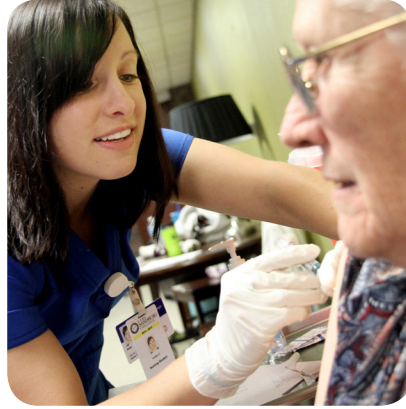


2016 Comprehensive Annual Financial Report

Fiscal years ended June 30, 2016 and 2015



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



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INTRODUCTORY SECTION
(Unaudited)



President's Letter

September 15, 2016

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 2016. This document represents the record of the College's financial operations for the year ending June 30, 2016.

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. While the College received only a fraction of the State funding it was entitled to, well placed reserves allowed the College to maintain operations as usual.

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. Additionally, we have aggressively sought this past year to investigate ways to reduce costs and be more efficient given the crisis the State of Illinois is facing. We completed the fiscal year under our projected expense budget which speaks to the dedication of all of the College's budget managers.

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

-iv-



Transmittal Letter

September 15, 2016

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, 2016, 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, 2016. 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 2015, the College enrolled 2,082 students, with an average age of 24 years. Women represented 62 percent of the student body and 55 percent were part-time students. Many students balance the demands of college with work and family responsibilities.

-v-

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

Fiscal Year	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Fall College enrollment	2,538	2,383	2,460	2,200	2,200	2,082
Annual Full-time equivalents	1,737	1,644	1,599	1,450	1,339	1,258
Continuing Education Credit Hours	798	913	1,012	712	660	517
<u>Total Annual Credit Hours</u>	52,113	49,316	47,972	43,511	40,172	37,748

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 anticipated a flat or declining enrollment commencing in fiscal year 2016. 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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Current:					
Education	0.2181	0.2146	0.2088	0.2021	0.2000
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500
Liability, Protection and Settlement	0.1199	0.1205	0.1220	0.1240	0.1225
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	0.0100	0.0106	0.0108	0.0108	0.0108
Bond and Interest	0.2103	0.2187	0.2202	0.2195	0.2244
Plant:					
Operations and Maintenance (Restricted) - Life Safety	0.0059	0.0058	0.0060	0.0061	0.0060
Total	0.6192	0.6252	0.6228	0.6175	0.6187

The College District's 2016 tax levy base of \$1,621,847,863 increased by 3.45% over the 2015 tax base. Property tax revenue has held relatively stable after the loss of many industries in the district. During fiscal year 2016, local property taxes accounted for approximately 37% 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 2016, the college issued refunding bonds to provide for additions to the life safety levy and still maintain a relatively flat total rate to the taxpayers of the district.

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 2016 included additional accessible campus pathways and a phone system upgrade. 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, 2015. This was the thirteenth 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, 2016**

Board of Trustees

Name	Position	Term Expires
Ms. Sandra L. Wood	Chairperson	2017
Rev. Lee E. Johnson	Vice Chairperson	2019
Mr. Thomas H. Colclasure	Secretary	2021
Mr. Bruce A. Lauerman	Trustee	2021
Ms. Gayla J. Pacheco	Trustee	2017
Mr. William C. Robinson	Trustee	2017
Rev. Jon A. Sibley, Sr.	Trustee	2019
Ms. Skye Swearingen	Student Trustee	
Mr. Keith Williams	Faculty Representative	
Mr. Nate Friberg	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. Michael Bailey	Athletic Director
Mr. Tony Bentley	Director of TRIO Upward Bound
Ms. Lisa Blake	Chief Financial Officer/Treasurer
Mr. Kip Canfield	Director of Public Safety
Dr. Kyle Cecil	Dean of Career & Corporate Development
Ms. Robin DeMott	Director of Marketing & Public Relations
Mr. Rick Eddy	Director of Admissions & Records
Ms. Lisa Hanson	Director of Financial Aid
Ms. Michelle Johnson	Director of Institutional Effectiveness/Compliance
Ms. Gina Krupps	Director of Human Resources
Ms. Linda Lee	Associate Director of Technology Services
Ms. Misty Lyon	Dean of Student Success
Ms. Debra Miller	Dean of Extension Services
Ms. Mischelle Monagle	Dean of Health Professions
Ms. Antoinette Murphy	Director of Recruiting
Ms. Stacey Rucker	Director of Corporate & Leisure College
Ms. Autumn Scott	Director of TRIO SSS
Dr. Connie Thurman	Dean of Institutional Effectiveness/Human Resources

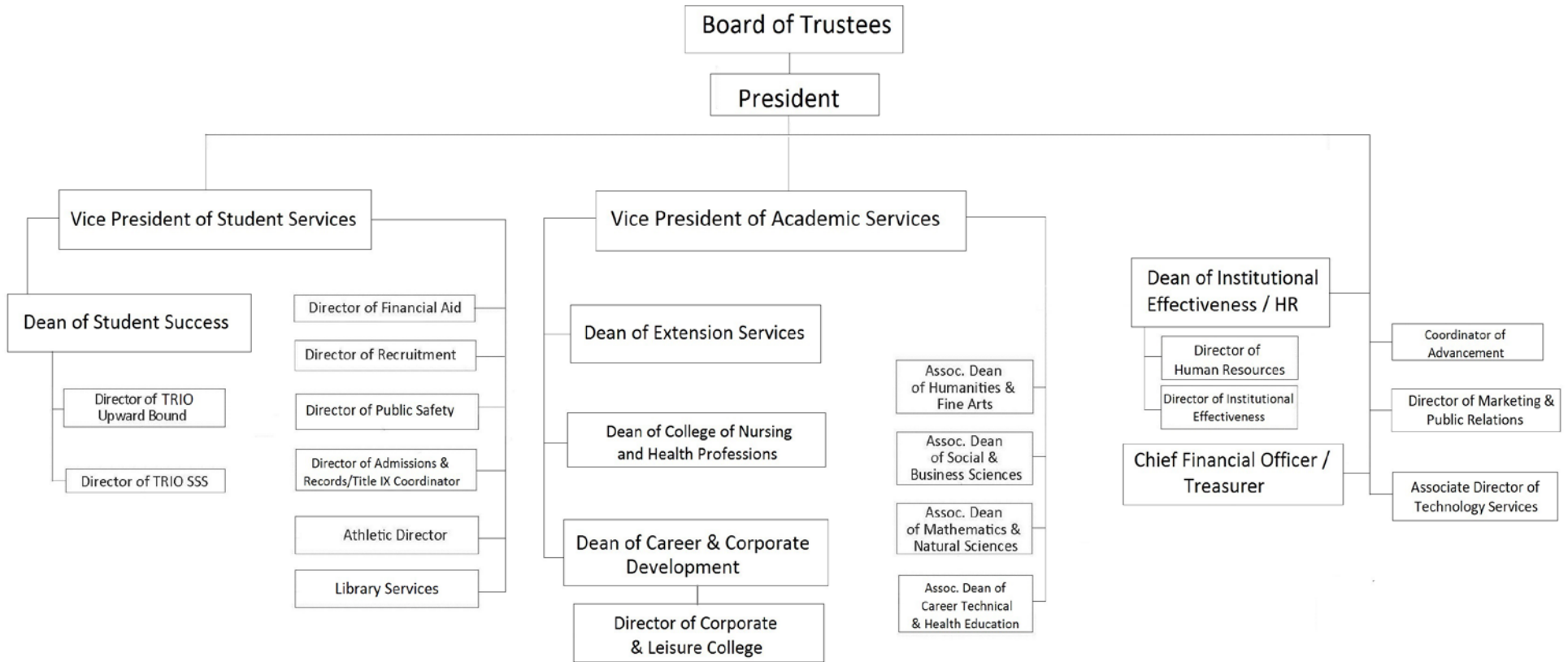
Official Issuing Report

Ms. Lisa Blake, Chief Financial Officer/Treasurer

Department Issuing Report

Finance Office

Organizational Chart



CARL
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COLLEGE



Government Finance Officers Association

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

Presented to

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

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of 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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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 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. The financial statements of Carl Sandburg College Foundation were not audited in accordance with *Government Auditing Standards*.

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, 2016 and 2015, and the respective changes in financial position and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the Management's Discussion and Analysis, Schedule of Share of Net Pension Liability, Schedule of Contributions, and Covered Payroll, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United State, 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 as a whole. 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 Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The 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, 2016, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Wipfli LLP

Sterling, Illinois
September 15, 2016

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

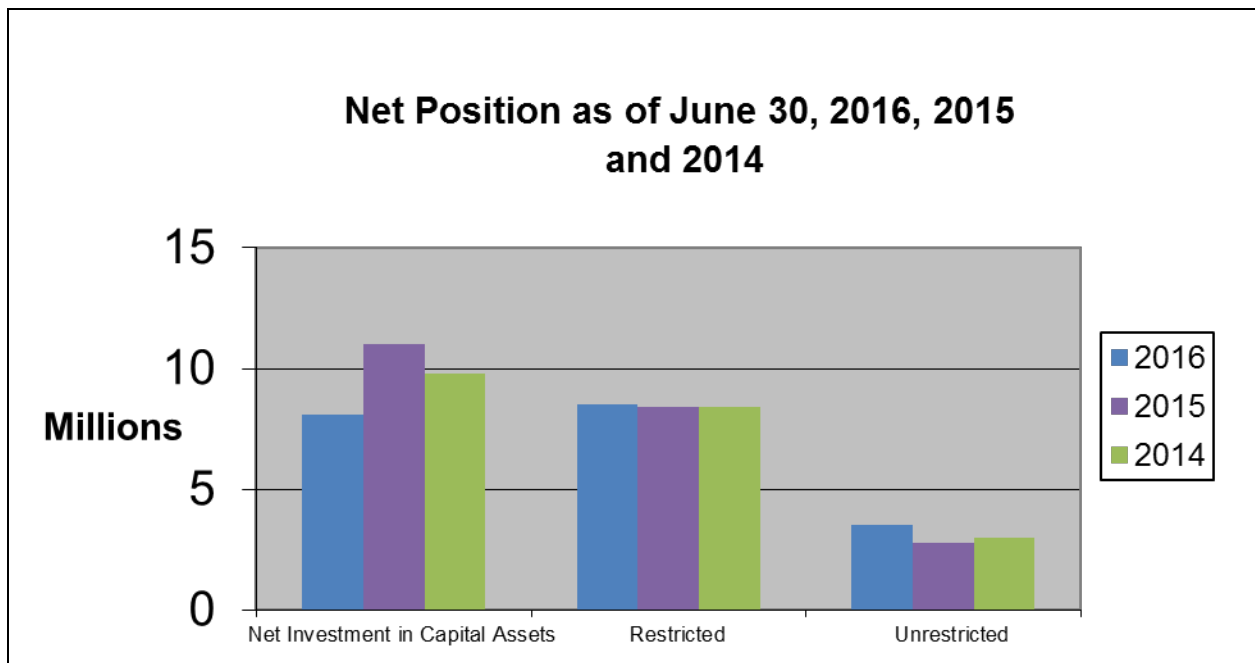
This section of Carl Sandburg College – Community College District 518’s (the “College”) Comprehensive Annual Financial Report presents management’s discussion and analysis of the College’s financial activity during the fiscal years ended June 30, 2016 and 2015. Since this management’s discussion and 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 14-20), and the footnotes (pages 21-48). Responsibility for the completeness and fairness of this information rests with the College.

Using This Annual Report

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

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

Financial Highlights



Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Net Position					
As of June 30,					
(in millions)					
	2016	As Restated 2015	Increase (Decrease) 2016-2015	As Restated 2014	Increase (Decrease) 2015-2014
Current assets	\$22.5	\$22.1	\$0.4	\$22.6	(\$0.05)
Non-current assets					
Capital assets, net of depreciation	17.9	21.3	(3.4)	21.9	(0.6)
Other	12.9	14.2	(1.3)	14.1	0.1
Total assets	53.3	57.6	(4.3)	58.6	(1.0)
Total deferred outflows of resources	0.1	0.0	0.1	0.0	0.0
Total assets and deferred outflows of resources	53.4	57.6	(4.2)	58.6	(1.0)
Current liabilities	3.5	4.3	(0.8)	4.0	0.3
Non-current liabilities	19.2	21.0	(1.8)	23.5	(2.5)
Total liabilities	22.7	25.3	(2.6)	27.5	(2.2)
Total deferred inflows of resources	10.6	10.1	0.5	9.9	0.2
Total liabilities and deferred inflows of resources	33.3	35.4	(2.1)	37.4	(2.0)
Net position					
Net investment in capital assets	8.1	11.0	(2.9)	9.8	1.2
Restricted	8.5	8.4	0.1	8.4	0.0
Unrestricted	3.5	2.8	0.7	3.0	(0.2)
Total	\$20.1	\$22.2	(\$2.1)	\$21.2	\$1.0

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 2016 Compared to 2015

Current assets increased \$0.4 million due to an increase in cash in order to meet obligations with decreased state funding.

Non-current assets decreased \$4.7 million due to a decrease in long term investments, the sale of a building and the increase in accumulated depreciation.

Current liabilities decreased \$0.8 million due to the restructuring of debt.

Non-current liabilities decreased \$1.8 million due to the payments on outstanding bonds.

Deferred inflows of resources increased \$0.5 million with an increase in deferred property taxes.

Total net position at June 30, 2016 decreased by \$2.1 million. The restricted net position is restricted for \$8.5 million of debt service payments and working cash bonds.

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 \$0.2 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 \$1.0 million. The restricted net position is restricted for \$8.4 million of debt service payments and working cash bonds.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

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

	2016	As Restated 2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Operating revenue					
Tuition and fees	\$4.5	\$4.3	\$0.2	\$4.0	\$0.3
Auxiliary	0.2	0.2	0.0	0.6	(0.4)
Total operating revenue	4.7	4.5	0.2	4.6	(0.1)
Less operating expenses	25.5	26.0	(0.5)	25.9	0.1
Operating loss	(20.8)	(21.5)	0.7	(21.3)	(0.2)
Non-operating revenue					
State grants and contracts	1.0	3.1	(2.1)	3.9	(0.8)
Federal grants and contracts	5.1	6.0	(0.9)	6.3	(0.3)
Property taxes	10.1	9.9	0.2	9.5	0.4
Investment income	0.5	0.4	0.1	0.4	0.0
Other	5.5	5.0	0.5	4.3	0.7
Gain (loss) on disposal of assets	(2.8)	(0.8)	(2.0)	0.0	(0.8)
Interest expense	(0.7)	(1.1)	0.4	(1.0)	(0.1)
Total net non-operating revenues	18.7	22.5	(3.8)	23.4	(0.9)
Increase (decrease) in net position	(2.1)	1.0	(3.1)	2.1	(1.1)
Net position, beginning of year	22.2	21.2	1.0	19.1	2.1
Net position, end of year	\$20.1	\$22.2	(\$2.1)	\$21.2	\$1.0

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2016 were \$26.9 million and \$29.0 million, respectively. Fiscal year 2015 total revenues and expenses (Operating and Non-Operating) were \$28.9 million and \$27.9 million, respectively. Fiscal year 2014 total revenues and expenses (Operating and Non-Operating) were \$29.0 million and \$26.9 million.

Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2016 Compared to 2015

Operating revenue increased \$0.2 million due to an increase in tuition and fee revenue.

Operating expenses as of June 30, 2016, decreased \$0.5 million due to a decrease in expenses relating to instruction.

Non-operating revenue and expenses decreased \$3.8 million due to reduced state grant revenue and the loss on the sale of a building in the southern part of the district.

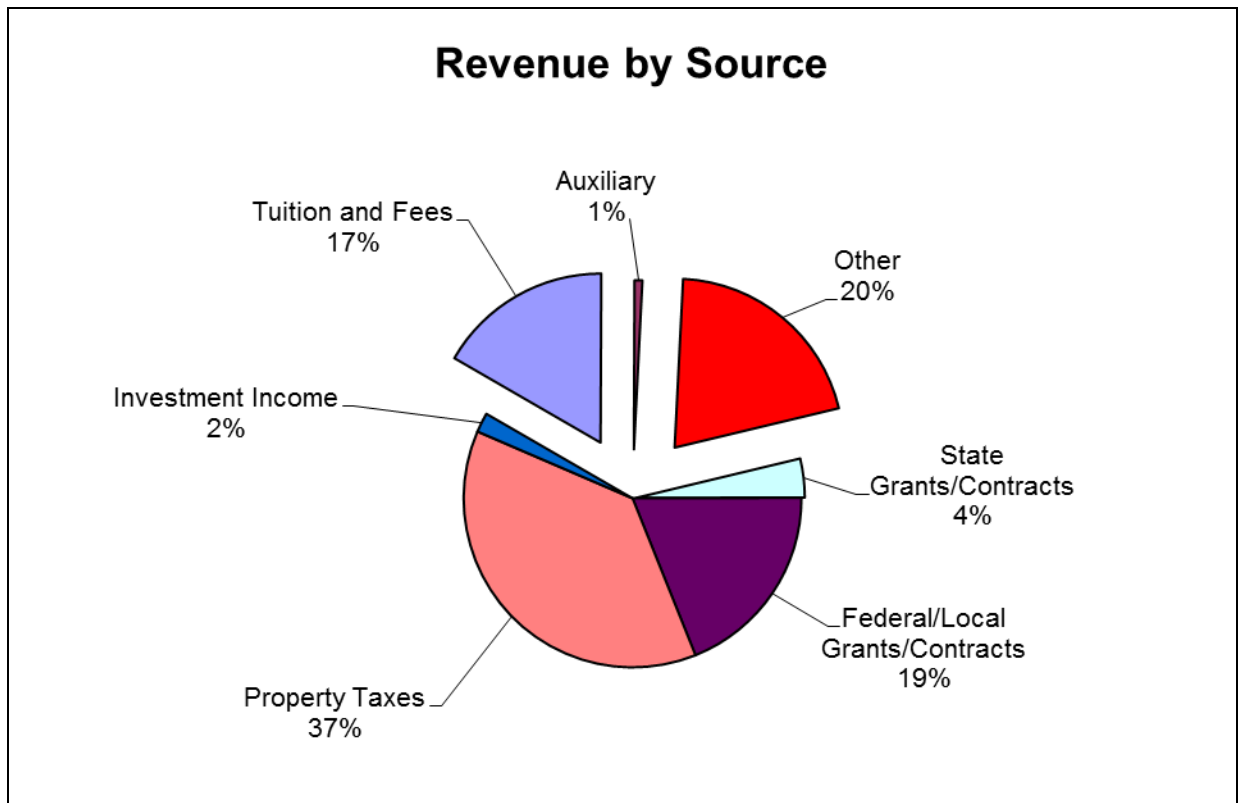
Fiscal Year 2015 Compared to 2014

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

Operating expenses as of June 30, 2015, remained flat during Fiscal Year 2015.

Non-operating revenue decreased \$0.9 million due to a loss on the sale of a building.

The following is a graphic illustration of revenues by source for the year ended June 30, 2016.



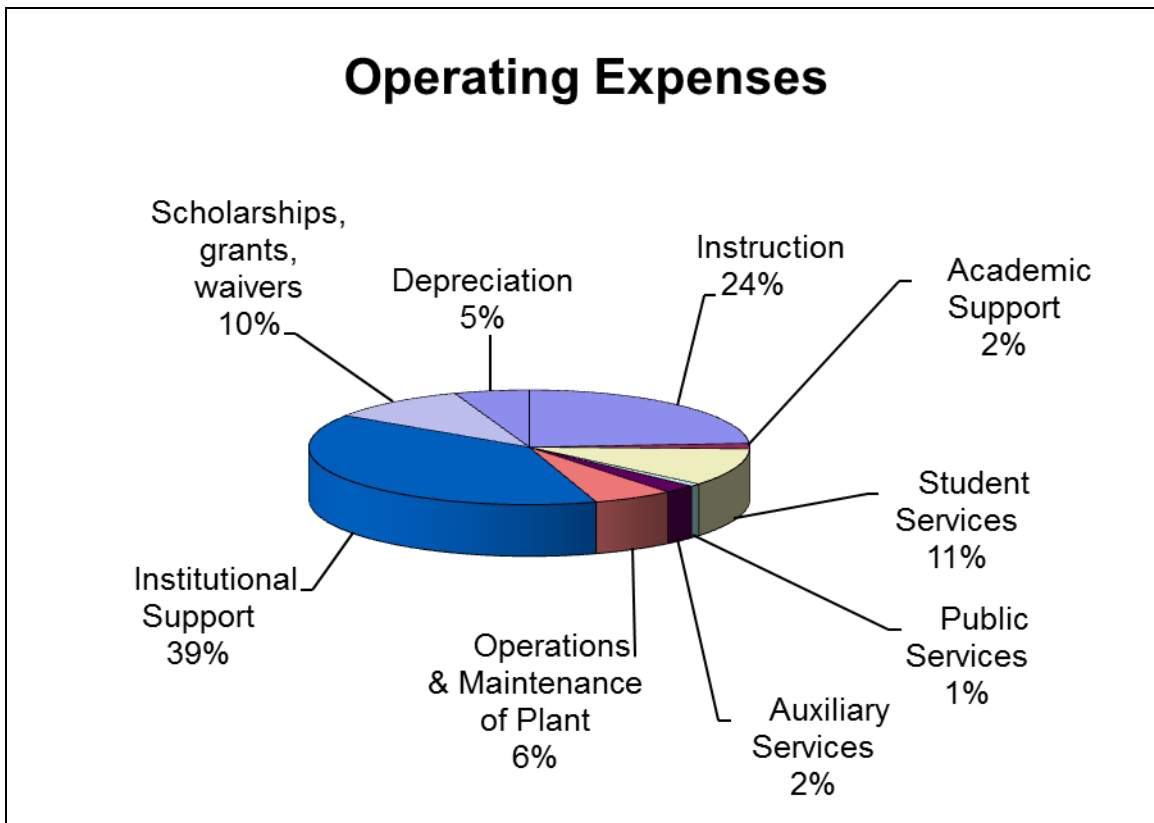
Carl Sandburg College – Community College District 518

Management Discussion and Analysis

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

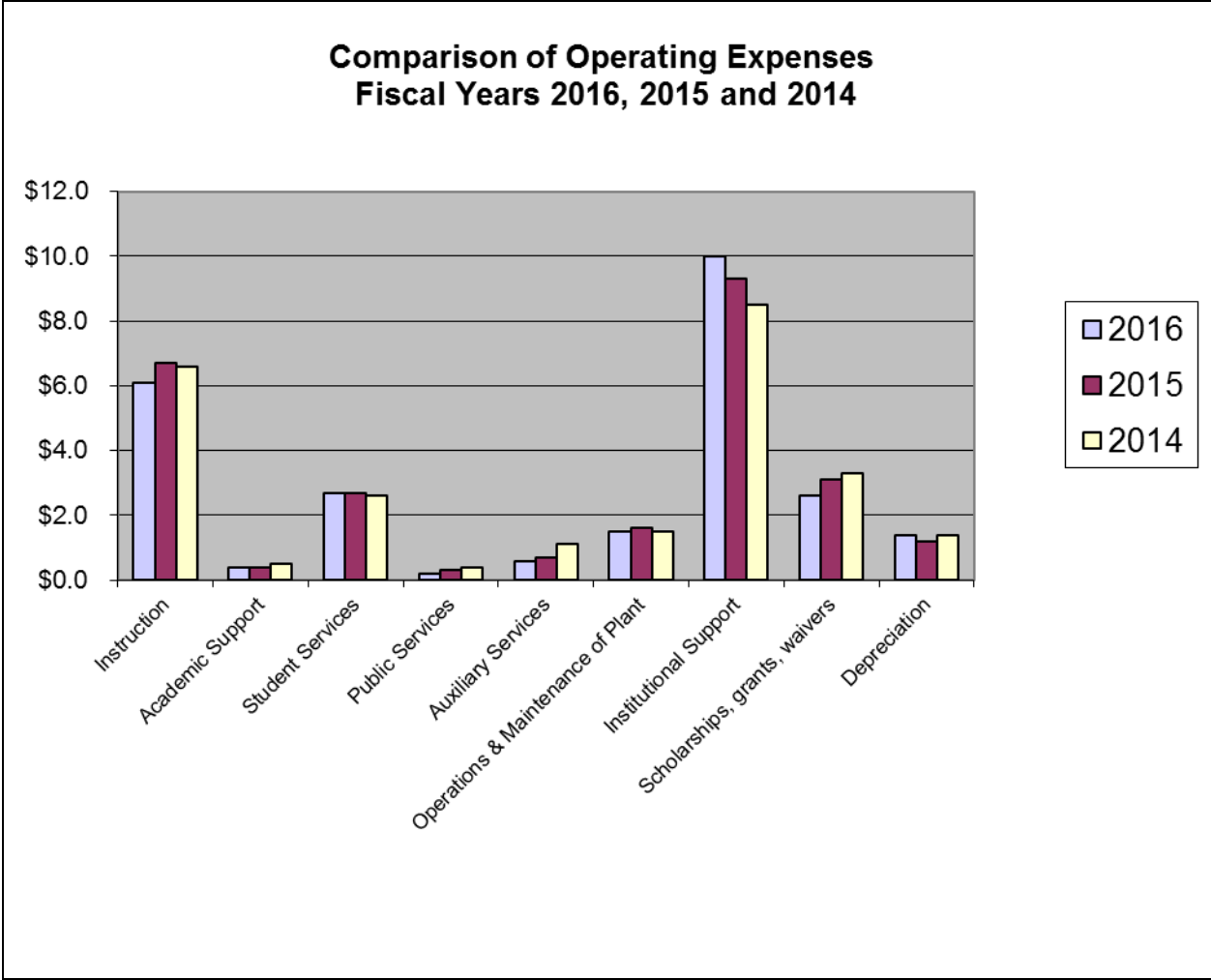
Operating expense	2016	As Restated 2015	Increase (Decrease) 2015-2014	2014	Increase (Decrease) 2015-2014
Instruction	\$6.1	\$6.7	(\$0.6)	\$6.6	\$0.1
Academic support	0.4	0.4	0.0	0.5	(0.1)
Student services	2.7	2.7	0.0	2.6	0.1
Public services	0.2	0.3	(0.1)	0.4	(0.1)
Auxiliary services	0.6	0.7	(0.1)	1.1	(0.4)
Operations & maintenance of plant	1.5	1.6	(0.1)	1.5	0.1
Institutional support	10.0	9.3	0.7	8.5	0.8
Scholarships, grants, waivers	2.6	3.1	(0.5)	3.3	(0.2)
Depreciation	1.4	1.2	0.2	1.4	(0.2)
Total	\$25.5	\$26.0	(\$0.5)	\$25.9	\$0.1

The following is a graphic illustration of operating expenses for the year ended June 30, 2016.



Carl Sandburg College – Community College District 518

Management Discussion and Analysis



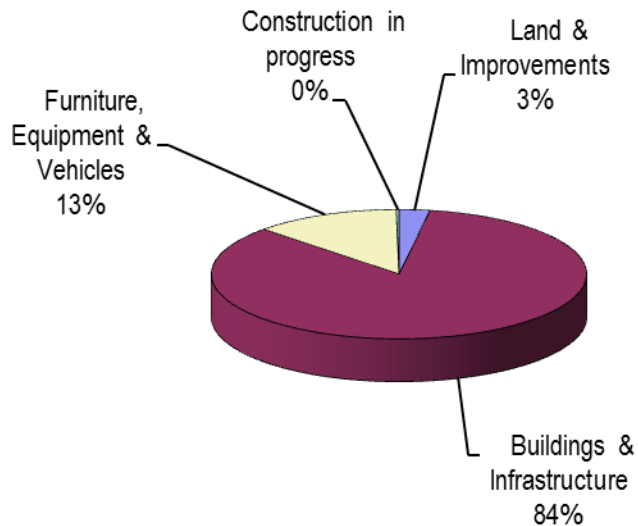
Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Capital Assets, Net June 30, (in millions)

	2016	As Restated 2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
Capital assets					
Land & improvements	\$1.1	\$1.1	\$0.0	\$0.8	\$0.3
Buildings & infrastructure	35.0	34.8	0.2	35.8	(1.0)
Furniture, equipment, & vehicles	5.2	7.4	(2.2)	4.4	3.0
Construction in progress	0.1	0.6	(0.5)	3.0	(2.4)
Total	41.4	43.9	(2.5)	44.0	(0.1)
Less accumulated depreciation	(23.5)	(22.6)	(0.9)	(22.1)	(0.5)
Net capital assets	\$17.9	\$21.3	(\$3.4)	\$21.9	(\$0.6)

Capital Assets at June 30, 2016



Carl Sandburg College – Community College District 518

Management Discussion and Analysis

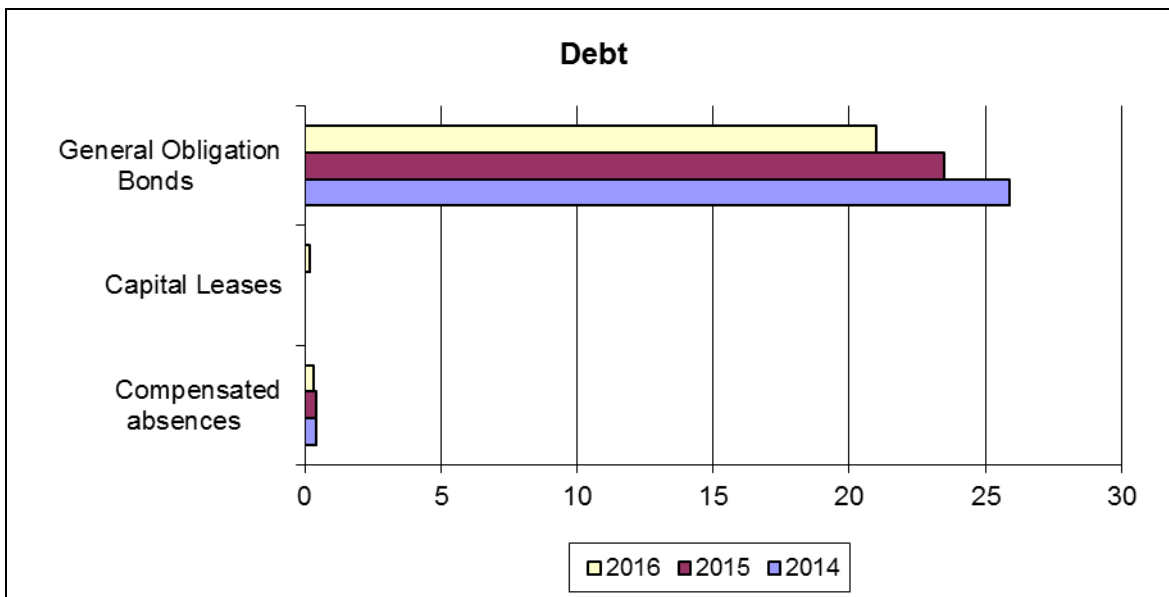
Fiscal Year 2016 Compared to 2015

As of June 30, 2016, the College had recorded \$41.4 million invested in capital assets, \$23.5 million in accumulated depreciation, and \$17.9 million in net capital assets. The College sold an additional building and furnishings 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 29-30.

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 29-30.

Debt June 30, (in millions)					
	As Restated 2016	As Restated 2015	Increase (Decrease) 2016-2015	2014	Increase (Decrease) 2015-2014
General obligation bonds	\$21.0	\$23.5	(\$2.5)	\$25.9	(\$2.4)
Capital leases	0.2	0.0	0.2	0.0	0.0
Compensated absences	0.3	0.4	(0.1)	0.4	0.0
Total	\$21.5	\$23.9	(\$2.4)	\$26.3	(\$2.4)



Carl Sandburg College – Community College District 518

Management Discussion and Analysis

Fiscal Year 2016 Compared to 2015

During fiscal year 2016, the College paid \$6.6 in bond payments funded through the tax levy and the issuance of \$4.1 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 31-36.

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 31-36.

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.

Basic Financial Statements

Carl Sandburg College - Community College District 518

Statements of Net Position

June 30, 2016 and 2015

ASSETS	2016	As Restated 2015
Current assets:		
Cash and cash equivalents	\$9,463,035	\$7,619,709
Deposits	551,506	1,551,069
Short-term investments	3,664,219	3,884,973
Property taxes receivable	7,445,328	7,269,165
Other receivables, net	1,198,853	1,518,771
Prepaid items	199,045	199,391
Inventories	7,975	9,175
Total current assets	22,529,961	22,052,253
Noncurrent assets:		
Long-term investments	12,844,667	14,226,350
Non-depreciable capital assets	545,724	1,024,083
Depreciable capital assets	40,887,048	42,873,249
Less accumulated depreciation	(23,528,334)	(22,602,335)
Total noncurrent assets	30,749,105	35,521,347
Total assets	53,279,066	57,573,600
DEFERRED OUTFLOW OF RESOURCES		
Unamortized loss on refunding	31,915	0
SURS pension contribution	41,768	38,128
Total deferred outflows of resources	73,683	38,128
Total assets and deferred outflows of resources	53,352,749	57,611,728
LIABILITIES		
Current liabilities:		
Accounts payable	631,233	784,663
Accrued liabilities	27,457	79,500
Unearned tuition and fees	584,574	588,353
Accrued compensated absences	231,496	238,171
Capital lease payable	35,496	0
Bonds payable, net of unamortized premiums (discounts)	1,984,074	2,659,663
Total current liabilities	3,494,330	4,350,350
Noncurrent liabilities:		
Accrued compensated absences	115,748	119,086
Capital lease payable	156,666	0
Bonds payable, net of unamortized premiums (discounts)	18,950,394	20,865,711
Total noncurrent liabilities	19,222,808	20,984,797
Total liabilities	22,717,138	25,335,147
DEFERRED INFLOWS OF RESOURCES		
Deferred property taxes	10,491,331	9,989,510
Deferred grant revenue	48,789	67,532
Deferred concessions	25,000	50,000
Total deferred inflows of resources	10,565,120	10,107,042
Total liabilities and deferred inflows of resources	33,282,258	35,442,189
NET POSITION		
Net investment in capital assets	8,095,911	10,958,234
Restricted - expendable:		
Debt service	322,557	233,653
Working cash	8,194,744	8,162,888
Unrestricted	3,457,279	2,814,764
Total net position	\$20,070,491	\$22,169,539

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, 2016 and 2015

	2016	As Restated 2015
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,229,433 and \$2,312,182, respectively	\$4,497,690	\$4,338,322
Auxiliary enterprises revenue	215,673	201,486
Total operating revenue	4,713,363	4,539,808
Operating expenses:		
Instruction	6,073,478	6,752,504
Academic support	408,422	452,744
Student services	2,727,247	2,669,024
Public services	181,589	260,042
Auxiliary services	618,488	686,399
Operation and maintenance of plant	1,463,543	1,586,438
Institutional support	9,981,247	9,299,793
Scholarships, student grants, and waivers	2,653,761	3,108,326
Depreciation	1,377,784	1,254,003
Total operating expenses	25,485,559	26,069,273
Operating loss	(20,772,196)	(21,529,465)
Nonoperating revenues and (expenses):		
State grants	1,034,672	3,161,637
Federal grants	5,067,163	5,959,358
Property taxes	10,054,372	9,883,804
Personal property replacement tax	266,200	290,774
Local grants	150,178	12,422
Investment income	482,851	401,770
Other nonoperating revenues	5,103,125	4,646,753
Gain (loss) on disposal of assets	(2,776,118)	(784,986)
Interest expense	(709,295)	(1,089,913)
Net nonoperating revenues and (expenses)	18,673,148	22,481,619
Change in net position	(2,099,048)	952,154
Net position, beginning of year	22,169,539	21,217,385
Net position, end of year	\$20,070,491	\$22,169,539

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows

For the years ended June 30, 2016 and 2015

	2016	As Restated 2015
CASH FLOWS FROM OPERATING ACTIVITIES:		
Tuition and fees	\$6,719,206	\$6,592,046
Payments to suppliers	(6,641,091)	(4,813,386)
Payments to employees	(10,140,835)	(10,123,590)
Payments to students for scholarships	(4,883,194)	(7,732,690)
Auxiliary enterprise charges	242,881	194,095
Net cash used in operating activities	(14,703,033)	(15,883,525)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Proceeds from property taxes	10,378,729	9,235,071
Proceeds from grants	6,971,104	9,988,850
Net cash provided by noncapital financing activities	17,349,833	19,223,921
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Purchases of capital assets	(763,343)	(1,543,996)
Proceeds from sale of capital assets	0	118,047
Principal paid on bonds payable	(2,600,000)	(2,790,000)
Proceeds from bonds sold	4,070,000	9,400,000
Principal deposit in escrow	(3,975,000)	(9,470,000)
Interest paid to escrow	(37,479)	(275,084)
Premium (discount) on bonds sold	0	476,043
Bond issuance costs	(57,425)	(130,287)
Interest paid on bonds payable and other long-term obligations	(732,212)	(1,093,238)
Principal paid on capital lease	(8,505)	0
Proceeds from capital lease	200,667	0
Net cash used in capital and related financing activities	(3,903,297)	(5,308,515)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	124,074	832,543
Proceeds from maturities of investment securities	15,308,867	23,428,527
Purchases of investment securities	(12,333,118)	(23,440,333)
Net cash provided by investing activities	3,099,823	820,737
Net increase (decrease) in cash and cash equivalents	1,843,326	(1,147,382)
CASH AND CASH EQUIVALENTS:		
Beginning of year	7,619,709	8,767,091
End of year	\$9,463,035	\$7,619,709

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Statements of Cash Flows (Continued)

For the years ended June 30, 2016 and 2015

	2016	As Restated 2015
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:		
Operating loss	(\$20,772,196)	(\$21,529,465)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,377,784	1,254,003
State on-behalf payments for fringe benefits	4,855,808	4,211,206
Changes in assets and liabilities:		
Receivables	23,070	4,461
Other assets	1,546	12,755
Deferred outflows of resources	(3,640)	(38,128)
Accounts payable	(119,570)	277,443
Accrued liabilities	(52,043)	(11,586)
Accrued compensated absences	(10,013)	6,096
Unearned tuition and fees	(9,415)	(85,044)
Other unearned revenue	5,636	14,734
Net cash used in operating activities	(\$14,703,033)	(\$15,883,525)
NONCASH INVESTING, CAPITAL, AND FINANCIAL:		
Increase (decrease) in fair value of investments and amortization/accretion	\$373,749	\$41,096
Purchase of equipment under capital leases	(\$200,667)	\$0
Disposal of assets	\$2,776,118	\$784,986
STATE ON-BEHALF PAYMENTS	\$4,855,808	\$4,211,206

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Component Unit - Carl Sandburg College Foundation

Statements of Financial Position

June 30, 2016 and 2015

ASSETS	2016	2015
Cash	\$361,179	\$113,419
Investments	7,493,036	5,479,799
Accounts receivable	22,000	10,000
Total assets	\$7,876,215	\$5,603,218
LIABILITIES AND NET ASSETS		
Liabilities:		
Scholarships payable	\$99,833	\$145,693
Accounts payables	4,521	5,427
Total liabilities	104,354	151,120
Net assets:		
Unrestricted	3,170,455	1,073,535
Temporarily restricted	1,089,226	937,990
Permanently restricted	3,512,180	3,440,573
Total net assets	7,771,861	5,452,098
Total liabilities and net assets	\$7,876,215	\$5,603,218

See Notes to Financial Statements.

Carl Sandburg College - Community College District 518

Component Unit - Carl Sandburg College Foundation

Statements of Activities

For the years ended June 30, 2016 and 2015

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$2,315,461	\$143,019	\$268,656	\$2,727,136
Interest and dividends	46,990	165,504	43,786	256,280
Net unrealized gain (loss) on investments	4,430	13,514	(240,835)	(222,891)
Realized gain on investments	14,673			14,673
Donated goods & facilities	73,923			73,923
Donated services	7,435			7,435
Special events	0			0
Other	8,949			8,949
Net assets released from restrictions	170,801	(170,801)		0
Total revenues, gains, and other support	2,642,662	151,236	71,607	2,865,505
Expenses and losses:				
Program	382,689			382,689
Management and general	129,642			129,642
Fund raising	33,411			33,411
Total expenses and losses	545,742	0	0	545,742
Change in net assets	2,096,920	151,236	71,607	2,319,763
Net assets at beginning of year	1,073,535	937,990	3,440,573	5,452,098
Net assets at end of year	\$3,170,455	\$1,089,226	\$3,512,180	\$7,771,861

See Notes to Financial Statements.

2015			
Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$76,994	\$191,692	\$135,510	\$404,196
11,235	221,294	43,860	276,389
(13,756)	3,224	(37,363)	(47,895)
			0
92,041			92,041
26,807			26,807
1,298			1,298
44,282			44,282
1,407,023	(1,407,023)		0
1,645,924	(990,813)	142,007	797,118
400,168			400,168
133,379			133,379
62,047			62,047
595,594	0	0	595,594
1,050,330	(990,813)	142,007	201,524
23,205	1,928,803	3,298,566	5,250,574
\$1,073,535	\$937,990	\$3,440,573	\$5,452,098

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. 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.

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 2014 property tax levies passed on December 18, 2014 is recognized as property tax revenue. Deferred property taxes represent the revenue to be generated from the 2015 property tax levy which was passed on November 19, 2015. In addition, property taxes receivable represents the remaining 2014 property tax levy to be collected in fiscal year 2016.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

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

Property Taxes and Other Revenue (continued)

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.

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

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

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.

Federal Financial Assistance Programs

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

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

On-Behalf Payments for Fringe Benefits and Salaries

Contributions made by the State of Illinois relating to the State Universities Retirement Systems and College Insurance Plan on behalf of the College's employees are recognized by the College as revenues and expenses. In fiscal years 2016 and 2015, the state made contributions of \$4,855,808 and \$4,211,206 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, 2016 consist of the following:

	Carrying Amount
Cash on hand	\$3,436
Deposits with financial institutions	10,011,105
Total	\$10,014,541

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

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

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

	2016	2015
Money market	\$172,160	\$2,148,348
Certificate of deposit	6,554,342	5,878,908
Municipal bonds	4,269,003	1,852,048
U.S. government agency securities	5,513,381	8,232,018
	\$16,508,886	\$18,111,322

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and Investments (continued):

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

	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1-5	6-10	More Than 10
Money market	\$172,160	\$172,160			
Certificate of deposit	6,554,342	2,691,406	\$3,862,936		
Municipal bonds	4,269,003		3,880,514	\$388,489	
U.S. Government agency securities	5,513,381	800,653	3,362,393	1,050,134	\$300,201
Total	\$16,508,886	\$3,664,219	\$11,105,843	\$1,438,623	\$300,201

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, 2016, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's				
		AAA	AA	A	BBB	Unrated
Money market	\$172,160	\$172,160				
Certificate of deposit	6,554,342					\$6,554,342
Municipal bonds	4,269,003	254,557	\$2,700,341	\$790,381	\$523,724	
U.S. Government agency securities	5,513,381		5,513,381			
Total	\$16,508,886	\$426,717	\$8,213,722	\$790,381	\$523,724	\$6,554,342

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 2. Cash and 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 in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or inputs other than quoted prices that are observable for the asset or liability.

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

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

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2016:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificate of deposit	\$6,554,342		\$6,554,342	
Municipal bonds	4,269,003		4,269,003	
U.S. Government agency securities	5,513,381	\$5,513,381		
Total investments	\$16,336,726	\$5,513,381	\$10,823,345	\$0

The following table presents the College's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2015:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
Assets measured at fair value on a recurring basis:				
Certificate of deposit	\$5,878,908		\$5,878,908	
Municipal bonds	1,852,048		1,852,048	
U.S. Government agency securities	8,232,018	\$8,232,018		
Total investments	\$15,962,974	\$8,232,018	\$7,730,956	\$0

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, 2016, 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 \$10,014,541 and the bank balance was \$10,367,733. Of the bank balance, \$1,003,249 was covered by federal depository insurance; \$9,364,484 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, 2016 are as follows:

	Balance at July 1, 2015	Additions	Deletions	Transfers	Balance at June 30, 2016
Nondepreciable:					
Land	\$405,483				\$405,483
Work in progress	618,600	\$140,241		(\$618,600)	140,241
Depreciable:					
Buildings and additions	31,775,978	95,332	\$3,200,090	2,900,668	31,571,888
Infrastructure	2,987,196	102,758		286,464	3,376,418
Furniture and equipment	7,207,156	402,012	10,813	(2,568,532)	5,029,823
Land improvements	696,462				696,462
Vehicles	206,457	23,000	17,000		212,457
Total cost	\$43,897,332	\$763,343	\$3,227,903	\$0	\$41,432,772

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 3. Capital Assets (continued):

Accumulated depreciation for the year ended June 30, 2016 is as follows:

	Balance at July 1, 2015	Additions	Deletions	Adjustment	Balance at June 30, 2016
Buildings and additions	\$16,032,463	\$971,254	\$423,972	(\$1,473)	\$16,578,272
Infrastructure	2,347,637	112,502			2,460,139
Furniture and equipment	3,849,575	224,539	10,813	1,473	4,064,774
Land improvements	164,859	62,989			227,848
Vehicles	207,801	6,500	17,000		197,301
Total accumulated depreciation	\$22,602,335	\$1,377,784	\$451,785	\$0	\$23,528,334

Changes in the various capital asset categories during the year ended June 30, 2015 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

Accumulated depreciation for the year ended June 30, 2015 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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt:

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

	Balance July 1, 2015	Increases	Decreases	Balance June 30, 2016	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$22,900,000	\$4,070,000	\$6,575,000	\$20,395,000	\$1,905,000	\$18,490,000
Bond premiums (discounts)	625,374		85,906	539,468	79,074	460,394
Capital leases	0	200,667	8,505	192,162	35,496	156,666
Compensated absences	357,257	275,861	285,874	347,244	231,496	115,748
Totals	\$23,882,631	\$4,546,528	\$6,955,285	\$21,473,874	\$2,251,066	\$19,222,808

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	\$10,197,341	\$12,578,528	\$23,882,631	\$2,897,834	\$20,984,797

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

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

1. 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. 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:			
2017	\$85,000	\$32,180	\$117,180
2018	90,000	28,943	118,943
2019	95,000	25,378	120,378
2020	100,000	21,477	121,477
2021	105,000	17,246	122,246
2022-2024	345,000	23,128	368,128
Totals	\$820,000	\$148,352	\$968,352

2. 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:			
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	\$2,720,000	\$307,044	\$3,027,044

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

3. 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:			
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	\$1,390,000	\$258,002	\$1,648,002

4. 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:			
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	\$230,832	\$1,840,832

5. 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:			
2017	\$545,000	\$109,250	\$654,250
2018		103,800	103,800
2019		103,800	103,800
2020		103,800	103,800
2021		103,800	103,800
2022	3,460,000	51,900	3,511,900
Totals	\$4,005,000	\$576,350	\$4,581,350

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

6. 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:			
2017	\$520,000	\$185,850	\$705,850
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	135,000	17,425	152,425
2022-2024	420,000	24,500	444,500
Totals	\$5,780,000	\$561,225	\$6,341,225

7. The general obligation bonds, Series 2015A, bear interest at 2.91 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, 2023. 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:			
2017	\$5,000	\$26,409	\$31,409
2018	80,000	25,172	105,172
2019	550,000	16,005	566,005
2020	5,000	7,930	12,930
2021	5,000	7,784	12,784
2022-2023	265,000	11,422	276,422
Totals	\$910,000	\$94,722	\$1,004,722

8. The general obligation bonds, Series 2015B, bear interest at 2.15 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 (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:			
2017	\$5,000	\$67,886	\$72,886
2018	5,000	67,779	72,779
2019	5,000	67,671	72,671
2020	5,000	67,564	72,564
2021	5,000	57,456	72,456
2022-2024	3,135,000	137,331	3,272,331
Totals	\$3,160,000	\$475,687	\$3,635,687

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

9. In September 2015, the College entered into a capital lease for \$200,667 with Heart Technologies, Inc. for the purchase of a telephone system. Monthly installments of \$3,953 are payable through March 2021 with an interest rate of 6.78%. The annual debt service requirements on this capital lease are due as follows:

	Principal	Interest	Total
During the year ending June 30:			
2017	\$35,496	\$11,940	\$47,436
2018	37,979	9,457	47,436
2019	40,635	6,801	47,436
2020	43,478	3,958	47,436
2021	34,574	983	35,557
Totals	\$192,162	\$33,139	\$225,301

10. In December 2015, the College partially defeased the Series 2014B general obligation bond issues by placing the proceeds of the Series 2015A 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, 2016, the College has \$875,000 balance in the trust accounts. During the year ended June 30, 2016, the College refunded \$875,000 of the general obligation bonds.

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 College had an economic loss of (\$34,370) on the partial refunding of the 2014B general obligation bonds which will be amortized through 2023.

11. In December 2015, the College fully defeased the 2007 general obligation bond issues by placing the proceeds of the Series 2015B 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, 2016, the College has \$0 balance in the trust accounts. During the year ended June 30, 2016, the College refunded \$3,100,000 of the general obligation bonds.

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 College had an economic gain of \$124,147 on the refunding of the 2007 general obligation bond which was fully recognized in 2016.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 4. Debt (continued):

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

Year Ending June 30,	General Obligation Bonds	Compensated Absences	Capital Leases	Total Principal	Interest	Total Principal And Interest
2017	\$1,905,000	\$231,496	\$35,496	\$2,171,992	\$646,370	\$2,819,255
2018	2,290,000	115,748	37,979	2,443,727	585,460	3,029,634
2019	2,620,000		40,635	2,660,635	505,613	3,166,248
2020	2,210,000		43,478	2,253,478	411,657	2,665,135
2021	3,745,000		34,574	3,779,574	287,972	4,067,546
2022-2024	7,625,000			7,625,000	248,281	7,873,281
Total	\$20,395,000	\$347,244	\$192,162	\$20,934,406	\$2,685,353	\$23,621,099

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2016, is \$47,908,389. General obligation debt at June 30, 2016, is \$21,126,630 resulting in a legal debt margin of \$26,781,759.

Note 5. Defined Benefit Pension Plans

General Information about the Pension Plan

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

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

Contributions. The State of Illinois is primarily responsible for funding the System on behalf of the individual employers at an actuarially determined amount. Public Act 88-0593 provides a Statutory Funding Plan consisting of two parts: (i) a ramp-up period from 1996 to 2010 and (ii) a period of contributions equal to a level percentage of the payroll of active members of the System to reach 90% of the total Actuarial Accrued Liability by the end of Fiscal Year 2045. Employer contributions from “trust, federal, and other funds” are provided under Section 15-155(b) of the Illinois Pension Code and require employers to pay contributions which are sufficient to cover the accruing normal costs on behalf of applicable employees. The employer normal cost for fiscal year 2015 and 2016 respectively, was 11.71% and 12.69% of employee payroll. The normal cost is equal to the value of current year’s pension benefit and does not include any allocation for the past unfunded liability or interest on the unfunded liability. Plan members are required to contribute 8.0% of their annual covered salary. The contribution requirements of plan members and employers are established and may be amended by the Illinois General Assembly.

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

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

Net Pension Liability.

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

Employer Proportionate Share of Net Pension Liability.

The amount of the proportionate share of the net pension liability to be recognized for the College is \$0. The proportionate share of the State’s net pension liability associated with the College is \$57,324,387 or 0.2413%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2015 was determined based on the June 30, 2014 actuarial valuation rolled forward. The basis of allocation used in the proportionate share of net pension liability is the actual reported pensionable contributions made to SURS during fiscal year 2015.

Pension Expense.

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

Employer Proportionate Share of Pension Expense

The employer proportionate share of collective pension expense should be recognized similarly to on-behalf payments as both revenue and matching expenditure in the financial statements. The basis of allocation used in the proportionate share of collective pension expense is the actual reported pensionable contributions made to SURS during fiscal year 2015. As a result, the College recognized on-behalf revenue and pension expense of \$4,812,963 for the fiscal year ended June 30, 2016.

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

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

SURS Collective Deferred Outflows and Deferred Inflows of Resources by Sources

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

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

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

Employer Deferral of Fiscal Year 2016 Pension Expense

The College paid \$41,768 in federal, trust or grant contributions for the fiscal year ended June 30, 2016. These contributions were made subsequent to the pension liability date of June 30, 2015 and are recognized as Deferred Outflows of Resources as of June 30, 2016.

Assumptions and Other Inputs

Actuarial assumptions. The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period June 30, 2010 – 2014. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were adopted by the plan's trustees after considering input from the plan's investment consultant(s) and actuary(s). For each major asset class that is included in the pension plan's target asset allocation as of June 30, 2015, these best estimates are summarized in the following table:

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

Discount Rate. A single discount rate of 7.120% was used to measure the total pension liability. This single discount rate was based on an expected rate of return on pension plan investments of 7.250% and a municipal bond rate of 3.80% (based on the weekly rate closest to but not later than the measurement date of the 20-Year Bond Buyer Index as published by the Federal Reserve). The projection of cash flows used to determine this single discount rate were the amounts of contributions attributable to current plan members and assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the statutory contribution rates under the System's funding policy. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments through the year 2072. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2072, and the municipal bond rate was applied to all benefit payments after that date.

Sensitivity of the System's Net Pension Liability to Changes in the Discount Rate. Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.12%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1- percentage-point higher:

1% Decrease 6.12%	Current Single Discount Rate Assumption 7.12%	1% Increase 8.12%
\$28,929,333,917	\$23,756,361,087	\$19,470,982,362

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 5. Defined Benefit Pension Plans (continued):

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.

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>Equipment</u>	<u>Vehicles</u>	<u>Total</u>
2017	\$98,761	\$26,300	\$125,061
2018	98,761	14,550	113,311
2019	30,120	62,852	92,972
2020	2,732	47,452	50,184
2021	0	17,878	17,878
Total	\$230,374	\$169,032	\$399,406

Fiscal year 2016 facilities, equipment, and vehicles rent expense was \$17,011, \$98,761, and \$28,492, 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.

Construction Commitments. In May 2016, the College entered into a contract with Kreiling Roofing Company for the project of re-roofing buildings C, D, & E. The contract is for the total sum of \$449,850, of which \$423,806 is still remaining as of June 30, 2016. The project is expected to be completed in September 2016.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures:

Carl Sandburg College Foundation

Nature of Business

The Carl Sandburg College Foundation (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.

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.

Accounting Standards Update

On August 18, 2016, the FASB issued ASU 2016-14 (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities* (“Update”). The Update reduces the number of net asset classes from three to two, those with donor restrictions and those without, requires all nonprofits to report expenses by nature and function and improves information presented in financial statements and notes that is useful in assessing a not-for-profit’s liquidity, financial performance, and cash flows. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early application of the amendments in this Update is permitted. The Foundation has not elected to early implement the amendments.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Contributions and Revenues

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.

Income Taxes

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

Cash and Cash Equivalents

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

Concentrations of credit risk

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and cash equivalents. The Foundation maintains its general cash accounts in one financial institution located in Galesburg, Illinois. Those balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments and Investment Earnings

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

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

Donated Services

Donated services are to be recognized in the financial statements, the services must either (a) create or enhance a non-financial asset or (b) be specialized skills, provided by entities or persons possessing those skills that would be purchased if not donated. The Foundation receives donated services generally in the form of contributed time by volunteers. However, these donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. Donated services funded by the College are recognized in the financial statements and included in certain administrative, marketing and professional services.

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, 2016, there was \$22,000 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.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Subsequent Events

The Foundation has evaluated subsequent events through September 15, 2016 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2016 have been incorporated herein. There are no other subsequent events that require disclosure.

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, 2016 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Mutual Funds - equity	\$4,987,133	\$4,158,378	\$828,755
Mutual Funds - bonds	2,505,903	2,442,909	62,994
	<u>\$7,493,036</u>	<u>\$6,601,287</u>	<u>\$891,749</u>

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

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

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Investments (continued):

The following table presents the Foundation's approximate fair value hierarchy for the assets measured at fair value on a recurring basis as of June 30, 2016:

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	\$4,987,133	\$4,987,133		
Mutual Funds - bonds	2,505,903	2,505,903		
Total investments	\$7,493,036	\$7,493,036	\$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.

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, 2016 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds		\$1,089,226	\$3,512,180	\$4,601,406
Board-designated endowment funds	\$100,529			100,529
Unrestricted endowment funds	3,069,926			3,069,926
	\$3,170,455	\$1,089,226	\$3,512,180	\$7,771,861

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

Endowment Funds (continued):

Changes in endowment net assets as of June 30, 2016 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year	\$1,073,535	\$937,990	\$3,440,573	\$5,452,098
Contributions	2,315,461	143,019	268,656	2,727,136
Interest and dividend income	46,990	165,504	43,786	256,280
Net unrealized gain(loss) on investments	4,430	13,514	(240,835)	(222,891)
Realized gain on investment	14,673			14,673
Donated goods, services, facilities	81,358			81,358
Other Income	8,949			8,949
Amounts appropriated for expenditure	(545,742)			(545,742)
Amounts released from restriction	170,801	(170,801)		
	<u>\$3,170,455</u>	<u>\$1,089,226</u>	<u>\$3,512,180</u>	<u>\$7,771,861</u>

Temporarily Restricted Net Assets:

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

<u>Student scholarships currently available</u>	<u>\$1,089,226</u>
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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, 2016, permanently restricted net assets totaled \$3,512,180.

Net Assets Released:

The Foundation reports gifts or cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when the purpose of the restriction is accomplished, temporarily and permanently restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes during the year ended June 30, 2016, totaling \$170,801.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 8. Component Unit Disclosures (continued):

Carl Sandburg College Foundation (continued)

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 \$76,142 of services, goods, and facilities to the Foundation during the year ended June 30, 2016. The Foundation paid the College \$321,731 for scholarships and project donations during the year ended June 30, 2016. In addition, there is a payable to the College for scholarships awarded for Fall 2016 in the amount of \$99,833 as of June 30, 2016.

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, 2016, 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.

Significant Donation:

During the fiscal year, the Foundation received unrestricted donation of \$2,154,273 from Ann Asplund. Of the donation, \$2,077,312 was received in the form of investments which the Foundation kept as investments at Edward Jones.

Note 9. Accounting Changes:

In February 2015, the Governmental Accounting Standards Board issued Statement No. 72, *Fair Value Measurement and Application* addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement when a market price is not readily determinable, and establishes a 3-level hierarchy of fair value that will be disclosed in the notes to the financial statements, based on the presence or absence of observable market inputs. The College adopted this guidance for the year ended June 30, 2016.

Carl Sandburg College – Community College District 518

Notes to Financial Statements

Note 10. Impact of Pending Accounting Pronouncements:

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

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

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

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73* addresses issues regarding the presentation of payroll related measures in requirement supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The College has not determined the effect of this Statement.

Note 11 Prior Year Restatement

As a result of the gain of bonds refunded not being fully recognized in prior year, the business-type activities beginning net position was restated as follows:

	<u>Business-Type Activities</u>
Balance at July 1, 2015	\$21,779,241
Add prior year gain on refunding	390,298
	<hr/>
Balance at July 1, 2015, as restated	\$22,169,539
	<hr/> <hr/>

Note 12. Subsequent Event:

The College has evaluated subsequent events through September 15, 2016 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2016 have been incorporated herein. There are no other subsequent events that require disclosure.

Required Supplementary Information

Carl Sandburg College - Community College District 518

Schedule of Share of Net Pension Liability

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Proportion percentage of the collective net pension liability	0%	0%								
Proportion amount of the collective net pension liability	\$0	\$0								
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$57,324,387	\$55,045,220								
College covered-employee payroll	\$9,945,359	\$10,504,206								
Proportion of collective net pension liability associated with the College as a percentage of covered-employee payroll	576.39%	524.03%								
SURS plan net position as a percentage of total pension liability	42.37%	44.39%								

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

Carl Sandburg College - Community College District 518

Schedule of Contributions

Last 10 Fiscal Years

(Schedule to be Built Prospectively from 2014)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Federal, trust, grant and other contribution	\$41,768	\$38,128	\$34,477							
Contribution in relation to required contribution	41,768	38,128	34,477							
Contribution deficiency (excess)	\$0	\$0	\$0							
College covered-employee payroll	\$9,903,377	\$9,945,359	\$10,504,206							
Contribution as a percentage of covered-employee payroll	0.42%	0.38%	0.33%							
Additional information:										
On-behalf payments for community college health insurance program	\$42,845	\$42,361	\$44,484							

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

Carl Sandburg College – Community College District 518

Covered Payroll

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

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

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

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, 2015.

Note 2. Changes of Assumptions:

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

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

**STATISTICAL SECTION
(Unaudited)**

Carl Sandburg College – Community College District 518

Statistical Section

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

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the college’s financial performance and well-being have changed over time.	54 - 56
Revenue Capacity These schedules contain information to help the reader assess the College’s most significant local revenue source, the property tax.	57 - 58
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.	59 - 63
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.	64 – 65
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.	66 - 68

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

	2016	As Restated 2015	2014	As Restated 2013*	2012	2011	2010	2009	2008	2007
Net investment in capital assets	\$8,096	\$10,958	\$9,793	\$8,109	\$10,120	\$10,152	\$11,085	\$9,641	\$7,933	\$9,881
Restricted - expendable:										
Debt Service	323	234	279	245	239	559	374	235	136	205
Working cash	8,195	8,163	8,184	0	0	0	0	0	0	0
Unrestricted	3,457	2,815	2,961	10,739	8,026	5,849	3,259	2,422	1,586	(1,820)
Total net position	\$20,071	\$22,170	\$21,217	\$19,093	\$18,385	\$16,560	\$14,718	\$12,298	\$9,655	\$8,266

*Implementation of GASB 65

See Accompanying Independent Auditor's Report.

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

	2016	As Restated 2015	2014	As Restated 2013*	2012	2011	2010	2009	2008	2007
Operating expenses:										
Instruction	\$6,074	\$6,753	\$6,605	\$6,854	\$6,367	\$6,241	\$6,907	\$6,796	\$7,135	\$7,640
Academic support	408	453	475	414	400	340	350	318	323	355
Student services	2,727	2,669	2,610	2,667	2,303	2,189	2,112	2,256	1,844	1,773
Public services	182	260	364	407	438	550	619	692	650	829
Auxiliary services	618	686	1,096	1,162	1,138	1,165	1,132	1,068	1,027	950
Operation and maintenance of plant	1,464	1,586	1,527	1,724	1,677	1,422	1,453	1,343	1,339	1,217
Institutional support	9,981	9,300	8,505	8,750	8,356	8,514	8,381	7,357	6,874	6,368
Scholarships, student grants, and waivers	2,654	3,108	3,316	3,683	4,196	4,409	4,491	3,825	3,985	4,242
Depreciation	1,378	1,254	1,355	1,381	1,375	1,337	1,185	1,146	1,231	1,279
Total operating expenses	25,486	26,069	25,853	27,042	26,250	26,167	26,630	24,801	24,408	24,653
Operating revenues:										
Charges for services:										
Student tuition and fees	4,498	4,338	4,003	4,467	4,234	4,474	4,979	5,215	4,679	4,848
Chargeback revenue									9	8
Auxiliary enterprise	216	202	600	648	656	683	658	634	670	628
Total operating revenue	4,714	4,540	4,603	5,115	4,890	5,157	5,637	5,849	5,358	5,484
Operating loss	(20,772)	(21,529)	(21,250)	(21,927)	(21,360)	(21,010)	(20,993)	(18,952)	(19,050)	(19,169)
Nonoperating revenues (expenses):										
State grants	1,035	3,162	3,912	3,799	4,448	4,574	5,551	6,268	6,572	6,805
Federal grants	5,067	5,959	6,274	6,908	6,988	7,331	7,211	5,599	4,874	4,853
Property taxes	10,055	9,884	9,467	9,238	9,030	8,711	8,411	8,017	7,411	6,944
Personal property replacement tax	266	291	270	268	262	284	219	271	361	285
Local grants	150	12	20	9	15	24	34	331	120	225
Investment income	483	402	382	60	687	418	565	644	952	805
Other nonoperating revenues	5,102	4,646	4,042	3,846	2,902	2,569	2,858	1,627	1,385	1,145
Gain (loss) on disposal of assets	(2,776)	(785)	0	0	0	0	0	0	0	0
Interest expense	(709)	(1,090)	(992)	(1,274)	(1,146)	(1,060)	(1,436)	(1,163)	(1,235)	(1,161)
Net nonoperating revenues	18,673	22,481	23,375	22,854	23,186	22,851	23,413	21,594	20,440	19,901
Residual equity transfer										
Change in net position	(\$2,099)	\$952	\$2,125	\$927	\$1,826	\$1,841	\$2,420	\$2,642	\$1,390	\$732

*Implementation of GASB 65

See Accompanying Independent Auditor's Report.

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
2015	\$629,272,277	\$716,008,658	\$237,521,756	\$16,406,871	\$67,169,171	\$1,666,378,733	\$4,999,136,199	0.6317
2014	606,537,263	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

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
2015	2016	\$10,542,391	\$3,049,198	28.92%		\$3,049,198	28.92%
2014	2015	10,078,115	10,043,661	99.66%	(3,194)	10,040,467	99.63%
2013	2014	9,902,303	9,819,120	99.16%	6,296	9,825,416	99.22%
2012	2013	9,544,769	9,498,458	99.51%	(1,288)	9,497,170	99.50%
2011	2012	9,337,450	9,273,468	99.31%	(33,335)	9,240,134	98.96%
2010	2011	9,073,066	9,025,906	99.48%	(23,472)	9,002,434	99.22%
2009	2010	8,755,224	8,702,932	99.40%	(11,085)	8,691,847	99.28%
2008	2009	8,452,772	8,425,007	99.67%	3,037	8,428,044	99.71%
2007	2008	7,972,970	8,016,081	100.54%	496	8,016,577	100.55%
2006	2007	7,508,428	7,380,245	98.29%	(13,760)	7,366,485	98.11%

Source: Knox County Treasurer's Office

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.

See Accompanying Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Property Tax Rates - Direct and Overlapping Governments (1)

Last Ten Fiscal years

TABLE E

Taxing Bodies	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
City of Galesburg	1.7828	1.6135	1.5472	1.5560	1.4157	1.4420	1.4055	1.4353	1.4638	1.6952
Township of the City of Galesburg	0.1574	0.1599	0.1614	0.1612	0.1624	0.1757	0.1932	0.2075	0.2166	0.2221
Galesburg Unit School District 205	4.7018	4.5915	4.4671	4.2200	4.2048	4.1994	4.2039	4.063	4.137	4.2769
Knox County	1.3245	1.3185	1.3157	1.1608	1.1625	1.1472	1.1282	1.108	1.0826	1.0838
Galesburg City Fire	0.9500	0.9647	0.9425	0.8913	1.0498	1.0063	0.9927	0.9254	0.8782	0.5875
Galesburg Sanitary District	0.3186	0.3143	0.3125	0.3064	0.3005	0.2873	0.3063	0.304	0.3075	0.3141
Total Overlapping Rate	9.2351	8.9622	8.7464	8.2957	8.2957	8.2579	8.2298	8.0432	8.0857	8.1796
Carl Sandburg College Dist. 518										
Educational	0.2463	0.2181	0.2146	0.2088	0.2021	0.2000	0.2013	0.1953	0.2020	0.2063
Building	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0495	0.0500
Bond and Interest	0.1547	0.2103	0.2187	0.2202	0.2195	0.2244	0.2262	0.2193	0.2106	0.1943
Audit	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Tort Immunity	0.1162	0.1199	0.1205	0.1220	0.1240	0.1225	0.1099	0.1070	0.1167	0.1168
Protection, Health, and Safety	0.0494	0.0059	0.0058	0.0060	0.0061	0.0060	0.0062	0.0264	0.0239	0.0149
Social Security and Medicare	0.0101	0.0100	0.0106	0.0108	0.0108	0.0108	0.0129	0.0110	0.0128	0.0167
Total	0.6317	0.6192	0.6252	0.6228	0.6175	0.6187	0.6115	0.6140	0.6205	0.6040
Total rate	9.8668	9.5814	9.3716	8.9185	8.9132	8.8766	8.8413	8.6572	8.7062	8.7836
Carl Sandburg College										
Percentage of Total	6.40%	6.46%	6.67%	6.98%	6.93%	6.97%	6.92%	7.09%	7.13%	6.88%

(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

See Accompany Independent Auditor's Report.

Carl Sandburg College - Community College District 518

Principal Taxpayers

Current Year and Nine Years Ago

Table F

Taxpayer	Type of Business	2016		2007	
		Taxable Assessed Value (approx.)	Percent District's Total EAV	Taxable Assessed Value (approx.)	Percent District's Total EAV
Burlington Northern Santa Fe	Railroad	\$42,872,782	1 2.57%	\$20,145,672	1 1.63%
Union Electric Co	Utilities	13,067,118	2 0.78%		
Wal-Mart Stores	Retailer	8,008,840	3 0.48%	2,448,090	5 0.20%
Galesburg Hospital Corporation	Hospital	7,165,080	4 0.43%	7,809,440	2 0.63%
KC Acquisition Inc	Processing Plant	6,100,690	5 0.37%		
NTN USA Corporation	Manufacturing	5,233,644	6 0.31%		
Trigen LLC	Manufacturing	5,156,816	7 0.31%		
Consolidated Grain & Barge	Grain Elevator	4,803,161	8 0.29%		
Aspen Court LLC	Rental Property	4,301,393	9 0.26%		
Menard Inc.	Retailer	3,035,810	10 0.18%		
Hy Vee Food Stores Inc.	Retailer			2,586,670	4 0.21%
OSF St. Francis Inc.	Hospital			1,631,380	10 0.13%
United Facilities, Inc.	Shipping			3,573,510	3 0.29%
Lowes Home Centers, Inc.	Retailer			2,165,710	6 0.18%
CRC Cherry Street Facility LLC	Restaurant			2,090,660	7 0.17%
Target Corporation	Retailer			2,076,260	8 0.17%
Dick Blick Company	Wholesale/Retail			1,733,290	9 0.14%
		\$99,745,334	5.99%	\$46,260,682	3.75%

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.

See Accompany Independent Auditor's Report.

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
2016	\$20,934,468	\$192,162	\$21,126,630	\$4,999,136,199	0.423%	105,748	198	\$2,464,246	0.86%
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	4,124,629,695	0.648%	121,300	219	2,071,198	1.28%
2007	24,795,000	180,861	24,975,861	3,953,705,376	0.632%	121,300	204	2,087,816	1.19%

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
2016	\$20,934,468	\$4,865,543,589	105,748	0.430%	198
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

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, 2016

TABLE I

Overlapping Agencies	Outstanding Debt	Percent (1)	Amount
Knox County	\$2,970,000	98.02%	\$2,911,194
Hamilton Park District	330,000	100.00%	330,000
Monmouth Park District	90,000	100.00%	90,000
City of Monmouth	34,195,022	100.00%	34,195,022
City of Galesburg	15,340,000	100.00%	15,340,000
Roseville-Swan-Point Pleasant-Ellison FPD	1,544,820	100.00%	1,544,820
Raritan Road District	170,000	100.00%	170,000
VIT CUSD #2	75,000	0.04%	30
Spoon River Valley CUSD #4	750,000	27.76%	208,200
Mendon CUSD #4	2,135,000	1.62%	34,587
Schuyler-Industry CUSD #5	2,440,000	20.74%	506,056
West Prairie CUSD #103	635,000	100.00%	635,000
Bushnell-Prairie City CUSD #170	360,000	76.27%	274,572
Avon CUSD #176	315,000	61.93%	195,080
Macomb CUSD #185	3,395,000	0.02%	679
Aledo CUSD #201	845,000	0.40%	3,380
Knoxville CUSD #202	5,165,000	100.00%	5,165,000
Galesburg CUSD #205	17,440,000	100.00%	17,440,000
ROWVA CUSD #208	8,170,000	95.03%	7,763,951
Abingdon CUSD #217	1,274,993	100.00%	1,274,993
Galva CUSD #224	255,000	0.25%	638
Alwood CUSD #225	2,645,000	0.24%	6,348
West Central CUSD #235	435,000	100.00%	435,000
Monmouth-Roseville CUSD #238	5,545,000	100.00%	5,545,000
Farmington CUSD #265	4,648,146	19.71%	916,150
Alexis CUSD #304	6,540,000	85.33%	5,580,582
Warsaw CUSD #316	1,960,000	100.00%	1,960,000
Elmwood CUSD #322	3,445,000	0.14%	4,823
Nauvoo-Colusa CUSD #325	575,000	100.00%	575,000
Hamilton CUSD #328	345,000	100.00%	345,000
Dallas City CUSD #336	310,000	100.00%	310,000
LaHarpe Elementary District #347	2,305,000	100.00%	2,305,000
Mercer CUSD #404	855,000	1.70%	14,535
			106,080,640
Community College Dist. #518	<u>\$21,126,630</u>	<u>100.00%</u>	<u>21,126,630</u>
Total Direct & Overlapping General Obligation Bonded Debt			<u><u>\$127,207,270</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
2016	\$47,908,389	\$21,126,630	\$26,781,759	44.098%
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%
Assessed valuation - 2015 levy			<u>\$1,666,378,733</u>	
Debt limit (2.875% of total assessed value)			<u>\$47,908,389</u>	
Debt applicable to limit:				
General obligation bonds			20,934,468	
Capital leases			<u>192,162</u>	
Total net debt applicable to limit			<u>21,126,630</u>	
Legal debt margin			<u>\$26,781,759</u>	

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
2016	105,748	\$2,464,246	\$23,303	42.0	30,741	6.5%	2,082	17
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

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	2016			2007		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Smithfield Foods (Farmland)	1,600	1	1.91%	1,275	1	2.12%
Burlington Northern Santa Fe Railroad	1,100	2	1.31%	850	2	1.41%
OSF (Galesburg, Monmouth)	856	3	1.02%	525	4	0.87%
Community School District #205	594	4	0.71%	800	3	1.33%
Hy-Vee Food Stores	574	5	0.68%	450	6	0.75%
Dick Blick Art Materials	530	6	0.63%	300	10	0.50%
Galesburg Cottage Hospital	500	7	0.60%	500	5	0.83%
Bridgeway/Bridgeway Training	450	8	0.54%			
Knox County	420	9	0.50%	447	7	0.74%
Carl Sandburg College	332	10	0.40%			
Knox College				347	8	0.58%
H.C. Hill Correctional Center				316	9	0.53%
Total	6,956		8.30%	5,810		9.66%

Source: 2016 Principal Employers

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

City of Galesburg

Source: 2007 Principal Employers

Illinois Department of Commerce and Economic Opportunity Community Profiles

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

College records

Source: Labor Force Population

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

http://lehd.did.census.gov/cgi-bin/gwitop_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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction-Faculty	83	95	109	116	113	112	119	110	112	143
Full-time	50	51	54	57	56	55	64	62	64	68
Part-time	33	44	55	59	57	57	55	48	48	75
Administrative Staff	22	23	23	21	19	20	20	20	21	21
Full-time	22	23	23	21	19	20	20	20	21	21
Part-time	0	0	0	0	0	0	0	0	0	0
Other Non-Teaching Professional	58	57	64	69	70	72	75	73	73	71
Full-time	56	56	62	65	66	67	70	69	69	70
Part-time	2	1	2	4	4	5	5	4	4	1
Classified Staff	51	50	53	56	56	55	52	54	58	63
Full-time	43	47	51	55	53	53	49	51	55	60
Part-time	8	3	2	1	3	2	3	3	3	3
Total	214	225	249	262	258	259	266	257	264	298

See Accompanying Independent Auditor's Report.

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

TABLE N

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction: ¹										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	1,837	1,972	2,326	2,740	2,784	3,270	2,965	2,844	2,731	2,972
Vocational	0	0	0	0	2	19	23	26	85	101
Occupational	662	686	932	1,046	1,101	1,055	1,220	1,206	1,311	1,536
ABE	15	72	123	154	196	225	266	201	153	146
ASE	23	62	94	126	140	142	182	209	206	226
ESL	15	80	118	128	84	74	67	71	39	46
General Studies	0	0	0	0	0	0	1	0	2	3
General Associates	407	428	115	91	85	83	80	71	88	170
Total	2,959	3,300	3,708	4,285	4,392	4,868	4,804	4,628	4,615	5,200
Annual FTE Students ²	1,258	1,339	1,450	1,599	1,644	1,737	1,772	1,641	1,682	1,914
Total Reimbursable Credit Hours ³	37,748	40,172	43,511	47,972	49,316	52,113	53,174	49,219	50,471	57,435
Degrees awarded: ⁴										
Associate (transfer)	206	178	167	148	129	118	106	108	102	98
Associate in applied science	135	135	134	156	140	119	122	118	123	181
Career & technical certificates	150	222	236	133	176	152	137	141	139	187
Average annual faculty salary ⁵	\$56,285	\$54,159	\$54,670	\$52,907	\$55,771	\$62,269	\$49,074	\$47,889	\$48,158	\$47,731
Students per faculty ⁶	17	15	15	16	16	17	17	16	11	13
Institutional support: ⁷										
Operation and maintenance of plant:										
Utility cost per gross square feet	1.29	1.25	1.29	1.4	1.45	1.80	1.85	1.71	1.69	1.30

¹Source: ICCB A1 Annual Student Enrollment and Completion

²Source: Total Reimbursable Credit Hours / 15 / 2

³Source: ICCB SU SR for each semester

⁴Source: ICCB A1 Annual Student Enrollment and Completion

⁵Source: ICCB C1 Faculty, Staff, Salary Data

⁶Source: IPEDS Fall Enrollment

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Instruction:										
Building - acres	6.4	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.6	6.6
Classroom - sq. ft.	43,938	48,340	45,898	47,195	45,756	47,128	46,167	45,938	46,327	42,489
Lab - sq. ft.	58,585	57,471	66,251	70,989	69,154	70,124	70,124	71,505	71,505	64,704
Academic support:										
Support - sq. ft.	4,284	3,595	3,763	3,530	3,530	3,530	3,385	3,385	3,385	3,736
Study - sq. ft.	17,654	18,044	18,760	17,750	18,784	18,784	18,784	19,349	19,349	19,056
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	11,694	18,133
General administration:										
Office - sq. ft.	32,840	33,528	36,954	37,154	37,154	37,154	37,025	39,963	39,574	30,666
Institutional support:										
Landscaped grounds - acres	34.7	37.9	37.9	37.9	37.9	37.9	37.9	37.9	36.5	36.5
Parking lots - acres	9.2	9.9	9.9	9.9	9.9	9.9	9.9	9.9	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.

SPECIAL REPORTS SECTION

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

Carl Sandburg College - Community College District 518

Uniform Financial Statement #1

All Funds Summary

For the year ended June 30, 2016

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment	Bond and Interest Fund
Fund balance (deficit) at July 1, 2015	\$3,984,335	\$515,430	(\$42,177)	\$7,894,338	\$233,653
Revenue:					
Local taxes	3,682,810	937,064	94,673		3,415,060
All other local government					
ICCB grants	301,857	106,064	27,432		
All other state revenue					
Federal revenue					
Student tuition and fees	5,880,566	582,366			
All other revenue	197,054	11,658	268	257,190	7,875
Total revenue	10,062,287	1,637,152	122,373	257,190	3,422,935
Expenditures:					
Instruction	5,835,208				
Academic support	406,679				
Student services	2,198,339				
Public service	150,684				
Auxiliary services					
Operation and maintenance		1,466,599			
Institutional support	2,821,013	116,861	206,192	801	5,269
Scholarships, student grants, and waivers	138,573				
Principal retirement		8,505			2,600,000
Interest, service charges, and issuance costs		3,354			786,283
Building construction, building improvements, and equipment	182,055	258,979	137,346		
Total expenditures	11,732,551	1,854,298	343,538	801	3,391,552
Issuance of refunding bonds and serial bonds					4,070,000
Net premium (discount) on bonds sold					
Payment to refunded bonds escrow agent					(4,012,479)
Proceeds from capital lease		200,667			
Transfers in	582,545	86,370			
Transfers out				(595,370)	
	582,545	287,037	0	(595,370)	57,521
Fund balance (deficit) at June 30, 2016	\$2,896,616	\$585,321	(\$263,342)	\$7,555,357	\$322,557

** 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
\$128,740	\$435,971	(\$111,055)	\$2,665,499	\$1,137,357	\$8,162,888	\$25,004,979
		81,195	2,109,770			10,320,572
						0
						435,353
	599,319					599,319
	5,067,163					5,067,163
241,824						6,704,756
336,774	58,857	189	82,773	6,050	112,331	1,071,019
578,598	5,725,339	81,384	2,192,543	6,050	112,331	24,198,182
	249,562					6,084,770
						406,679
	526,447					2,724,786
	31,663					182,347
633,657						633,657
						1,466,599
	27,557	66,298	1,883,718		850	5,128,559
	4,744,621					4,883,194
						2,608,505
						789,637
	161,963					740,343
633,657	5,741,813	66,298	1,883,718	0	850	25,649,076
						4,070,000
						0
						(4,012,479)
45,800						200,667
						714,715
				(39,720)	(79,625)	(714,715)
45,800	0	0	0	(39,720)	(79,625)	258,188
\$119,481	\$419,497	(\$95,969)	\$2,974,324	\$1,103,687	\$8,194,744	\$23,812,273

Carl Sandburg College - Community College District 518

Uniform Financial Statement #2

Summary of Fixed Assets and Debt*

For the year ended June 30, 2016

	Fixed Assets/ Debt Account Groups July 1, 2015	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2016
Fixed assets:					
Land	\$405,483				\$405,483
Work in progress	618,600	\$140,241		(\$618,600)	140,241
Furniture and equipment	7,207,156	402,012	\$10,813	(2,568,532)	5,029,823
Land improvements	696,462				696,462
Buildings and additions	31,775,978	95,332	3,200,090	2,900,668	31,571,888
Vehicles	206,457	23,000	17,000		212,457
Infrastructure	2,987,196	102,758		286,464	3,376,418
Total fixed assets	43,897,332	763,343	3,227,903	0	41,432,772
Accumulated depreciation	22,602,335	1,377,784	451,785		23,528,334
Total net fixed assets	\$21,294,997	(\$614,441)	\$2,776,118	\$0	\$17,904,438
Fixed debts:					
Bonds payable	\$22,900,000	\$4,070,000	\$6,575,000		\$20,395,000
Capital leases		200,667	8,505		192,162
Other fixed liabilities	357,257	275,862	285,874		347,245
Total fixed debts	\$23,257,257	\$4,546,529	\$6,869,379	\$0	\$20,934,407

* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2016.

Carl Sandburg College - Community College District 518

Uniform Financial Statement #3

Operating Funds Revenues and Expenditures

For the year ended June 30, 2016

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$3,541,724	\$811,950	\$4,353,674
Corporate personal property replacement tax	141,086	125,114	266,200
Tuition chargeback revenue	0	0	0
Total local government	3,682,810	937,064	4,619,874
State government: *			
ICCB base operating grant	264,857	93,064	357,921
ICCB equalization grant	37,000	13,000	50,000
Total state government	301,857	106,064	407,921
Total federal government	0	0	0
Student tuition and fees:			
Tuition	5,569,547	471,412	6,040,959
Fees	311,019	110,954	421,973
Total tuition and fees	5,880,566	582,366	6,462,932
Other sources:			
Interest	14,487	2,513	17,000
Other	182,567	9,145	191,712
Total other sources	197,054	11,658	208,712
Total revenue	10,062,287	1,637,152	11,699,439
Less nonoperating items -			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$10,062,287	\$1,637,152	\$11,699,439

* 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, 2016

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$5,980,610		\$5,980,610
Academic support	406,679		406,679
Student services	2,198,339		2,198,339
Public services	150,684		150,684
Operation and maintenance of plant		\$1,524,911	1,524,911
Institutional support **	2,857,666	329,387	3,187,053
Scholarships, student grants, and waivers	138,573		138,573
Total expenditures	11,732,551	1,854,298	13,586,849
Less nonoperating items -*			
Tuition chargeback	7,953	0	7,953
Adjusted expenditures	\$11,724,598	\$1,854,298	\$13,578,896
By object:			
Salaries	\$7,714,863	\$542,439	\$8,257,302
Employee benefits **	1,194,713	141,073	1,335,786
Contractual services	381,980	190,095	572,075
General materials and supplies	888,978	72,259	961,237
Conference and meeting expense	187,784	2,406	190,190
Fixed charges	116,890	30,053	146,943
Utilities	0	759,168	759,168
Capital outlay	141,875	6,077	147,952
Other	1,105,468	110,728	1,216,196
Total expenditures	11,732,551	1,854,298	13,586,849
Less nonoperating items -*			
Tuition chargeback	7,953	0	7,953
Adjusted expenditures	\$11,724,598	\$1,854,298	\$13,578,896

* 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, 2016

Revenue by source:

State government - Illinois Map Grant	\$599,319
<hr/>	
Federal government:	
Department of Education:	
College Work Study Grants	40,361
Pell Grants	3,475,155
Supplemental Educational Opportunity Grant	42,500
Direct Loans	587,286
Federal Adult Basic	66,196
Federal Adult EL/Civics	16,164
Trio-Student Support services	209,426
Trio-Upward Bound	275,785
Perkins Postsecondary-Federal Allocation	153,497
CTE Transitions Grant	5,000
UISFL Grant	6,267
Department of Labor:	
BioProgress Grant	155,971
Illinois Green Economy Network	27,412
Department of Agriculture -	
Summer Food Service Program	1,927
National Endowment for the Humanities -	
Illinois Humanities Grant	4,216
<hr/>	
Total federal government	5,067,163
<hr/>	
Nongovernmental gifts -	
United Way	7,403
<hr/>	
Other sources	51,454
<hr/>	
Total restricted purposes fund revenues	\$5,725,339
<hr/>	

Carl Sandburg College - Community College District 518

Uniform Financial Statement #4

Restricted Purposes Fund Revenues and Expenditures (Continued)

For the year ended June 30, 2016

Expenditures by program:

Instruction	\$411,525
Student services	526,447
Public services	31,663
Institutional support	27,557
Scholarships, student grants, and waivers	4,744,621

Total restricted purposes fund expenditures
by program

\$5,741,813

Expenditures by object:

Salaries	\$474,549
Employee benefits	118,138
Contractual services	76,259
General materials and supplies	81,437
Travel, conference and meeting expense	42,682
Student financial aid	4,744,621
Capital outlay	66,397
Other	137,730

Total restricted purposes fund expenditures by object

\$5,741,813

Carl Sandburg College - Community College District 518

Uniform Financial Statement #5

Current Funds* - Expenditures by Activity

For the year ended June 30, 2016

Instructional:	
Programs	\$5,161,071
Support	1,231,064
Total instructional	6,392,135
Academic support:	
Learning resource center	74,632
Instructional materials center	207,576
Other academic support	124,471
Total academic support	406,679
Student services:	
Admissions and records	163,470
Counseling and career guidance	618,620
Financial aid administration	203,023
Other student services	1,739,673
Total student services	2,724,786
Public service/continuing education:	
Community education	83,293
Customized training (instructional)	57,728
Community services	36,988
Other public service	4,338
Total public service/continuing education	182,347
Auxiliary services	633,657
Operations and maintenance of plant:	
Maintenance	552,998
Custodial	248,828
Grounds	133,773
Plant utilities	448,239
Other operations and maintenance	141,073
Total operations and maintenance of plant	1,524,911
Institutional support:	
Executive management	301,709
Fiscal operations **	437,008
Community relations	497,552
Administrative support services	1,725,132
Board of trustees	43,857
General institution	933,373
Institutional research	111,214
Administrative data processing	607,606
Other institutional support	507,175
Total institutional support	5,164,626
Scholarships, student grants, and waivers	4,883,194
Total current funds expenditures	\$21,912,335

* 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 2017

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

1	Education Fund	\$11,550,496	
2	Operations and Maintenance Fund	1,583,460	
3	Public Building Commission Operation and Maintenance Fund	0	
4	Bond and Interest Fund	2,048,239	
5	Public Building Commission Rental Fund	0	
6	Restricted Purposes Fund	5,579,850	
7	Audit Fund	66,298	
8	Liability, Protection, and Settlement Fund	1,883,718	
9	Auxiliary Enterprises Fund (subsidy only)	<u>0</u>	
10	Total noncapital expenditures (sum of lines 1-6)		<u><u>\$22,712,061</u></u>
11	Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u>\$925,860</u>	
12	Total costs included (line 10 plus line 11)		<u><u>\$23,637,921</u></u>
13	Total certified semester credit hours for FY 2016	<u>32,082</u>	
14	Per capita cost (line 12 divided by line 13)		\$736.80
15	All FY 2016 state and federal operating grants for noncapital expenditures, except ICCB grants	<u>N/A</u>	
16	FY 2016 state and federal grants per semester credit hour (line 15 divided by line 13)		N/A
17	District's average ICCB grant rate (excluding equalization grants) for FY 2017		N/A
18	District's student tuition and fee rate per semester credit hour for FY 2017		<u>155.00</u>
19	Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)		<u><u>N/A</u></u>

Approved: _____
Chief Financial Officer

9/15/2016
Date

President

9/15/2016
Date

Other Supplemental Financial Information

Carl Sandburg College - Community College District 518

Balance Sheet - All Fund Types

June 30, 2016

ASSETS AND DEFERRED OUTFLOWS	Education	Operations and Maintenance	Operations and Maintenance Restricted	Capital Endowment
Cash and cash equivalents	\$5,394,752			
Deposits				
Investments			\$36,684	\$9,189,160
Receivables, net:				
Property taxes	2,903,165	\$589,355	581,930	
Government claims and grants	25,452	22,527		
Other	501,755			43,527
Advances to other funds		1,028,988		
Prepaid items	199,045			
Inventories				
Property and equipment, net				
Total assets	9,024,169	1,640,870	618,614	9,232,687
Deferred outflows of resources - Deferred pension				
Total assets and deferred outflows	\$9,024,169	\$1,640,870	\$618,614	\$9,232,687
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities:				
Accounts payable	\$561,890	\$0		
Accrued liabilities	27,457			
Advances from other funds	1,447,309		\$61,950	\$1,677,330
Unearned tuition and fees		\$225,079		
Accrued compensated absences				
Capital lease payable				
Bonds payable, net of amortized premiums (discounts)				
Total liabilities	2,036,656	225,079	61,950	1,677,330
Deferred inflows of resources:				
Deferred property taxes	4,090,897	830,470	820,006	
Deferred grant revenue				
Deferred concessions				
Total deferred inflows	4,090,897	830,470	820,006	0
Fund balance (deficit):				
Net investment in capital assets				
Restricted				
Unrestricted	2,896,616	585,321	(263,342)	7,555,357
Total fund balance (deficit)	2,896,616	585,321	(263,342)	7,555,357
Total liabilities, deferred inflows of resources and fund balances	\$9,024,169	\$1,640,870	\$618,614	\$9,232,687

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purpose	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
	\$650					\$4,067,633
\$6,724				\$4,015,504		551,506
1,823,348			\$58,936	1,488,594		3,260,814
	3,332	\$586,420		10,510		5,330
1,061,794	248,097				\$1,103,687	309,461
	7,975					
	29,649					
2,891,866	289,703	586,420	58,936	5,514,608	1,103,687	8,194,744
\$2,891,866	\$289,703	\$586,420	\$58,936	\$5,514,608	\$1,103,687	\$8,194,744
	\$2,107					
	13,300					
		\$118,134	\$71,858	\$442,682		
	154,815					
\$0	170,222	118,134	71,858	442,682	\$0	\$0
2,569,309			83,047	2,097,602		
		48,789				
2,569,309	0	48,789	83,047	2,097,602	0	0
	29,649					
322,557						8,194,744
	89,832	419,497	(95,969)	2,974,324	1,103,687	
322,557	119,481	419,497	(95,969)	2,974,324	1,103,687	8,194,744
\$2,891,866	\$289,703	\$586,420	\$58,936	\$5,514,608	\$1,103,687	\$8,194,744

Carl Sandburg College - Community College District 518

Balance Sheet - All Fund Types - (Continued)

June 30, 2016

ASSETS AND DEFERRED OUTFLOWS	Agency Fund	Total	GASB			Adjusted Total
			General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
Cash and cash equivalents		\$9,463,035				\$9,463,035
Deposits		551,506				551,506
Investments		16,508,886				16,508,886
Receivables, net:						
Property taxes		7,445,328				7,445,328
Government claims and grants		634,399				634,399
Other		564,454				564,454
Advances to other funds	\$67,236	3,819,263			(\$3,819,263)	0
Prepaid items		199,045				199,045
Inventories		7,975				7,975
Property and equipment, net		29,649	\$17,874,789			17,904,438
Total assets	67,236	39,223,540	17,874,789	\$0	(3,819,263)	53,279,066
Deferred outflows of resources:						
Deferred pension		0			41,768	41,768
Unamortized loss on refunding		0		31,915		31,915
Total assets and deferred outflows	\$67,236	\$39,223,540	\$17,874,789	\$31,915	(\$3,777,495)	\$53,352,749
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
Liabilities:						
Accounts payable	\$67,236	\$631,233				\$631,233
Accrued liabilities		40,757			(\$13,300)	27,457
Advances from other funds		3,819,263			(3,819,263)	0
Unearned tuition and fees		379,894			204,680	584,574
Accrued compensated absences		0			347,244	347,244
Capital lease payable		0		\$192,162		192,162
Bonds payable, net of amortized premiums (discounts)		0		20,934,468		20,934,468
Total liabilities	67,236	4,871,147	\$0	21,126,630	(3,280,639)	22,717,138
Deferred inflows of resources:						
Deferred property taxes		10,491,331				10,491,331
Deferred grant revenue		48,789				48,789
Deferred concessions		0			25,000	25,000
Total deferred inflows	0	10,540,120	0	0	25,000	10,565,120
Fund balance (deficit):						
Net investment in capital assets		29,649	17,874,789	(9,808,527)		8,095,911
Restricted		8,517,301				8,517,301
Unrestricted		15,265,323		(11,286,188)	(521,856)	3,457,279
Total fund balance (deficit)	0	23,812,273	17,874,789	(21,094,715)	(521,856)	20,070,491
Total liabilities, deferred inflows of resources, and fund balances	\$67,236	\$39,223,540	\$17,874,789	\$31,915	(\$3,777,495)	\$53,352,749

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, 2016

	Education	Operations and Maintenance	Operations and Maintenance Restricted	Capital Endowment
Revenues:				
Local government	\$3,682,810	\$937,064	\$94,673	
State government	5,157,665	106,064	27,432	
Federal government				
Student tuition and fees	5,880,566	582,366		
Sales and service fees				
Interest	14,487	2,513	268	\$180,325
Net increase (decrease) in fair value of investments				76,865
Other	182,567	9,145		
Total revenues	14,918,095	1,637,152	122,373	257,190
Expenditures/expenses:				
Current:				
Instruction	5,980,610			
Academic support	406,679			
Student services	2,198,339			
Public services	150,684			
Auxiliary services				
Operation and maintenance of plant		1,524,911		
Institutional support	7,713,474	317,528	343,538	801
Scholarships, student grants, and waivers	138,573			
Depreciation expense				
Debt service:				
Principal retirement		8,505		
Interest		3,354		
Bond issuance costs				
Total expenditures/expenses	16,588,359	1,854,298	343,538	801
Excess (deficiency) of revenues over expenditures/expenses	(1,670,264)	(217,146)	(221,165)	256,389
Other financing sources (uses):				
Issuance of refunding bonds and serial bonds				
Net premium (discount) on bonds sold				
Sale of capital assets				
Payment to refunded bonds escrow agent				
Proceeds from capital leases		200,667		
Transfers in	582,545	86,370		
Transfers out				(595,370)
Total other financing sources (uses)	582,545	287,037	0	(595,370)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(1,087,719)	69,891	(221,165)	(338,981)
Fund balance/net position at beginning of year (deficit) - previously reported	3,984,335	515,430	(42,177)	7,894,338
Prior period adjustment				
Fund balance/net position at beginning of of year (deficit) - restated	3,984,335	515,430	(42,177)	7,894,338
Fund balance (deficit) at end of year	\$2,896,616	\$585,321	(\$263,342)	\$7,555,357

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purpose	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
\$3,415,060		\$599,319 5,067,163	\$81,195	\$2,109,770		
	\$241,824 215,673					
7,875			189	50,097	\$6,050	\$68,789
				31,851		43,542
	121,101	58,857		825		
3,422,935	578,598	5,725,339	81,384	2,192,543	6,050	112,331
		411,525				
		526,447 31,663				
	618,488					
5,269		27,557 4,744,621	66,298	1,883,718		850
	15,169					
2,600,000 728,858 57,425						
3,391,552	633,657	5,741,813	66,298	1,883,718	0	850
31,383	(55,059)	(16,474)	15,086	308,825	6,050	111,481
4,070,000						
(4,012,479)						
	45,800				(39,720)	(79,625)
57,521	45,800	0	0	0	(39,720)	(79,625)
88,904	(9,259)	(16,474)	15,086	308,825	(33,670)	31,856
233,653	128,740	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
\$322,557	\$119,481	\$419,497	(\$95,969)	\$2,974,324	\$1,103,687	\$8,194,744

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, 2016

	Agency Fund	Totals	GASB			Adjusted Total
			General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
Revenues:						
Local government		\$10,320,572				\$10,320,572
State government		5,890,480			(\$4,855,808)	1,034,672
Federal government		5,067,163				5,067,163
Student tuition and fees		6,704,756			(2,207,066)	4,497,690
Sales and service fees		215,673				215,673
Interest		330,593				330,593
Net increase (decrease) in fair value of investments		152,258				152,258
Other		372,495			4,880,808	5,253,303
Total revenues	\$0	29,053,990	\$0	\$0	(2,182,066)	26,871,924
Expenditures/expenses:						
Current:						
Instruction		6,392,135	(307,365)		(11,292)	6,073,478
Academic support		406,679			1,743	408,422
Student services		2,724,786			2,461	2,727,247
Public services		182,347			(758)	181,589
Auxiliary services		618,488				618,488
Operation and maintenance of plant		1,524,911	(58,312)		(3,056)	1,463,543
Institutional support		10,359,033	(374,666)		(3,120)	9,981,247
Scholarships, student grants, and waivers		4,883,194			(2,229,433)	2,653,761
Depreciation expense		15,169	1,362,615			1,377,784
Debt service:						
Principal retirement		2,608,505		(2,608,505)		0
Interest		732,212		(22,917)		709,295
Bond issuance costs		57,425		(57,425)		0
Total expenditures/expenses	0	30,504,884	622,272	(2,688,847)	(2,243,455)	26,194,854
Excess (deficiency) of revenues over expenditures/expenses	0	(1,450,894)	(622,272)	2,688,847	61,389	677,070
Other financing sources (uses):						
Issuance of refunding bonds and serial bonds		4,070,000		(4,070,000)		0
Net premium (discount) on bonds sold		0		0		0
Sale of capital assets		0	(2,776,118)			(2,776,118)
Payment to refunded bonds escrow agent		(4,012,479)		4,012,479		0
Proceeds from capital leases		200,667		(200,667)		0
Transfers in		714,715				714,715
Transfers out		(714,715)				(714,715)
Total other financing sources (uses)	0	258,188	(2,776,118)	(258,188)	0	(2,776,118)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	0	(1,192,706)	(3,398,390)	2,430,659	61,389	(2,099,048)
Fund balance/net position at beginning of year (deficit) - previously reported	0	25,004,979	21,273,179	(23,915,672)	(583,245)	21,779,241
Prior period adjustment		0		390,298		390,298
Fund balance/net position at beginning of year (deficit) - restated	0	25,004,979	21,273,179	(23,525,374)	(583,245)	22,169,539
Fund balance (deficit) at end of year	\$0	\$23,812,273	\$17,874,789	(\$21,094,715)	(\$521,856)	\$20,070,491

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, 2016

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$3,589,890	\$3,541,724	(\$48,166)
Corporate personal property replacement tax	116,600	141,086	24,486
Total local government	3,706,490	3,682,810	(23,680)
State government:			
ICCB base operating grant	1,387,043	264,857	(1,122,186)
ICCB equalization grant	489,957	37,000	(452,957)
ICCB career and technical education formula grant	110,000		(110,000)
State of Illinois SURS on-behalf payments	1,000,000	4,855,808	3,855,808
Total state government	2,987,000	5,157,665	2,170,665
Student tuition and fees	6,060,835	5,880,566	(180,269)
Interest	11,200	14,487	3,287
Miscellaneous - other	157,121	182,567	25,446
Total revenues	12,922,646	14,918,095	1,995,449
Expenditures:			
Instruction:			
Salaries	5,096,593	4,847,712	248,881
Employee benefits	670,000	512,665	157,335
Contractual services	203,834	170,310	33,524
General materials and supplies	362,117	201,632	160,485
Conference and meeting expense	96,813	98,725	(1,912)
Capital Outlay	116,225	118,448	(2,223)
Other	108,470	31,118	77,352
Total instruction	6,654,052	5,980,610	673,442

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, 2016

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Academic support:			
Salaries	252,081	241,566	10,515
Employee benefits	39,000	31,350	7,650
Contractual services	84,962	80,403	4,559
General materials and supplies	51,700	51,227	473
Conference and meeting expense	2,255	2,133	122
Total academic support	429,998	406,679	23,319
Student services:			
Salaries	1,245,450	1,222,189	23,261
Employee benefits	232,300	188,098	44,202
Contractual services	30,173	28,667	1,506
General materials and supplies	36,950	25,087	11,863
Conference and meeting expense	39,251	28,379	10,872
Other	672,914	705,919	(33,005)
Total student services	2,257,038	2,198,339	58,699
Public services:			
Salaries	133,114	102,673	30,441
Employee benefits	22,600	23,512	(912)
Contractual services	29,129	10,114	19,015
General materials and supplies	21,379	9,276	12,103
Conference and meeting expense	3,084	1,275	1,809
Fixed charges	1,250	1,000	250
Other	3,038	2,834	204
Total public services	213,594	150,684	62,910
Institutional support:			
Salaries	1,431,191	1,300,723	130,468
Employee benefits	1,477,400	5,294,896	(3,817,496)
Contractual services	208,980	92,486	116,494
General materials and supplies	647,803	601,756	46,047
Conference and meeting expense	86,938	57,272	29,666
Fixed charges	121,535	115,890	5,645
Capital outlay	23,430	23,427	3
Other	90,681	227,024	(136,343)
Total institutional support	4,087,958	7,713,474	(3,625,516)

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, 2016

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Scholarships, student grants, and waivers -			
Other		138,573	(138,573)
Total scholarships, student grants, and waivers	0	138,573	(138,573)
Total expenditures	13,642,640	16,588,359	(2,945,719)
Excess (deficiency) of revenues over expenditures	(719,994)	(1,670,264)	(950,270)
Other financing sources -			
Transfers in	642,825	582,545	(60,280)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$77,169)</u>	<u>(1,087,719)</u>	<u>(\$1,010,550)</u>
Fund balance at beginning of year		<u>3,984,335</u>	
Fund balance at end of year		<u>\$2,896,616</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, 2016

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$822,992	\$811,950	(\$11,042)
Corporate personal property replacement tax	103,400	125,114	21,714
Total local government	926,392	937,064	10,672
State government:			
ICCB base operating grant	120,612	93,064	(27,548)
ICCB equalization grant	42,605	13,000	(29,605)
Total state government	163,217	106,064	(57,153)
Student tuition and fees	608,120	582,366	(25,754)
Interest	1,760	2,513	753
Other:			
Rent	4,000	8,580	4,580
Miscellaneous	0	565	565
Total other revenue	4,000	9,145	5,145
Total revenues	1,703,489	1,637,152	(66,337)
Expenditures:			
Operation and maintenance of plant:			
Salaries	588,824	542,439	46,385
Employee benefits	180,000	141,073	38,927
Contractual services	186,400	183,496	2,904
General materials and supplies	92,415	72,259	20,156
Conference and meeting expense	3,020	2,406	614
Fixed charges	15,534	18,194	(2,660)
Utilities	441,995	448,239	(6,244)
Capital outlay	10,000	6,077	3,923
Other	126,006	110,728	15,278
Total operation and maintenance of plant	1,644,194	1,524,911	119,283

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, 2016

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Institutional support:			
Contractual services	7,000	6,599	401
Principal retirement	0	8,505	(8,505)
Interest	0	3,354	(3,354)
Utilities	184,030	310,929	(126,899)
Total institutional support	191,030	329,387	(138,357)
Total expenditures	1,835,224	1,854,298	(19,074)
Excess (deficiency) of revenues over expenditures	(131,735)	(217,146)	(85,411)
Other financing sources (uses):			
Proceeds from capital leases	0	200,667	200,667
Transfers in	135,130	86,370	(48,760)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>\$3,395</u>	69,891	<u>\$66,496</u>
Fund balance at beginning of year		515,430	
Fund balance at end of year		<u>\$585,321</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, 2016

	Budget	Actual	Variance With Budget
Operating revenues:			
Student tuition and fees	\$255,600	\$241,824	(\$13,776)
Sales and service fees	190,646	215,673	25,027
Other	141,528	121,101	(20,427)
Total operating revenues	587,774	578,598	(9,176)
Operating expenses:			
Salaries	208,361	202,192	6,169
Employee benefits	38,700	23,512	15,188
Contractual services	59,247	44,326	14,921
General materials and supplies	227,183	215,962	11,221
Conference and meeting expense	46,777	46,822	(45)
Capital outlay	51,246	28,738	22,508
Depreciation	0	15,169	(15,169)
Other	66,070	56,936	9,134
Total operating expenses	697,584	633,657	63,927
Operating income before transfers in (out)	(109,810)	(55,059)	54,751
Transfers in	45,800	45,800	0
Net income	<u>(\$64,010)</u>	<u>(9,259)</u>	<u>\$54,751</u>
Fund balance at beginning of year		128,740	
Fund balance at end of year		<u>\$119,481</u>	

Carl Sandburg College - Community College District 518
Schedule of Operating Revenues and Expenses, by Program
Auxiliary Enterprise Fund
For the year ended June 30, 2016

	Auto Mechanics	Bookstore
Operating revenues:		
Student tuition and fees		
Sales and service fees	\$26,423	
Other		\$105,578
<hr/>		
Total operating revenues	26,423	105,578
<hr/>		
Operating expenses:		
Salaries		
Employee benefits		
Contractual services		
General materials and supplies	26,652	
Conference and meetings		
Capital outlay		
Depreciation		
Other		
<hr/>		
Total operating expenses	26,652	0
<hr/>		
Operating income (loss)	(\$229)	\$105,578
<hr/>		

Cosmetology	Dental Hygiene	Food Service	Athletics	Student Activities - Other Services	Totals
				\$241,824	\$241,824
\$27,822	\$25,726			135,702	215,673
	10	\$7,969		7,544	121,101
27,822	25,736	7,969	\$0	385,070	578,598
			103,174	99,018	202,192
			23,512		23,512
1,923		29	41,285	1,089	44,326
4,252	24,902	404	41,015	118,737	215,962
			46,822		46,822
	246			28,492	28,738
				15,169	15,169
		1,044	9,840	46,052	56,936
6,175	25,148	1,477	265,648	308,557	633,657
\$21,647	\$588	\$6,492	(\$265,648)	\$76,513	(\$55,059)

Carl Sandburg College - Community College District 518

Combining Balance Sheet - Liability Protection Funds

June 30, 2016

A S S E T S	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Investments			\$4,015,504	\$4,015,504
Receivables, net:				
Property taxes		\$1,488,594		1,488,594
Other			10,510	10,510
Total assets	\$0	\$1,488,594	\$4,026,014	\$5,514,608
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities -				
Advances from other funds	\$970	\$343,577	\$98,135	\$442,682
Deferred inflows of resources -				
Deferred property taxes		2,097,602		2,097,602
Fund balance -				
Unrestricted	(970)	(952,585)	3,927,879	2,974,324
Total fund balance	(970)	(952,585)	3,927,879	2,974,324
Total liabilities, deferred inflows of resources, and fund balances	\$0	\$1,488,594	\$4,026,014	\$5,514,608

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, 2016

	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Revenues:				
Local government		\$2,109,770		\$2,109,770
Interest		4,718	\$45,379	50,097
Net (decrease) in fair value of investments			31,851	31,851
Other	\$825			825
Total revenues	825	2,114,488	77,230	2,192,543
Expenditures -				
Current -				
Institutional support	4,664	1,879,054		1,883,718
Excess (deficiency) of revenues over expenditures	(3,839)	235,434	77,230	308,825
Other financing sources -				
Transfers in (out)		77,229	(77,229)	0
Excess (deficiency) of revenues and other financing sources over expenditures	(3,839)	312,663	1	308,825
Fund balance (deficit) at beginning of year	2,869	(1,265,248)	3,927,878	2,665,499
Fund balance (deficit) at end of year	(\$970)	(\$952,585)	\$3,927,879	\$2,974,324

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, 2016

	Budget	Actual	Variance With Budget
Revenues -			
Other	\$16,626	\$825	(\$15,801)
Expenditures -			
Employee benefits	21,771	4,664	17,107
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(\$5,145)</u>	(3,839)	<u>\$1,306</u>
Fund balance at beginning of year		<u>2,869</u>	
Fund balance at end of year		<u>(\$970)</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, 2016

	Budget	Actual	Variance With Budget
Revenues:			
Property taxes	\$2,095,998	\$2,109,770	\$13,772
Interest income	3,314	4,718	1,404
Total revenues	2,099,312	2,114,488	15,176
Expenditures:			
Salaries	1,099,251	1,102,469	(3,218)
Employee benefits	301,200	229,167	72,033
Contractual services	261,028	272,431	(11,403)
General materials and supplies	23,276	22,235	1,041
Conference and meetings	2,132	1,581	551
Fixed charges	265,000	243,133	21,867
Other	8,041	8,038	3
Total expenditures	1,959,928	1,879,054	80,874
Excess (deficiency) of revenues over expenditures	139,384	235,434	96,050
Other financing sources (uses) -			
Transfer in	0	77,229	77,229
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$139,384</u>	312,663	<u>\$173,279</u>
Fund balance (deficit) at beginning of year		<u>(1,265,248)</u>	
Fund balance (deficit) at end of year		<u><u>(\$952,585)</u></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, 2016

	Budget	Actual	Variance With Budget
Revenues:			
Interest income	\$82,000	\$45,379	(\$36,621)
Net increase in fair value of investments	0	31,851	31,851
Total revenues	82,000	77,230	(4,770)
Expenditures -			
Other	0	0	0
Excess (deficiency) of revenues over expenditures	82,000	77,230	(4,770)
Other financing sources (uses) -			
Transfers out	0	(77,229)	(77,229)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>\$82,000</u>	1	<u>(\$81,999)</u>
Fund balance at beginning of year		<u>3,927,878</u>	
Fund balance at end of year		<u><u>\$3,927,879</u></u>	

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2015, 2014, and 2013

	2015	2014	2013
Assessed Valuations:			
Knox County	\$732,822,548	\$716,594,314	\$701,823,859
Fulton County	16,186,927	15,194,246	14,593,594
Hancock County	286,824,688	279,070,152	270,583,029
Henderson County	138,387,335	133,347,546	127,878,404
Henry County	3,729,849	3,816,410	3,865,268
McDonough County	160,923,502	156,048,262	147,789,230
Mercer County	22,834,512	22,168,590	21,088,230
Schuyler County	3,311,723	3,023,881	2,788,734
Stark County	149,978	143,037	124,573
Warren County	301,207,671	292,441,425	277,217,580
Total assessed valuations	\$1,666,378,733	\$1,621,847,863	\$1,567,752,501
Tax Rate (per \$100 assessed valuation):			
Educational Accounts	0.2463	0.2181	0.2146
Operations and Maintenance Accounts	0.0994	0.0559	0.0558
Bond and Interest Fund	0.1547	0.2103	0.2187
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1263	0.1299	0.1311
Total tax rate	0.6317	0.6192	0.6252
Tax Extensions:			
Educational Accounts	\$4,090,897	\$3,518,875	\$3,360,346
Operations and Maintenance Accounts	1,650,476	900,775	873,957
Bond and Interest Fund	2,569,309	3,393,029	3,426,565
Audit Fund	83,047	80,671	78,354
Liability, Protection, Settlement, Social Security, and Medicare Accounts	2,097,602	2,096,159	2,054,905
Total tax extensions	\$10,491,331	\$9,989,509	\$9,794,127

Carl Sandburg College - Community College District 518

Assessed Valuations, Tax Rates, Tax Extensions

and Tax Collections (Continued)

Levy Years 2015, 2014, and 2013

	2015	2014	2013
Tax Collections to June 30:			
Education Fund	\$1,188,977	\$3,537,952	\$3,370,630
Operations and Maintenance Fund	241,368	811,085	785,328
Bond and Interest Fund	746,743	3,411,422	3,434,399
Audit Fund	24,137	81,108	78,533
Protection, Health, Safety	238,326	94,572	90,627
Liability, Protection, and Settlement Fund	609,647	2,107,522	2,059,603
Total tax collections	\$3,049,198	\$10,043,661	\$9,819,120
Percent of extensions collected	29.06%	100.54%	100.26%

Schedule of Enrollment Data



**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, 2016. The Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed is the responsibility of the College's management. Our responsibility is to express an opinion on the schedule based on our examination.

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

In our opinion, the Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed presents fairly, in all material respects, the student enrollment and other bases upon which claims are filed and the reconciliation of semester credit hours of Carl Sandburg College – Community College District 518 (the College) for the year ended June 30, 2016, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

Wipfli LLP

Sterling, Illinois
September 15, 2016

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, 2016

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	2,341.5		11,617.0		10,827.0		24,785.5	0.0
Business Occupational	198.5		732.0		817.0		1,747.5	0.0
Technical Occupation	125.0		1,276.0		1,087.0		2,488.0	0.0
Health Occupational	496.0		2,757.0		2,343.5		5,596.5	0.0
Remedial Development	215.0		1,331.0		1,007.0		2,553.0	0.0
Adult Basis Education/ Adult Secondary Education	13.5	58.3	0.0	505.5	0.0	0.0	13.5	563.8
Total credit hours certified	3,389.5	58.3	17,713.0	505.5	16,081.5	0.0	37,184.0	563.8

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	32,082.0	0.0	32,082.0
Reimbursable semester credit hours (all terms)	3,869.5	0.0	
District equalized assessed valuation			\$1,666,378,733

	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, 2016

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

	Total Unrestricted Credit Hours	Total Unrestricted Credit Hours Certified to the ICCB	Difference	Total Restricted Credit Hours	Total Restricted Credit hours Certified to the ICCB	Difference
Categories:						
Baccalaureate	24,785.5	24,785.5	-	-	-	-
Business Occupational	1,747.5	1,747.5	-	-	-	-
Technical Occupation	2,488.0	2,488.0	-	-	-	-
Health Occupational	5,596.5	5,596.5	-	-	-	-
Remedial Development	2,553.0	2,553.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	13.5	13.5	-	563.8	563.8	-
Total	37,184.0	37,184.0	-	563.8	563.8	-

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	32,082.0	32,082.0	-
Out-of-districts on chargeback or contractual agreement	0.0	0.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	3,869.5	3,869.5	-
Dual enrollment	0	0	-

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

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

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:

- Driver's 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

ANNUAL FEDERAL FINANCIAL COMPLIANCE SECTION



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

Board of Trustees
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, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the College’s basic financial statements, and have issued our report thereon dated September 15, 2016.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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, 2016



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

Board of Trustees
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) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The College’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility for Compliance

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

Auditor’s Responsibility

Our responsibility is to express an opinion on compliance for each of the College’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion

In our opinion, 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, 2016.

Report on Internal Control Over Compliance

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

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

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

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

Wipfli LLP

Sterling, Illinois
September 15, 2016

Carl Sandburg College - Community College District 518

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Agriculture -			
Pass-through the Illinois State Board of Education - Summer Food Service Program	10.559	2015-4225-00	\$1,927
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	\$27,411
Pass-through Southern Illinois University at Edwardsville - Trade Adjustment Assistance Community College and Career Training Building the Illinois Bioeconomy Program	17.282	TC-26491-14-60-A17	172,586
Total Department of Labor			\$199,997
National Endowment for the Humanities -			
Pass-through the Illinois Humanities - Illinois Humanities Grant	45.129	5245-00	\$4,216
U.S. Department of Education:			
Pass-through Illinois Community College Board:			
Adult Education:			
Federal Adult EL/Civics	84.002	51801	\$16,164
Federal Adult Basic	84.002	51801	66,196
Total CFDA 84.002			82,360
Direct awards:			
Student Financial Assistance:			
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1115	42,500
Federal Work Study Program (m)	84.033	P033AXX1115	40,361
Federal Pell Grant Program (m)	84.063	P063XXX0511	3,481,065
Federal Direct Loan Program (m)	84.268	P268KXX0511	587,286
Total student financial assistance cluster			4,151,212
Pass-through Joliet Junior College - International and Foreign Language Studies - Undergraduate International Studies and Foreign Language Program			
	84.016	P016A14067	6,267
Pass-through Southeastern Community College:			
TRIO - Student Support Services	84.042	P042A100091	27,025
TRIO - Student Support Services	84.042	P042A150024	182,609
Direct awards -			
TRIO - Upward Bound - Crossing the Bridge to Success	84.047	P047A1212X	275,785
Total TRIO cluster			485,419
Pass-through Illinois Community College Board: Career and Technical Education Programs:			
Perkins Postsecondary Grants	84.048	CTE51816	153,499
Integrated Career and Academic Prep System	84.048	16CTEICAPS518	5,000
Total CFDA 84.048			158,499
Total U.S. Department of Education			\$4,883,757
Total federal awards expended			\$5,089,897

(m) Denotes major program

See Notes to the Schedule of Expenditures of Federal Awards

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

Student Financial Aid Cluster (84.007, 84.033, 84.063, 84.268)	\$4,151,212
--	-------------
- **Subrecipient Payments** – The College did not provide any federal payments to subrecipients during the year ended June 30, 2016.
- **Non-Cash Assistance** - The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2016.
- **Other Federal Award Information** – The College did not receive or administer any insurance, loans or loan guarantees during fiscal year ended June 30, 2016.

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?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
Significant deficiency(ies) identified that are not considered to be material weakness(es)	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> none reported

Type of auditor’s report issued on compliance for major programs:		Unmodified
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
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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

Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
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Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> yes	<input type="checkbox"/> no
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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, 2015

- I. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards
 - A. Internal Control
None
 - B. Compliance Finding
None
- II. Findings and Questioned Costs for Federal Awards
 - A. Internal Control
None
 - B. Compliance Finding
None

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

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

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