and waivers		5,420,508			(2,312,182)	3,108,326
Depreciation expense		11,477	1,242,526			1,254,003
Debt service:						
Principal retirement		2,790,000		(2,790,000)		0
Interest		716,291		763,920		1,480,211
Bond issuance costs		130,287		(130,287)		0
Total expenditures/expenses	0	32,354,925	483,516	(2,156,367)	(2,347,604)	28,334,470
Excess (deficiency) of revenues over expenditures/expenses	0	(1,195,880)	(483,516)	2,156,367	84,885	561,856
Other financing sources (uses):						
Issuance of refunding bonds and serial bonds		9,400,000		(9,400,000)		0
Net premium (discount) on bonds sold		476,043		(476,043)		0
Sale of capital assets		118,047	(118,047)			0
Payment to refunded bonds escrow agent		(9,745,084)		9,745,084		0
Transfers in		1,301,918				1,301,918
Transfers out		(1,301,918)				(1,301,918)
Total other financing sources (uses)	0	249,006	(118,047)	(130,959)	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	0	(946,874)	(601,563)	2,025,408	84,885	561,856
Fund balance (deficit) at beginning of year	0	25,951,853	21,874,742	(25,941,080)	(668,130)	21,217,385
Fund balance (deficit) at end of year	\$0	\$25,004,979	\$21,273,179	(\$23,915,672)	(\$583,245)	\$21,779,241

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, 2015

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$3,446,164	\$3,389,718	(\$56,446)
Corporate personal property replacement tax	106,000	145,387	39,387
Chargeback/contractual agreement	0	4,239	4,239
Total local government	3,552,164	3,539,344	(12,820)
State government:			
ICCB base operating grant	1,457,745	1,427,129	(30,616)
ICCB equalization grant	668,706	504,141	(164,565)
ICCB career and technical education formula grant	110,000	133,626	23,626
State of Illinois SURS on-behalf payments	1,000,000	4,211,206	3,211,206
Total state government	3,236,451	6,276,102	3,039,651
Student tuition and fees	6,142,426	5,739,161	(403,265)
Interest	11,454	17,414	5,960
Miscellaneous - other	57,630	105,133	47,503
Total revenues	13,000,125	15,677,154	2,677,029
Expenditures:			
Instruction:			
Salaries	5,335,193	4,864,717	470,476
Employee benefits	582,000	536,910	45,090
Contractual services	197,698	177,635	20,063
General materials and supplies	377,067	232,866	144,201
Conference and meeting expense	113,663	99,548	14,115
Fixed charges	0	0	0
Capital Outlay	92,693	147,312	(54,619)
Other	254,376	209,107	45,269
Total instruction	6,952,690	6,268,095	684,595

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, 2015

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Academic support:			
Salaries	306,671	268,626	38,045
Employee benefits	39,000	31,314	7,686
Contractual services	67,174	61,995	5,179
General materials and supplies	92,690	91,236	1,454
Conference and meeting expense	2,356	2,356	0
Total academic support	507,891	455,527	52,364
Student services:			
Salaries	1,187,368	1,171,500	15,868
Employee benefits	171,000	187,915	(16,915)
Contractual services	30,783	22,130	8,653
General materials and supplies	49,593	38,573	11,020
Conference and meeting expense	39,036	31,513	7,523
Fixed charges	0	0	0
Other	679,830	729,610	(49,780)
Total student services	2,157,610	2,181,241	(23,631)
Public services:			
Salaries	122,725	94,358	28,367
Employee benefits	15,000	15,657	(657)
Contractual services	40,631	24,847	15,784
General materials and supplies	44,855	22,896	21,959
Conference and meeting expense	7,205	3,649	3,556
Fixed charges	1,000	1,050	(50)
Other	1,800	1,017	783
Total public services	233,216	163,474	69,742
Institutional support:			
Salaries	1,369,527	1,327,932	41,595
Employee benefits	1,677,390	4,593,560	(2,916,170)
Contractual services	76,568	80,262	(3,694)
General materials and supplies	645,454	669,280	(23,826)
Conference and meeting expense	79,369	71,996	7,373
Fixed charges	131,856	106,489	25,367
Other	133,534	189,467	(55,933)
Total institutional support	4,113,698	7,038,986	(2,925,288)

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, 2015

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Total expenditures	13,965,105	16,107,323	(2,142,218)
Excess (deficiency) of revenues over expenditures	(964,980)	(430,169)	534,811
Other financing sources:			
Transfers in	850,500	423,247	(427,253)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$114,480)</u>	<u>(6,922)</u>	<u>\$107,558</u>
Fund balance at beginning of year		<u>3,991,257</u>	
Fund balance at end of year		<u>\$3,984,335</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, 2015

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$804,051	\$790,882	(\$13,169)
Corporate personal property replacement tax	106,000	145,387	39,387
Total local government	910,051	936,269	26,218
State government:			
ICCB base operating grant	126,760	124,194	(2,566)
ICCB equalization grant	58,148	43,838	(14,310)
Total state government	184,908	168,032	(16,876)
Student tuition and fees	734,220	575,613	(158,607)
Interest	1,630	2,468	838
Other:			
Rent	4,000	9,594	5,594
Miscellaneous	100	52,333	52,233
Total other revenue	4,100	61,927	57,827
Total revenues	1,834,909	1,744,309	(90,600)
Expenditures:			
Operation and maintenance of plant:			
Salaries	597,011	590,088	6,923
Employee benefits	160,000	156,568	3,432
Contractual services	132,714	147,868	(15,154)
General materials and supplies	102,630	100,209	2,421
Conference and meeting expense	3,810	4,750	(940)
Fixed charges	25,286	22,757	2,529
Utilities	573,084	434,808	138,276
Capital outlay	13,500	24,924	(11,424)
Other	145,050	126,050	19,000
Total operation and maintenance of plant	1,753,085	1,608,022	145,063

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, 2015

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Institutional support:			
Contractual services	4,000	3,360	640
General materials and supplies	0	0	0
Conference and meeting expense	0	0	0
Utilities	114,950	94,267	20,683
Total institutional support	118,950	97,627	21,323
Total expenditures	1,872,035	1,705,649	166,386
Excess (deficiency) of revenues over expenditures	(37,126)	38,660	75,786
Other financing sources (uses) -			
Transfers in	45,000	0	(45,000)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$7,874</u>	38,660	<u>\$30,786</u>
Fund balance at beginning of year		<u>476,770</u>	
Fund balance at end of year		<u>\$515,430</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, 2015

	Budget	Actual	Variance With Budget
Operating revenues:			
State government	\$130	\$0	(\$130)
Federal government	0	111	111
Student tuition and fees	225,500	236,267	10,767
Sales and service fees	189,874	201,486	11,612
Other	250,899	244,518	(6,381)
Total operating revenues	666,403	682,382	15,979
Operating expenses:			
Salaries	195,286	207,817	(12,531)
Employee benefits	32,010	36,947	(4,937)
Contractual services	85,235	66,517	18,718
General materials and supplies	229,013	216,560	12,453
Conference and meeting expense	56,110	54,955	1,155
Capital outlay	29,830	33,832	(4,002)
Depreciation	0	11,477	(11,477)
Other	78,693	69,771	8,922
Total operating expenses	706,177	697,876	8,301
Operating income before transfers in (out)	(39,774)	(15,494)	24,280
Transfers in	45,800	45,800	0
Net income	\$6,026	30,306	\$24,280
Fund balance at beginning of year		98,434	
Fund balance at end of year		\$128,740	

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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, 2015

	Auto Mechanics	Bookstore
Operating revenues:		
Federal government grants		
Student tuition and fees		
Sales and service fees	\$28,449	
Other		\$225,000
<hr/>		
Total operating revenues	28,449	225,000
<hr/>		
Operating expenses:		
Salaries		
Employee benefits		
Contractual services		
General materials and supplies	31,137	
Conference and meetings		
Capital outlay		
Depreciation		
Other		
<hr/>		
Total operating expenses	31,137	0
<hr/>		
Operating income (loss)	(\$2,688)	\$225,000
<hr/>		

Child Care Center	Cosmetology	Dental Hygiene	Food Service	Athletics	Student Activities - Other Services	Totals
\$111						\$111
(169)	\$26,363	\$30,367			\$236,267	236,267
261			\$9,481		116,476	201,486
					9,776	244,518
203	26,363	30,367	9,481	\$0	362,519	682,382
				101,215	106,602	207,817
5,633				31,314		36,947
	2,904		18,703	38,905	6,005	66,517
	4,418	21,531	381	47,725	111,368	216,560
				54,900	55	54,955
		957			32,875	33,832
					11,477	11,477
			1,160	21,032	47,579	69,771
5,633	7,322	22,488	20,244	295,091	315,961	697,876
(\$5,430)	\$19,041	\$7,879	(\$10,763)	(\$295,091)	\$46,558	(\$15,494)

Carl Sandburg College - Community College District 518

Combining Balance Sheet - Liability Protection Funds

June 30, 2015

A S S E T S	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Investments			\$3,930,999	\$3,930,999
Receivables:				
Property taxes		\$1,525,333		1,525,333
Other			17,786	17,786
Due from other funds	\$2,869			2,869
Total assets	\$2,869	\$1,525,333	\$3,948,785	\$5,476,987
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities -				
Due to other funds		\$694,422	\$20,907	\$715,329
Deferred inflows of resources -				
Unavailable property taxes		2,096,159		2,096,159
Fund balance -				
Unrestricted	\$2,869	(\$1,265,248)	\$3,927,878	\$2,665,499
Total fund balance	2,869	(1,265,248)	3,927,878	2,665,499
Total liabilities, deferred inflows of resources, and fund balances	\$2,869	\$1,525,333	\$3,948,785	\$5,476,987

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, 2015

	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Revenues:				
Local government		\$2,074,166		\$2,074,166
Interest		3,465	\$44,824	48,289
Net (decrease) in fair value of investments			1,074	1,074
Other	\$1,226			1,226
Total revenues	1,226	2,077,631	45,898	2,124,755
Expenditures -				
Current -				
Institutional support	3,522	1,997,067	0	2,000,589
Excess (deficiency) of revenues over expenditures	(2,296)	80,564	45,898	124,166
Other financing sources -				
Transfers in (out)	0	114,024	(114,024)	0
Excess (deficiency) of revenues and other financing sources over expenditures	(2,296)	194,588	(68,126)	124,166
Fund balance (deficit) at beginning of year	5,165	(1,459,836)	3,996,004	2,541,333
Fund balance (deficit) at end of year	\$2,869	(\$1,265,248)	\$3,927,878	\$2,665,499

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, 2015

	Budget	Actual	Variance With Budget
Revenues -			
Other	\$16,626	\$1,226	(\$15,400)
Expenditures -			
Employee benefits	21,771	3,522	18,249
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(\$5,145)</u>	<u>(2,296)</u>	<u>\$2,849</u>
Fund balance at beginning of year		<u>5,165</u>	
Fund balance at end of year		<u>\$2,869</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, 2015

	Budget	Actual	Variance With Budget
Revenues:			
Property taxes	\$2,054,787	\$2,074,166	\$19,379
Interest income	2,283	3,465	1,182
Total revenues	2,057,070	2,077,631	20,561
Expenditures:			
Salaries	1,113,700	1,065,715	47,985
Employee benefits	333,000	283,030	49,970
Contractual services	262,329	295,574	(33,245)
General materials and supplies	23,386	21,083	2,303
Conference and meetings	3,797	1,530	2,267
Fixed charges	265,850	255,049	10,801
Capital Outlay	0	61,710	(61,710)
Other	3,731	13,376	(9,645)
Total expenditures	2,005,793	1,997,067	8,726
Excess (deficiency) of revenues over expenditures	51,277	80,564	29,287
Other financing sources (uses) -			
Transfer in	0	114,024	114,024
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$51,277</u>	194,588	<u>\$143,311</u>
Fund balance (deficit) at beginning of year		(1,459,836)	
Fund balance (deficit) at end of year		<u>(\$1,265,248)</u>	

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, 2015

	Budget	Actual	Variance With Budget
Revenues:			
Interest income	\$82,000	\$44,824	(\$37,176)
Net increase in fair value of investments	0	1,074	1,074
Total revenues	82,000	45,898	(36,102)
Expenditures -			
Other	0	0	0
Excess (deficiency) of revenues over expenditures	82,000	45,898	(36,102)
Other financing sources (uses) -			
Transfers out	0	(114,024)	(114,024)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$82,000</u>	<u>(68,126)</u>	<u>(\$150,126)</u>
Fund balance at beginning of year		<u>3,996,004</u>	
Fund balance at end of year		<u>\$3,927,878</u>	

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2014, 2013, and 2012

	2014	2013	2012
Assessed Valuations:			
Knox County	\$716,594,314	\$701,823,859	\$696,149,598
Fulton County	15,194,246	14,593,594	13,719,949
Hancock County	279,070,152	270,583,029	265,894,226
Henderson County	133,347,546	127,878,404	122,957,378
Henry County	3,816,410	3,865,268	2,262,019
McDonough County	156,048,262	147,789,230	141,361,384
Mercer County	22,168,590	21,088,230	19,742,693
Schuyler County	3,023,881	2,788,734	2,590,055
Stark County	143,037	124,573	114,405
Warren County	292,441,425	277,217,580	266,880,594
Total assessed valuations	\$1,621,847,863	\$1,567,752,501	\$1,531,672,301
Tax Rate (per \$100 assessed valuation):			
Educational Accounts	0.2181	0.2146	0.2088
Operations and Maintenance Accounts	0.0558	0.0558	0.0560
Bond and Interest Fund	0.2103	0.2187	0.2202
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1299	0.1311	0.1328
Total tax rate	0.6192	0.6252	0.6228
Tax Extensions:			
Educational Accounts	\$3,518,875	\$3,360,346	\$3,197,198
Operations and Maintenance Accounts	900,775	873,957	858,609
Bond and Interest Fund	3,393,029	3,426,565	3,376,172
Audit Fund	80,671	78,354	76,661
Liability, Protection, Settlement, Social Security, and Medicare Accounts	2,096,159	2,054,905	2,036,129
Total tax extensions	\$9,989,509	\$9,794,127	\$9,544,769

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections (Continued)

Levy Years 2014, 2013, and 2012

	2014	2013	2012
Tax Collections to June 30:			
Education Fund	\$958,453	\$3,370,630	\$3,184,454
Operations and Maintenance Fund	219,728	785,329	762,561
Bond and Interest Fund	924,176	3,434,399	3,358,318
Audit Fund	21,973	78,533	76,256
Protection, Health, Safety	25,620	90,627	91,507
Liability, Protection, and Settlement Fund	570,941	2,059,603	2,025,362
Total tax collections	\$2,720,891	\$9,819,121	\$9,498,458
Percent of extensions collected	27.24%	100.26%	99.51%

State Grant Activity and Schedule of Enrollment Data



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

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

Report on the Financial Statements

We have audited the accompanying financial statements 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 and for the year ended June 30, 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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 (the College) as of June 30, 2015, and the changes in financial position thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

Compliance

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

Emphasis of Matter

As discussed in Note 1, the financial statements present only the State Adult Education and Family Literacy and Career and Technical Education-Program Improvement Grants and do not purport to, and do not present fairly the financial position of the College, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Wipfli LLP

Sterling, Illinois
September 15, 2015

Carl Sandburg College - Community College District 518

Balance Sheet

State Adult Education Restricted Funds Grants

June 30, 2015

A S S E T S	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, 2015

	State Basic	State Public Assistance	State Performance	Total
Revenues -				
Grant revenue	\$72,952	\$9,968	\$51,899	\$134,819
Expenditures:				
Instruction	53,170	5,124	41,285	99,579
Social work services				0
Guidance services				0
Assistive and adaptive equipment				0
Assessment and testing	9,111	4,844	1,015	14,970
Student transportation services			1,833	1,833
Literacy services				0
Child care services				0
Subtotal instructional and student services	62,281	9,968	44,133	116,382
Improvement of instructional services			3,445	3,445
General administration	5,830		4,321	10,151
Operation and maintenance of plant services				0
Workforce coordination				0
Data and information services	4,841			4,841
Approved indirect costs				0
Subtotal program support	10,671	0	7,766	18,437
Total expenditures	72,952	9,968	51,899	134,819
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

See Notes to ICCB Grant Programs Financial Statements.

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, 2015

State Basic	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$53,170	72.88%
General Administration (15% maximum allowed)	\$5,830	7.99%
State Public Assistance	Audited Expenditure Amount	Actual Expenditure Percentage
Instruction (45% minimum required)	\$5,124	51.40%
General Administration (15% maximum allowed)	\$0	0.00%

Carl Sandburg College - Community College District 518

Balance Sheet

Career and Technical Education Program Improvement Grant

June 30, 2015

ASSETS

Cash	\$0
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LIABILITIES AND FUND BALANCE

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

Fund balance	0
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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, 2015

Revenues -	
State sources	\$21,984
<hr/>	
Expenditures -	
Equipment	21,984
<hr/>	
Excess of revenues over expenditures	0
<hr/>	
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<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 Career and Technical Education-Program Improvement and State Adult Education & Family Literacy grant programs. These transactions have been accounted for in the College's Restricted Purpose Fund.

Basis of Accounting

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2015. Funds obligated for goods prior to June 30, for which the goods are received prior to August 31, are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to 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 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 of Carl Sandburg College – Community College District 518 (the College) for the year ended June 30, 2015. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based on our examination.

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

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Carl Sandburg College – Community College District 518 (the College) for the year ended June 30, 2015, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

Wipfli LLP

Sterling, Illinois
September 15, 2015

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, 2015

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	2,127.5		11,658.5		11,053.0		24,839.0	0.0
Business Occupational	297.5		856.5		804.5		1,958.5	0.0
Technical Occupation	191.5		1,203.0		1,159.0		2,553.5	0.0
Health Occupational	787.5		2,658.5		2,134.0		5,580.0	0.0
Remedial Development	326.0		1,693.0		964.0		2,983.0	0.0
Adult Basis Education/ Adult Secondary Education	74.5	278.5	56.0	972.0	72.0	804.5	202.5	2,055.0
Total credit hours certified	3,804.5	278.5	18,125.5	972.0	16,186.5	804.5	38,116.5	2,055.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	34,784.8	0.0	34,784.8
Reimbursable semester credit hours (all terms)	3,824.5	0.0	
District equalized assessed valuation			\$1,621,847,863

	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, 2015

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2015

	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	24,839.0	24,839.0	-	-	-	-
Business Occupational	1,958.5	1,958.5	-	-	-	-
Technical Occupation	2,553.5	2,553.5	-	-	-	-
Health Occupational	5,580.0	5,580.0	-	-	-	-
Remedial Development	2,983.0	2,983.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	202.5	202.5	-	2,055.0	2,055.0	-
Total	38,116.5	38,116.5	-	2,055.0	2,055.0	-

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

	Total Attending (Unrestricted and Restricted)	Total Attending as Certified to the ICCB	Difference
In-district residents	34,784.8	34,784.8	-
Out-of-districts on chargeback or contractual agreement	0.0	0.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	3,824.5	3,824.5	-
Dual enrollment	0	0	-

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2015

	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



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

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 the business-type activities and discretely presented component unit of Carl Sandburg College – Community College District 518 (the College), as of and for the years ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated September 15, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Wipfli LLP

Sterling, Illinois
September 15, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE**

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 (the "College") compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2015. The College's major federal programs are identified in the summary of audit results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

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

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

Opinion

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, 2015.

Other Matters

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency 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 15, 2015

Carl Sandburg College - Community College District 518

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2015

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	\$111
Summer Food Service Program	10.559	XX-69191	1,086
Total Department of Agriculture			1,197
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	17.282	TC-22517-11-60-A17	102,566
Pass-through Southern Illinois University at Edwardsville (m)			
Trade Adjustment Assistance Community College and Career Training			
Building the Illinois Bioeconomy Program (m)	17.282	TC-26491-14-60-A-17	412,921
Total Department of Labor			515,487
U.S. Department of Education:			
Pass-through Illinois Community College Board:			
Adult Education:			
Federal Adult EL/Civics	84.002	51801	25,813
Federal Adult Basic	84.002	51801	64,885
Federal Adult Ed Transition	84.002	AELCAPS518-15	10,000
Total CFDA 84.002			100,698
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1115	68,887
Federal Work Study Program (m)	84.033	P033AXX1115	45,871
Federal Pell Grant Program (m)	84.063	P063XXX0511	3,985,091
Federal Direct Loan Program (m)	84.268	P268KXX0511	618,094
Total student financial assistance cluster			4,717,943
Pass-through Southeastern Community College -			
TRIO - Student Support Services (m)	84.042	P042A100091	180,533
Direct awards -			
TRIO - Upward Bound -			
Crossing the Bridge to Success(m)	84.047	P047A070128-XX	262,480
Total TRIO cluster			443,013
Pass-through Illinois Community College Board:			
Career and Technical Education Programs:			
Perkins Postsecondary Grants	84.048	CTE51815	158,074
Dual Credit Enhancement	84.048	14CTEDUAL518	10,000
Integrated Career and Academic Prep System	84.048	CTEICAPS518-15	10,000
Total CFDA 84.048			178,074
Pass-through Joliet Junior College:			
International and Foreign Language Studies:			
Undergraduate International Studies and Foreign Language Program	84.016	P016A14067	9,441
Total U.S. Department of Education			\$5,449,169
Total federal awards expended			\$5,965,853

(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 (the “College”). The College 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:

Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)	\$4,717,943
TRIO Cluster (84.042, 84.047)	443,012
TAACCT Cluster (17.282)	515,487
- **Subrecipient Payments** – The College did not provide any federal payments to subrecipients during the year ended June 30, 2015.
- **Non-Cash Assistance** - The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2015.
- **Other Federal Award Information** – The College did not receive or administer any insurance, loans or loan guarantees during fiscal year ended June 30, 2015.

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: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are
 not considered to be material weakness(es)? yes none reported
 Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are
 not considered to be material weakness(es) yes none reported

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Aid
84.042, 84.047	TRIO
17.282	TAACCT

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

Auditee qualified as low-risk auditee? 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, 2014

- 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, 2013

- 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

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

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