

**2017**

# **Comprehensive Annual Financial Report**

Fiscal years ended June 30, 2017 and 2016

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**Carl Sandburg College District 518**  
**2400 Tom L. Wilson Blvd.**  
**Galesburg, IL 61401**  
**[sandburg.edu](http://sandburg.edu)**



**INTRODUCTORY SECTION**  
(Unaudited)

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**President's Letter**

September 13, 2017

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 2017. This document represents the record of the College's financial operations for the year ending June 30, 2017.

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, or pursue courses for personal enrichment. 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 maintaining the fiscal stability of the College amid the chaos in Springfield. We've done a remarkable job and have kept the College financially stable during a very uncertain time. At the same time we are still refining our recruitment methods as well as creating opportunities and processes to ensure our students are successful. Student Success is our primary goal both in retention and in degree completion. We are committed to improving our graduation rate one student at a time.

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

Respectfully,

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



## **Transmittal Letter**

September 13, 2017

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, 2017, 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, 2017. 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. We serve a diverse group of students. In the fall of 2016, the College enrolled 1,927 students, with an average age of 24 years. Women represented 61 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-

EXCELLENCE | COLLABORATION | INTEGRITY | RESPECT

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

Fiscal Year	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Fall College enrollment	2,383	2,460	2,328	2,200	2,082	1,927
Annual Full-time equivalents	1,644	1,599	1,451	1,436	1,258	1,229
Continuing Education Credit Hours	913	1,012	548	660	517	430
<u>Total Annual Credit Hours</u>	49,316	47,972	43,525	43,090	37,748	36,863

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 2006. 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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current:					
Education	0.2463	0.2181	0.2146	0.2088	0.2032
Operations and Maintenance	0.0500	0.0500	0.0500	0.0500	0.0500
Liability, Protection and Settlement	0.1162	0.1199	0.1205	0.1220	0.1240
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	0.0101	0.0100	0.0106	0.0108	0.0108
Bond and Interest	0.1547	0.2103	0.2187	0.2202	0.2195
Plant:					
Operations and Maintenance (Restricted) - Life Safety	0.0494	0.0059	0.0058	0.0060	0.0061
Total	0.6317	0.6192	0.6252	0.6228	0.6175

The College District's 2017 tax levy base of \$1,666,378,733 increased by 2.75% over the 2016 tax base. Property tax revenue has held relatively stable after the loss of many industries in the district. During fiscal year 2017, local property taxes accounted for approximately 35% 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 2017, the college issued no new bonds.

*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 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 2017 included roof replacements on three buildings of the main campus. 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.* 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, 2016. This was the fourteenth 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, 2017**

**Board of Trustees**

<b>Name</b>	<b>Position</b>	<b>Term Expires</b>
Rev. Lee E. Johnson	Chairperson	2019
Mr. Thomas H. Colclasure	Vice Chairperson	2021
Ms. Gayla J. Pacheco	Secretary	2023
Mr. Bruce A. Lauerma	Trustee	2021
Mr. Alfonso Pugh, Jr.	Trustee	2019
Mr. William C. Robinson	Trustee	2023
Ms. Sandra L. Wood	Trustee	2023
Mr. Donyae Payton	Student Trustee	
Mr. Dave Kellogg	Faculty Representative	
Ms. Cindy Arthur	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
Ms. Mollye Craterfield	Director of Recruitment
Mr. Rick Eddy	Director of Admissions & Records
Ms. Brittany Grimes	Director of Marketing & Public Relations
Ms. Lisa Hanson	Director of Financial Aid
Ms. Ellen Henderson-Gasser	Director of Branch Campus
Ms. Stephanie Hilten	Director of Advancement
Ms. Michelle Johnson	Director of Institutional Effectiveness/Compliance
Ms. Gina Krupps	Director of Human Resources
Ms. Misty Lyon	Dean of Student Success
Ms. Michelle Monagle	Dean of Health Professions
Ms. Stacey Rucker	Director of Corporate & Leisure College
Ms. Autumn Scott	Director of TRIO SSS
Dr. Connie Thurman	Dean of Institutional Effectiveness/Human Resources
Mr. Drew Witherell	Director of Technology Services

**Official Issuing Report**

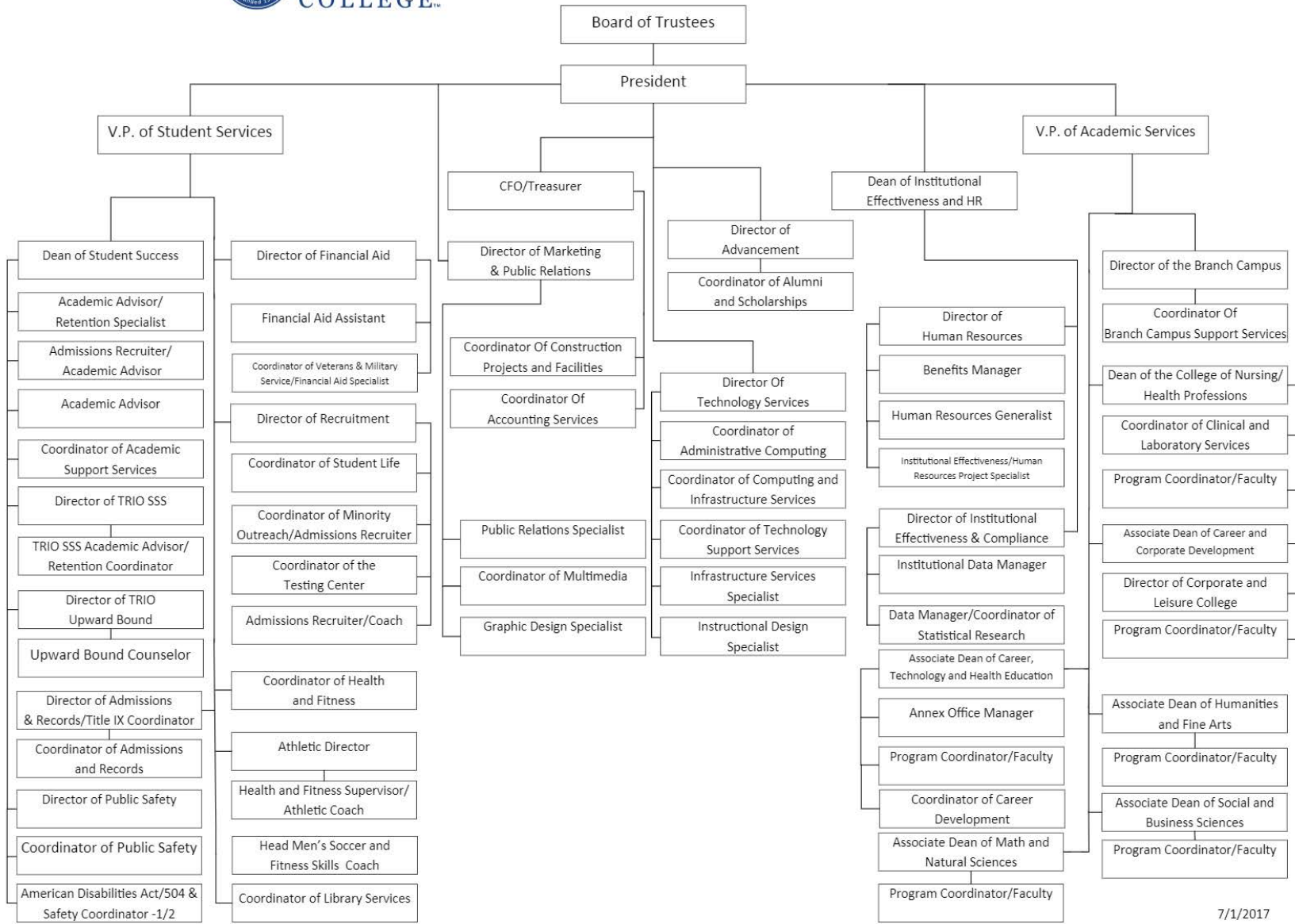
Ms. Lisa Blake, Chief Financial Officer/Treasurer

**Department Issuing Report**

Finance Office



# ORGANIZATIONAL CHART



7/1/2017



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, 2016**

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, 2017 and 2016, 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 opinions 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, 2017 and 2016, 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 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 States, 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 13, 2017, 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 13, 2017

# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

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This section of Carl Sandburg College – Community College District 518’s (the “College”) Comprehensive Annual Financial Report presents management discussion and analysis of the College’s financial activity during the fiscal years ended June 30, 2017 and 2016. Since this management 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, the College’s basic financial statements, and the footnotes. Responsibility for the completeness and fairness of this information rests with the College.

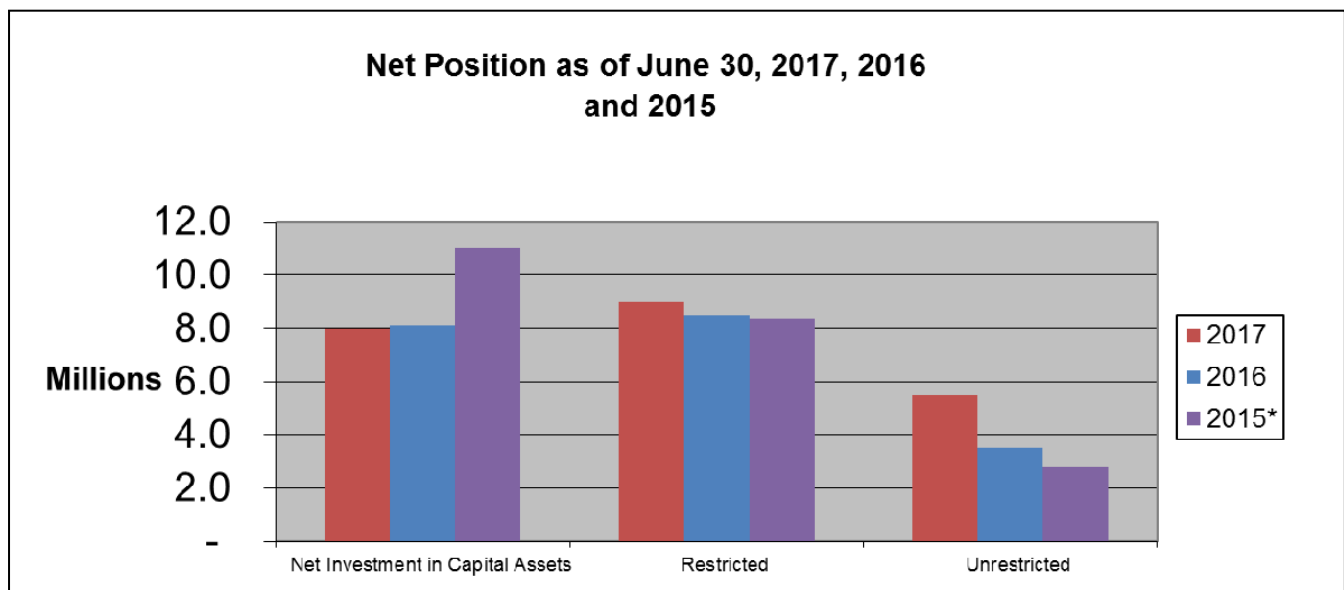
### Using This Annual Report

The financial statement format focuses on the College as a whole. A comparative analysis is presented under this model. The College financial statements 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)		Increase (Decrease) 2017-2016	As Restated 2015	Increase (Decrease) 2016-2015
	2017	2016			
Current assets	\$25.7	\$22.5	\$3.2	\$22.1	\$0.4
Non-current assets					
Capital assets, net of depreciation	16.9	17.9	(1.0)	21.3	(3.4)
Other	12.0	12.9	(0.9)	14.2	(1.3)
Total assets	54.6	53.3	(1.3)	57.6	(4.3)
Total deferred outflows of resources	0.1	0.1	0.0	0.0	0.1
Total assets and deferred outflows of resources	54.7	53.4	1.3	57.6	(4.2)
Current liabilities	4.1	3.5	0.6	4.3	(0.8)
Non-current liabilities	16.8	19.2	(2.4)	21.0	(1.8)
Total liabilities	20.9	22.7	(1.8)	25.3	(2.6)
Total deferred inflows of resources	11.3	10.6	0.7	10.1	0.5
Total liabilities and deferred inflows of resources	32.2	33.3	(1.1)	35.4	(2.1)
Net position					
Net investment in capital assets	8.0	8.1	(0.1)	11.0	(2.9)
Restricted	9.0	8.5	0.5	8.4	0.1
Unrestricted	5.5	3.5	2.0	2.8	0.7
Total	\$22.5	\$20.1	\$2.4	\$22.2	(\$2.1)

# **Carl Sandburg College – Community College District 518**

## **Management Discussion and Analysis**

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

### **Fiscal Year 2017 Compared to 2016**

Current assets increased \$3.2 million due to an increase in short term investments in order to meet obligations with an increased state funding receivable.

Non-current assets decreased \$1.9 million due to a decrease in long term investments and the increase in accumulated depreciation.

Current liabilities increased \$0.6 million due to increased current bond payments due.

Non-current liabilities decreased \$2.4 million due to payments made and increased current payments due on outstanding bonds.

Deferred inflows of resources increased \$0.7 million with an increase in deferred property taxes.

Total net position at June 30, 2017 increased by \$2.4 million. The restricted net assets are restricted for \$9.0 million of debt service payments, grants and scholarships, and working cash reserves.

### **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.

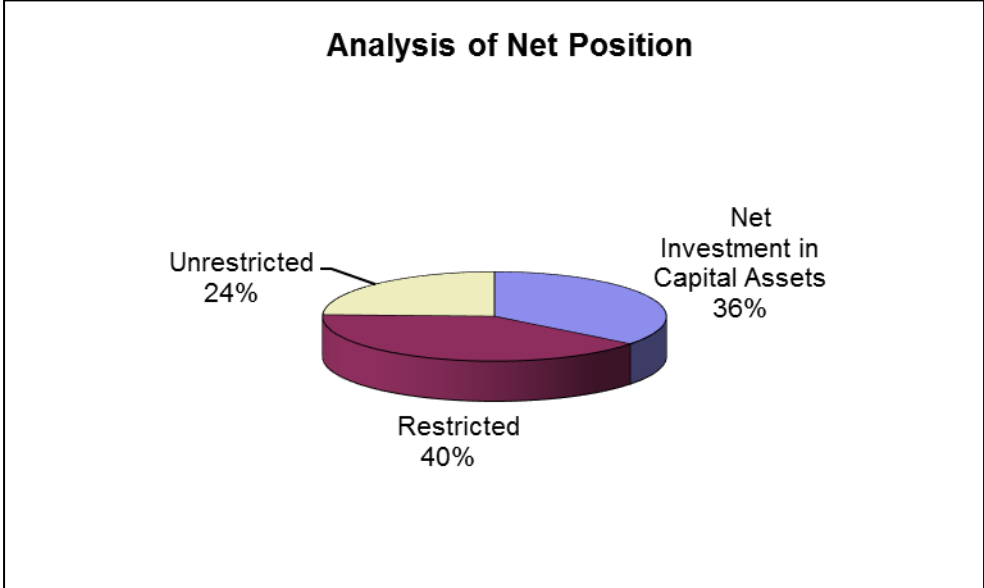
Non-current liabilities decreased \$1.8 million due to the payments on outstanding bonds.

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.

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

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# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

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

	2017	2016	Increase (Decrease) 2017-2016	As Restated 2015	Increase (Decrease) 2016-2015
Operating revenue					
Tuition and fees	\$4.5	\$4.5	\$0.0	\$4.3	\$0.2
Auxiliary	0.2	0.2	0.0	0.2	0.0
Total operating revenue	4.7	4.7	0.0	4.5	0.2
Less operating expenses	26.8	25.5	1.3	26.0	(0.5)
Operating loss	(22.1)	(20.8)	(1.3)	(21.5)	0.7
Non-operating revenue					
State grants and contracts	2.7	1.0	1.7	3.1	(2.1)
Federal grants and contracts	5.2	5.1	0.1	6.0	(0.9)
Property taxes	10.5	10.1	0.4	9.9	0.2
Investment income	0.2	0.5	(0.3)	0.4	0.1
Other	6.8	5.5	1.3	5.0	0.5
Gain (loss) on disposal of assets	(0.3)	(2.8)	2.5	(0.8)	(2.0)
Interest expense	(0.6)	(0.7)	0.1	(1.1)	0.4
Total net non-operating revenues	24.5	18.7	5.8	22.5	(3.8)
Increase (decrease) in net position	2.4	(2.1)	4.5	1.0	(3.1)
Net position, beginning of year	20.1	22.2	(2.1)	21.2	1.0
Net position, end of year	\$22.5	\$20.1	\$2.4	\$22.2	(\$2.1)

Total revenues and expenses (Operating and Non-Operating) for the fiscal year 2017 were \$30.1 million and \$27.7 million, respectively. Fiscal year 2016 total revenues and expenses (Operating and Non-Operating) 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.



# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

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### Fiscal Year 2017 Compared to 2016

Operating revenue remained flat with the prior year due to an increase in tuition and fees but a decreased enrollment.

Operating expenses as of June 30, 2017, increased \$1.3 million due to an increase in state on-behalf payments for fringe benefits.

Net non-operating revenue and expenses increased \$5.8 million due to an increased receivable for state grant revenue, recording of increased state on behalf payments for fringe benefits and a smaller loss on the sale of the extension center building.

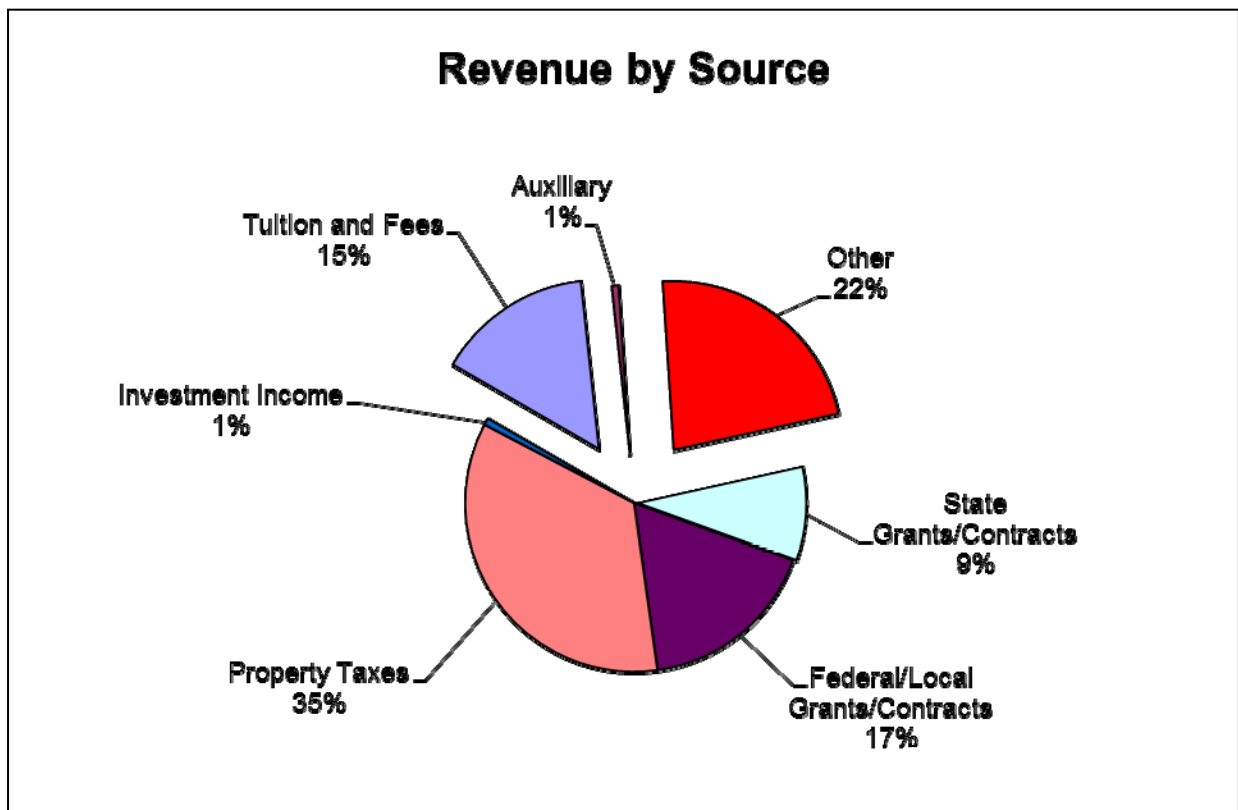
### Fiscal Year 2016 Compared to 2015

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.

The following is a graphic illustration of revenues by source for the year ended June 30, 2017.



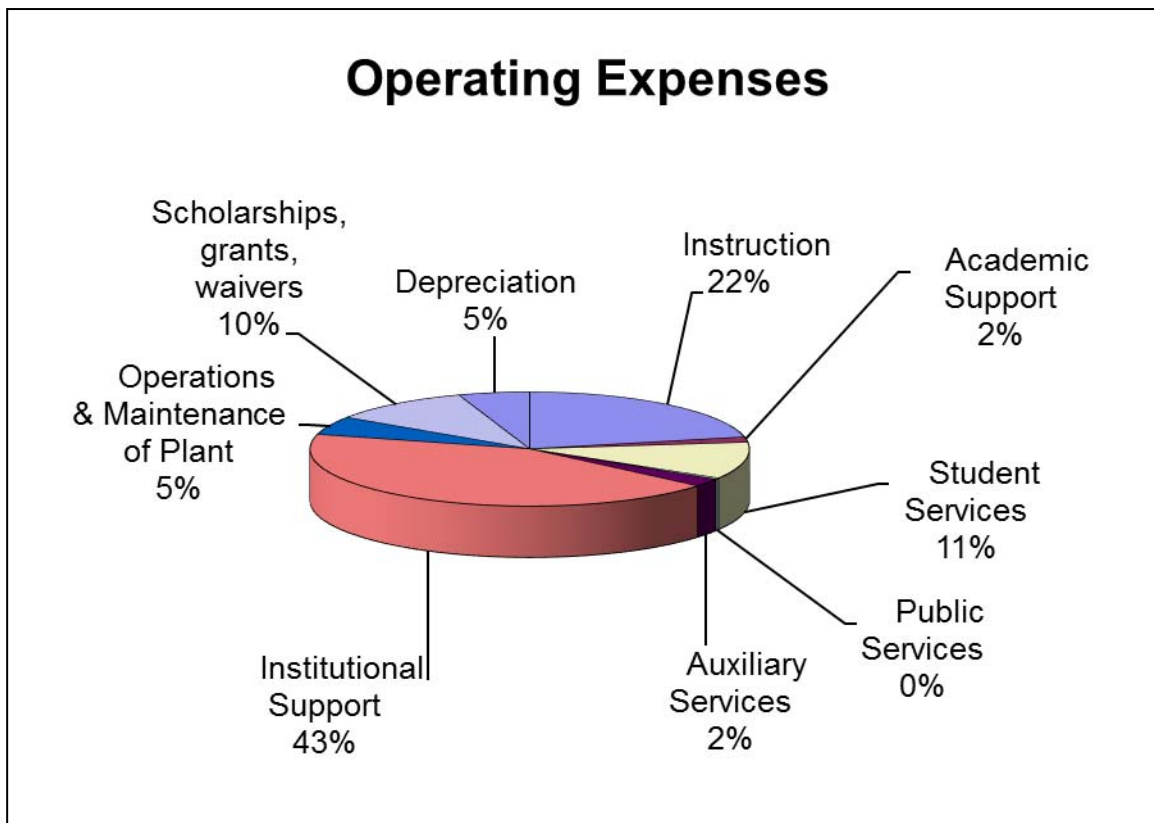
# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

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

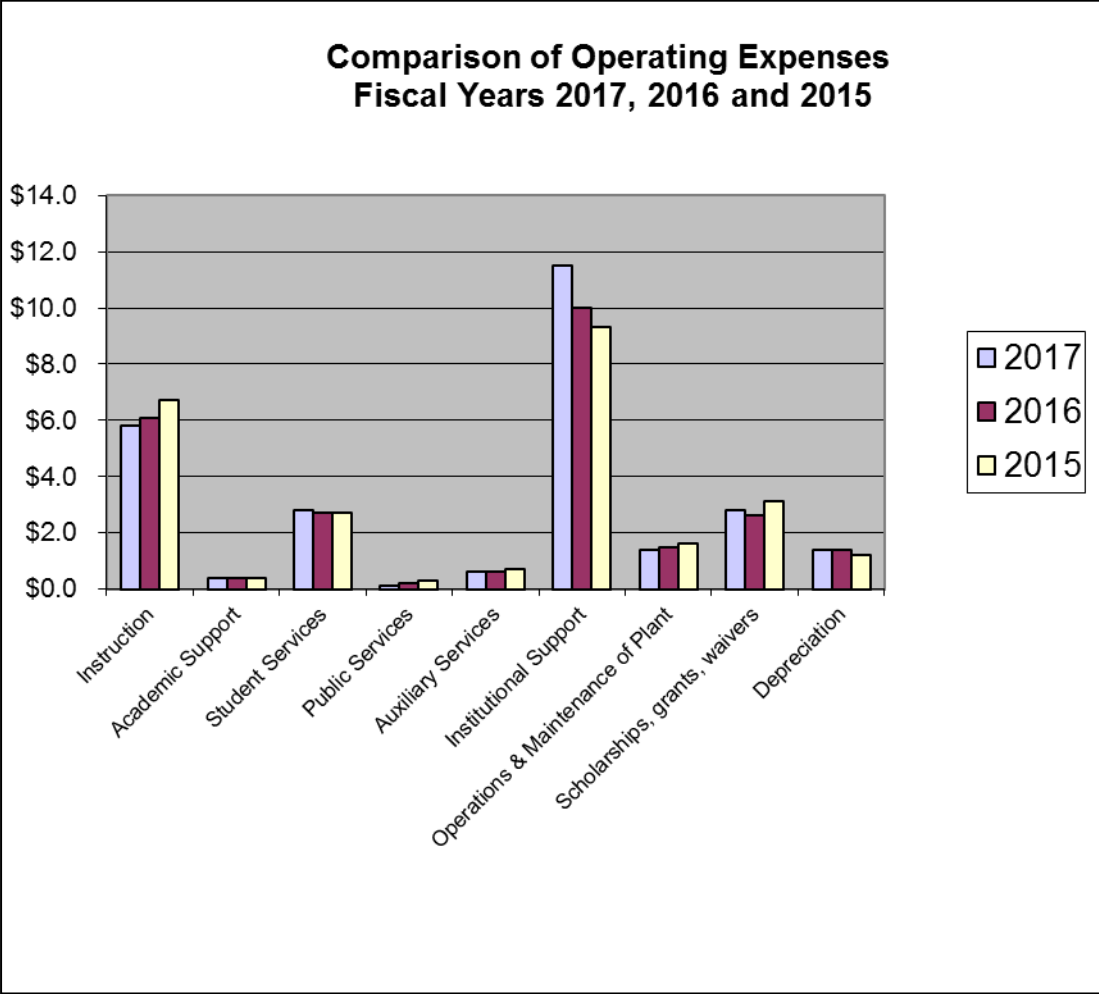
Operating expense	2017	2016	Increase (Decrease) 2017-2016	As Restated 2015	Increase (Decrease) 2016-2015
Instruction	\$5.8	\$6.1	(\$0.3)	\$6.7	(\$0.6)
Academic support	0.4	0.4	0.0	0.4	0.0
Student services	2.8	2.7	0.1	2.7	0.0
Public services	0.1	0.2	(0.1)	0.3	(0.1)
Auxiliary services	0.6	0.6	0.0	0.7	(0.1)
Operations & maintenance of plant	1.4	1.5	(0.1)	1.6	(0.1)
Institutional support	11.5	10.0	1.5	9.3	0.7
Scholarships, grants, waivers	2.8	2.6	0.2	3.1	(0.5)
Depreciation	1.4	1.4	0.0	1.2	0.2
<b>Total</b>	<b>\$26.8</b>	<b>\$25.5</b>	<b>\$1.3</b>	<b>\$26.0</b>	<b>(\$0.5)</b>

The following is a graphic illustration of operating expenses for the year ended June 30, 2017.



# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

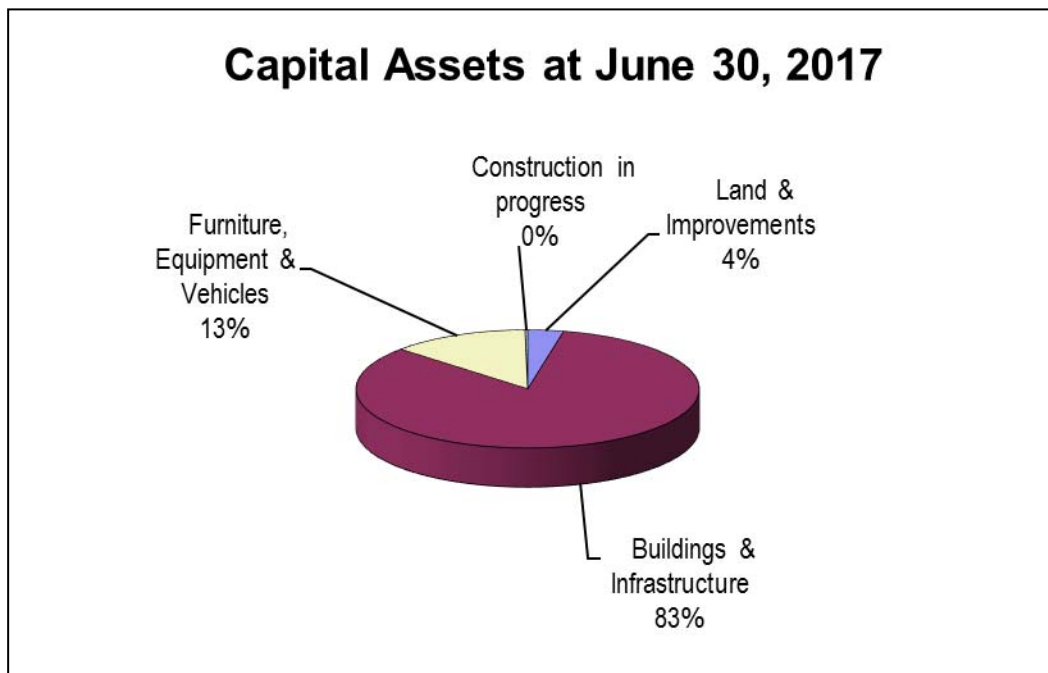


# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

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

	2017	2016	Increase (Decrease) 2017-2016	As Restated 2015	Increase (Decrease) 2016-2015
Capital assets					
Land & improvements	\$1.4	\$1.1	\$0.3	\$1.1	\$0.0
Buildings & infrastructure	34.6	35.0	(0.4)	34.8	0.2
Furniture, equipment, & vehicles	5.4	5.2	0.2	7.4	(2.2)
Construction in progress	0.1	0.1	0.0	0.6	(0.5)
Total	41.5	41.4	0.1	43.9	(2.5)
Less accumulated depreciation	(24.6)	(23.5)	(1.1)	(22.6)	(0.9)
Net capital assets	\$16.9	\$17.9	(\$1.0)	\$21.3	(\$3.4)



# Carl Sandburg College – Community College District 518

## Management Discussion and Analysis

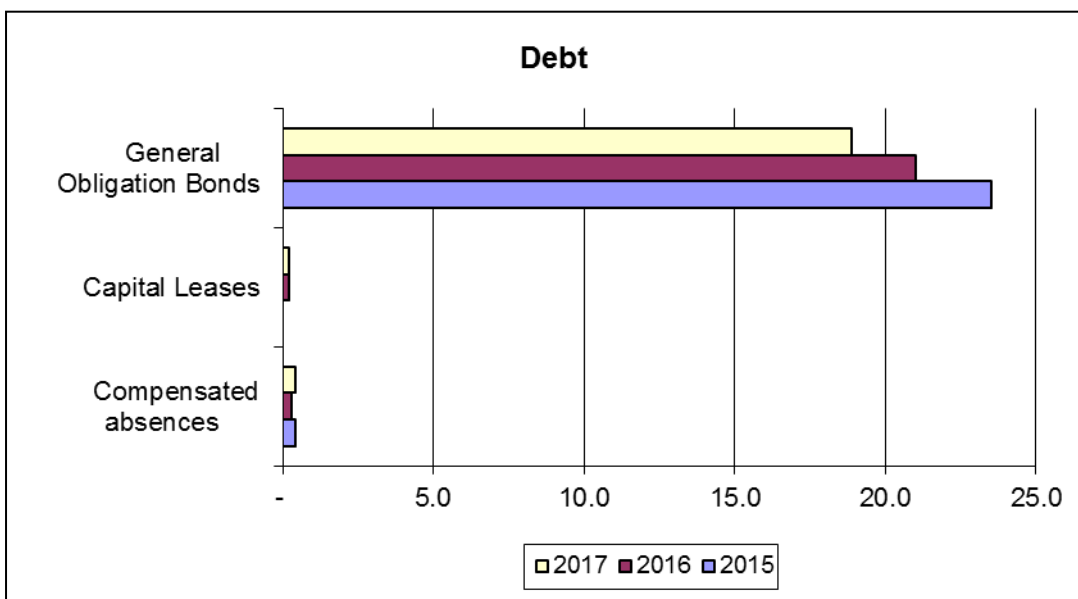
### Fiscal Year 2017 Compared to 2016

As of June 30, 2017, the College had recorded \$41.5 million invested in capital assets, \$24.6 million in accumulated depreciation, and \$16.9 million in net capital assets. The College sold the extension center building and furnishings decreased utilization. For more detailed information on capital asset activity, refer to Note 3 – Capital Assets, in the Notes to Basic Financial Statements.

### 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.

<b>Debt June 30, (in millions)</b>					
	<b>2017</b>	<b>2016</b>	<b>Increase (Decrease) 2017-2016</b>	<b>As Restated 2015</b>	<b>Increase (Decrease) 2016-2015</b>
General obligation bonds	\$18.9	\$21.0	(\$2.1)	\$23.5	(\$2.5)
Capital leases	0.2	0.2	0.0	0.0	0.2
Compensated absences	0.4	0.3	0.1	0.4	(0.1)
<b>Total</b>	<b>\$19.5</b>	<b>\$21.5</b>	<b>(\$2.0)</b>	<b>\$23.9</b>	<b>(\$2.4)</b>



# **Carl Sandburg College – Community College District 518**

## **Management Discussion and Analysis**

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### **Fiscal Year 2017 Compared to 2016**

During fiscal year 2017, the College paid \$1.9 in bond payments funded through the tax levy. For more detailed information on long-term debt activity, refer to Note 4 – Debt, in the Notes to Basic Financial Statements.

### **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.

### **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, 2017 and 2016

<b>ASSETS</b>	<b>2017</b>	<b>2016</b>
Current assets:		
Cash and cash equivalents	\$10,702,188	\$9,463,035
Deposits	551,652	551,506
Short-term investments	4,508,193	3,664,219
Property taxes receivable	7,171,952	7,445,328
Other receivables, net	2,528,368	1,198,853
Prepaid items	194,524	199,045
Inventories	6,875	7,975
Total current assets	25,663,752	22,529,961
Noncurrent assets:		
Long-term investments	12,066,577	12,844,667
Non-depreciable capital assets	450,598	545,724
Depreciable capital assets	41,058,932	40,887,048
Less accumulated depreciation	(24,630,776)	(23,528,334)
Total noncurrent assets	28,945,331	30,749,105
Total assets	54,609,083	53,279,066
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Unamortized loss on refunding	27,005	31,915
SURS pension contribution	33,300	41,768
Total deferred outflows of resources	60,305	73,683
Total assets and deferred outflows of resources	54,669,388	53,352,749
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	832,710	631,233
Accrued liabilities	39,968	27,457
Unearned tuition and fees	509,048	584,574
Accrued compensated absences	246,224	231,496
Capital lease payable	37,979	35,496
Bonds payable, net of unamortized premiums (discounts)	2,369,074	1,984,074
Total current liabilities	4,035,003	3,494,330
Noncurrent liabilities:		
Accrued compensated absences	121,274	115,748
Capital lease payable	118,687	156,666
Bonds payable, net of unamortized premiums (discounts)	16,581,320	18,950,394
Total noncurrent liabilities	16,821,281	19,222,808
Total liabilities	20,856,284	22,717,138
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred property taxes	11,176,853	10,491,331
Deferred grant revenue	65,969	48,789
Deferred concessions	25,000	25,000
Total deferred inflows of resources	11,267,822	10,565,120
Total liabilities and deferred inflows of resources	32,124,106	33,282,258
<b>NET POSITION</b>		
Net investment in capital assets	8,008,575	8,095,911
Restricted - expendable:		
Debt service	361,990	322,557
Grants and scholarships	424,504	0
Working cash	8,231,794	8,194,744
Unrestricted	5,518,419	3,457,279
Total net position	\$22,545,282	\$20,070,491

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, 2017 and 2016

	2017	2016
Operating revenues:		
Student tuition and fees, net of scholarship allowances of \$2,515,954 and \$2,229,433, respectively	\$4,524,438	\$4,497,690
Auxiliary enterprises revenue	179,931	215,673
Total operating revenue	4,704,369	4,713,363
Operating expenses:		
Instruction	5,823,172	6,073,478
Academic support	391,287	408,422
Student services	2,825,485	2,727,247
Public services	134,895	181,589
Auxiliary services	631,373	618,488
Operation and maintenance of plant	1,365,904	1,463,543
Institutional support	11,450,066	9,981,247
Scholarships, student grants, and waivers	2,814,961	2,653,761
Depreciation	1,384,627	1,377,784
Total operating expenses	26,821,770	25,485,559
Operating loss	(22,117,401)	(20,772,196)
Nonoperating revenues and (expenses):		
State grants	2,674,768	1,034,672
Federal grants	5,219,398	5,067,163
Property taxes	10,541,219	10,054,372
Personal property replacement tax	294,012	266,200
Local grants	51,834	150,178
Investment income	153,177	482,851
Other nonoperating revenues	6,518,417	5,103,125
Gain (loss) on disposal of assets	(288,435)	(2,776,118)
Interest expense	(572,198)	(709,295)
Net nonoperating revenues and (expenses)	24,592,192	18,673,148
Change in net position	2,474,791	(2,099,048)
Net position, beginning of year	20,070,491	22,169,539
Net position, end of year	\$22,545,282	\$20,070,491

See Notes to Financial Statements.

# Carl Sandburg College - Community College District 518

## Statements of Cash Flows

For the years ended June 30, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Tuition and fees	\$7,260,601	\$6,719,206
Payments to suppliers	(6,358,960)	(6,641,091)
Payments to employees	(9,703,637)	(10,140,835)
Payments to students for scholarships	(5,330,915)	(4,883,194)
Auxiliary enterprise charges	60,983	242,881
Net cash used in operating activities	(14,071,928)	(14,703,033)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Proceeds from property taxes	11,498,349	10,378,729
Proceeds from grants	6,959,334	6,971,104
Net cash provided by noncapital financing activities	18,457,683	17,349,833
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Purchases of capital assets	(789,378)	(763,343)
Proceeds from sale of capital assets	142,000	0
Principal paid on bonds payable	(1,905,000)	(2,600,000)
Proceeds from bonds sold	0	4,070,000
Principal deposit in escrow	0	(3,975,000)
Interest paid to escrow	0	(37,479)
Bond issuance costs	0	(57,425)
Interest paid on bonds payable and other long-term obligations	(646,362)	(732,212)
Principal paid on capital lease	(35,496)	(8,505)
Proceeds from capital lease	0	200,667
Net cash used in capital and related financing activities	(3,234,236)	(3,903,297)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Interest received	694,551	124,074
Proceeds from maturities of investment securities	4,714,286	15,308,867
Purchases of investment securities	(5,321,203)	(12,333,118)
Net cash provided by investing activities	87,634	3,099,823
Net increase (decrease) in cash and cash equivalents	1,239,153	1,843,326
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	9,463,035	7,619,709
End of year	\$10,702,188	\$9,463,035

See Notes to Financial Statements.

# Carl Sandburg College - Community College District 518

## Statements of Cash Flows (Continued)

For the years ended June 30, 2017 and 2016

	2017	2016
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:</b>		
Operating loss	(\$22,117,401)	(\$20,772,196)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	1,384,627	1,377,784
State on-behalf payments for fringe benefits	6,311,254	4,855,808
Changes in assets and liabilities:		
Receivables	176,787	23,070
Other assets	5,621	1,546
Deferred outflows of resources	8,468	(3,640)
Accounts payable	201,477	(119,570)
Accrued liabilities	12,511	(52,043)
Accrued compensated absences	20,254	(10,013)
Unearned tuition and fees	42,699	(9,415)
Other unearned revenue	(118,225)	5,636
Net cash used in operating activities	(\$14,071,928)	(\$14,703,033)
<b>NONCASH INVESTING, CAPITAL, AND FINANCIAL:</b>		
Increase (decrease) in fair value of investments and amortization/accretion	(\$540,887)	\$373,749
Purchase of equipment under capital leases	\$0	(\$200,667)
Disposal of assets	\$288,435	\$2,776,118
<b>STATE ON-BEHALF PAYMENTS</b>	<b>\$6,311,254</b>	<b>\$4,855,808</b>

See Notes to Financial Statements.

# Carl Sandburg College - Community College District 518

## Component Unit - Carl Sandburg College Foundation

### Statements of Financial Position

June 30, 2017 and 2016

<b>ASSETS</b>	<b>2017</b>	<b>As Restated 2016</b>
Cash	\$433,139	\$361,179
Investments	12,798,494	7,493,036
Accounts receivable	2,501,534	22,000
<b>Total assets</b>	<b>\$15,733,167</b>	<b>\$7,876,215</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Scholarships payable	\$90,376	\$99,833
Accounts payables	5,477	4,521
<b>Total liabilities</b>	<b>95,853</b>	<b>104,354</b>
Net assets:		
Unrestricted	3,160,601	2,653,875
Temporarily restricted	8,145,169	1,335,785
Permanently restricted	4,331,544	3,782,201
<b>Total net assets</b>	<b>15,637,314</b>	<b>7,771,861</b>
<b>Total liabilities and net assets</b>	<b>\$15,733,167</b>	<b>\$7,876,215</b>

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, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, gains, and other support:				
Contributions	\$299,606	\$6,533,265	\$101,769	\$6,934,640
Interest and dividends	151,950	190,558	37,543	380,051
Net unrealized gain (loss) on investments	294,542	179,907	410,633	885,082
Realized gain on investments			(602)	(602)
Donated goods & facilities	83,683			83,683
Donated services	42,156			42,156
Other	0			0
Net assets released from restrictions	94,346	(94,346)		0
<b>Total revenues, gains, and other support</b>	<b>966,283</b>	<b>6,809,384</b>	<b>549,343</b>	<b>8,325,010</b>
Expenses and losses:				
Program	237,627			237,627
Management and general	161,457			161,457
Fund raising	60,473			60,473
<b>Total expenses and losses</b>	<b>459,557</b>	<b>0</b>	<b>0</b>	<b>459,557</b>
<b>Change in net assets</b>	<b>506,726</b>	<b>6,809,384</b>	<b>549,343</b>	<b>7,865,453</b>
Net assets, beginning of year, as previously reported	2,653,875	1,335,785	3,782,201	7,771,861
Prior year restatement of net assets				0
Net assets, beginning of year, restated	2,653,875	1,335,785	3,782,201	7,771,861
<b>Net assets at end of year</b>	<b>\$3,160,601</b>	<b>\$8,145,169</b>	<b>\$4,331,544</b>	<b>\$15,637,314</b>

See Notes to Financial Statements.

<b>As Restated 2016</b>			
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Permanently Restricted</b>	<b>Total</b>
\$2,315,461	\$143,019	\$268,656	\$2,727,136
46,990	165,504	43,786	256,280
4,430	13,514	(240,835)	(222,891)
14,673			14,673
73,923			73,923
7,435			7,435
8,949			8,949
170,801	(170,801)		0
2,642,662	151,236	71,607	2,865,505
382,689			382,689
129,642			129,642
33,411			33,411
545,742	0	0	545,742
2,096,920	151,236	71,607	2,319,763
1,073,535	937,990	3,440,573	5,452,098
(516,580)	246,559	270,021	0
556,955	1,184,549	3,710,594	5,452,098
<u>\$2,653,875</u>	<u>\$1,335,785</u>	<u>\$3,782,201</u>	<u>\$7,771,861</u>

See Notes to Financial Statements.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### **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

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### 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 2015 property tax levies passed on November 19, 2015 is recognized as property tax revenue. Deferred property taxes represent the revenue to be generated from the 2016 property tax levy which was passed on November 17, 2016. In addition, property taxes receivable represents the remaining 2016 property tax levy to be collected in fiscal year 2018.



# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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

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### 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. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2017.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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 2017 and 2016, the state made contributions of \$6,311,254 and \$4,855,808 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

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### 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, 2017 consist of the following:

	<b>Carrying Amount</b>
Cash on hand	\$3,359
Deposits with financial institutions	11,250,481
<b>Total</b>	<b>\$11,253,840</b>

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, 2017 and 2016 comprise the following at fair value:

	<b>2017</b>	<b>2016</b>
Money market	\$309,239	\$172,160
Certificate of deposit	6,911,478	6,554,342
Municipal bonds	6,089,132	4,269,003
U.S. government agency securities	3,264,921	5,513,381
	<b>\$16,574,770</b>	<b>\$16,508,886</b>

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

### Note 2. Cash and Investments (continued):

As of June 30, 2017, 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	\$309,239	\$309,239			
Certificate of deposit	6,911,478	2,278,859	\$4,632,619		
Municipal bonds	6,089,132	817,490	5,271,642		
U.S. Government agency securities	3,264,921	1,102,605	2,162,316		
<b>Total</b>	<b>\$16,574,770</b>	<b>\$4,508,193</b>	<b>\$12,066,577</b>	<b>\$0</b>	<b>\$0</b>

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
<b>Total</b>	<b>\$16,508,886</b>	<b>\$3,664,219</b>	<b>\$11,105,843</b>	<b>\$1,438,623</b>	<b>\$300,201</b>

As of June 30, 2017, the College had the following investments with stated ratings.

	Total	Investment Ratings by Standard & Poor's			
		AAA	AA	A	Unrated
Money market	\$309,239	\$309,239			
Certificate of deposit	6,911,478				\$6,911,478
Municipal bonds	6,089,132	250,253	\$4,553,904	\$1,284,975	
U.S. Government agency securities	3,264,921		3,264,921		
<b>Total</b>	<b>\$16,574,770</b>	<b>\$559,492</b>	<b>\$7,818,825</b>	<b>\$1,284,975</b>	<b>\$6,911,478</b>

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			
<b>Total</b>	<b>\$16,508,886</b>	<b>\$426,717</b>	<b>\$8,213,722</b>	<b>\$790,381</b>	<b>\$523,724</b>	<b>\$6,554,342</b>

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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, 2017:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value on a recurring basis:</b>				
Certificate of deposit	\$6,911,478		\$6,911,478	
Municipal bonds	6,089,132		6,089,132	
U.S. Government agency securities	3,264,921		3,264,921	
Total investments	\$16,265,531	\$0	\$16,265,531	\$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, 2016:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value on a recurring basis:</b>				
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	\$0	\$16,336,726	\$0

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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, 2017, 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 \$11,253,840 and the bank balance was \$11,620,711. Of the bank balance, \$1,001,023 was covered by federal depository insurance; \$9,013,148 was collateralized with securities held by the pledging financial institution's trust department or agent in the College's name. At year end, bank balances at Farmers and Mechanics Bank were under collateralized by \$1,606,539.

*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, 2017 are as follows:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Nondepreciable:					
Land	\$405,483		\$59,358		\$346,125
Work in progress	140,241	\$104,473		(\$140,241)	104,473
Depreciable:					
Buildings and additions	31,571,888	252,070	\$591,769	26,044	31,258,233
Infrastructure	3,376,418				3,376,418
Furniture and equipment	5,029,823	142,254	61,493	89,148	5,199,732
Land improvements	696,462	281,076		25,049	1,002,587
Vehicles	212,457	9,505			221,962
Total cost	\$41,432,772	\$789,378	\$712,620	\$0	\$41,509,530

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

### Note 3. Capital Assets (continued):

Accumulated depreciation for the year ended June 30, 2017 is as follows:

	Balance at July 1, 2016	Additions	Deletions	Transfers	Balance at June 30, 2017
Buildings and additions	\$16,578,272	\$858,550	\$234,025		\$17,202,797
Infrastructure	2,460,139	119,494			2,579,633
Furniture and equipment	4,064,774	318,773	48,160		4,335,387
Land improvements	227,848	78,295			306,143
Vehicles	197,301	9,515			206,816
<b>Total accumulated depreciation</b>	<b>\$23,528,334</b>	<b>\$1,384,627</b>	<b>\$282,185</b>	<b>\$0</b>	<b>\$24,630,776</b>

Changes in the various capital asset categories during the year ended June 30, 2016 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
<b>Total cost</b>	<b>\$43,897,332</b>	<b>\$763,343</b>	<b>\$3,227,903</b>	<b>\$0</b>	<b>\$41,432,772</b>

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

	Balance at July 1, 2015	Additions	Deletions	Transfer	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
<b>Total accumulated depreciation</b>	<b>\$22,602,335</b>	<b>\$1,377,784</b>	<b>\$451,785</b>	<b>\$0</b>	<b>\$23,528,334</b>



# 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, 2017:

	Balance July 1, 2016	Increases	Decreases	Balance June 30, 2017	Current Portion	Long-term Portion
Long-term debt:						
General obligation bonds and certificates	\$20,395,000		\$1,905,000	\$18,490,000	\$2,290,000	\$16,200,000
Bond premiums (discounts)	539,468		79,074	460,394	79,074	381,320
Capital leases	192,162		35,496	156,666	37,979	118,687
Compensated absences	347,244	\$291,289	271,035	367,498	246,224	121,274
<b>Totals</b>	<b>\$21,473,874</b>	<b>\$291,289</b>	<b>\$2,290,605</b>	<b>\$19,474,558</b>	<b>\$2,653,277</b>	<b>\$16,821,281</b>

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
<b>Totals</b>	<b>\$23,882,631</b>	<b>\$4,546,528</b>	<b>\$6,955,285</b>	<b>\$21,473,874</b>	<b>\$2,251,066</b>	<b>\$19,222,808</b>

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### Note 4. Debt (continued):

Details on the debt as of June 30, 2017 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:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
During the year ending June 30:			
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	110,000	12,678	122,678
2023-2024	235,000	10,450	245,450
<b>Totals</b>	<b>\$735,000</b>	<b>\$116,172</b>	<b>\$851,172</b>

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:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
During the year ending June 30:			
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
<b>Totals</b>	<b>\$2,430,000</b>	<b>\$215,732</b>	<b>\$2,645,732</b>

# 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:			
2018		\$56,635	\$56,635
2019		56,635	56,635
2020		56,635	56,635
2021	\$1,205,000	28,317	1,233,317
<b>Totals</b>	<b>\$1,205,000</b>	<b>\$198,222</b>	<b>\$1,403,222</b>

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:			
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
<b>Totals</b>	<b>\$1,340,000</b>	<b>\$169,069</b>	<b>\$1,509,069</b>

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:			
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
<b>Totals</b>	<b>\$3,460,000</b>	<b>\$467,100</b>	<b>\$3,927,100</b>

# 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:			
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	140,000	13,300	153,300
2023-2024	280,000	11,200	291,200
Totals	\$5,260,000	\$375,375	\$5,635,375

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:			
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	5,000	7,639	12,639
2023	260,000	3,783	263,783
Totals	\$905,000	\$68,313	\$973,313

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:			
2018	\$5,000	\$67,779	\$72,779
2019	5,000	67,671	72,671
2020	5,000	67,564	72,564
2021	5,000	67,456	72,456
2022	5,000	67,349	72,349
2023-2024	3,130,000	69,982	3,199,982
Totals	\$3,155,000	\$407,801	\$3,562,801

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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:			
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	\$156,666	\$21,199	\$177,865

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. The trust account paid \$875,000 of the 2014B general obligation bond on January 1, 2017. As of June 30, 2017, the College has \$0 balance in the trust account.

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. The aggregate difference in debt service between the refunding debt and the refunded debt resulted in a loss of \$116,858.

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. The trust account paid \$3,100,000 of the 2007 general obligation bond on February 2, 2016. As of June 30, 2017, the College has \$0 balance in the trust account.

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 \$125,147 on the refunding of the 2007 general obligation bond which was fully recognized in 2016. The aggregate difference in debt service between the refunding debt and the refunded debt resulted in a loss of \$176,547.

# 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
2018	\$2,290,000	\$246,224	\$37,979	\$2,574,203	\$594,917	\$3,169,120
2019	2,620,000	121,274	40,635	2,781,909	512,414	3,294,323
2020	2,210,000		43,478	2,253,478	415,615	2,669,093
2021	3,745,000		34,574	3,779,574	288,955	4,068,529
2022	3,720,000			3,720,000	152,866	3,872,866
2023-2024	3,905,000			3,905,000	95,415	4,000,415
Total	\$18,490,000	\$367,498	\$156,666	\$19,014,164	\$2,060,182	\$21,074,346

The general obligation bonded debt of the College is limited to 2.875% of assessed valuation. The legal debt limit at June 30, 2017, is \$50,693,934. General obligation debt at June 30, 2017, is \$19,107,060 resulting in a legal debt margin of \$31,586,874.

### 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](http://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, 2016 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

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### 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 2016 and 2017 respectively, was 12.69% and 12.53% 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, 2016, SURS reported a net pension liability (NPL) of \$25,965,271,744. The net pension liability was measured as of June 30, 2015.

#### *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 \$63,441,840.33 or 0.2443%. This amount should not be recognized in the financial statement. The net pension liability and total pension liability as of June 30, 2016 was determined based on the June 30, 2015 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 2016.

#### *Pension Expense.*

At June 30, 2016 SURS reported a collective net pension expense of \$2,566,164,865.

#### *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 2016. As a result, the College recognized on-behalf revenue and pension expense of \$6,311,254 for the fiscal year ended June 30, 2017.

#### *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

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### 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	\$14,215,882	\$2,298,574
Changes in assumption	655,463,758	0
Net difference between projected and actual earnings on pension plan investments	1,431,081,306	635,552,976
Total	\$2,100,760,946	\$637,851,550

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
2017	\$539,536,680
2018	275,426,885
2019	401,520,624
2020	246,425,207
Total	\$1,462,909,396

### Employer Deferral of Fiscal Year 2016 Pension Expense

The College paid \$33,300 in federal, trust or grant contributions for the fiscal year ended June 30, 2017. These contributions were made subsequent to the pension liability date of June 30, 2016 and are recognized as Deferred Outflows of Resources as of June 30, 2017.

### Assumptions and Other Inputs

*Actuarial assumptions.* The actuarial assumptions used in the June 30, 2016 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, 2016 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 15.00 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 RP2014 Combined Mortality Table, projected with generational mortality and a separate mortality assumption for disabled participants.



# 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, 2016, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity	23%	6.08%
Private Equity	6%	8.73%
Non-U.S. Equity	19%	6.95%
Global Equity	8%	6.78%
Fixed Income	19%	1.17%
Treasury-Inflation Protected Securities	4%	1.41%
Emerging Market Debt	3%	4.44%
Real Estate REITS	4%	5.75%
Direct Real Estate	6%	4.62%
Commodities	2%	4.23%
Hedged Strategies	5%	4.00%
Opportunity Fund	<u>1%</u>	<u>6.54%</u>
<b>Total</b>	100%	5.09%
<b>Inflation</b>		<u>2.75%</u>
<b>Expected Arithmetic Return</b>		<b>7.84%</b>

*Discount Rate.* A single discount rate of 7.010% 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 2.85% (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 2073. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2073, 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 7.01%, 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 6.01%	Current Single Discount Rate Assumption 7.01%	1% Increase 8.01%
\$31,348,831,631	\$25,965,271,744	\$21,502,421,700

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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](http://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>
2018	\$99,413	\$14,550	\$113,963
2019	30,772	62,852	93,624
2020	2,841	47,452	50,293
2021	0	17,878	17,878
Total	\$133,026	\$142,732	\$275,758

Fiscal year 2017 equipment and vehicles rent expense was \$99,413 and \$26,300, respectively.

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

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

*Construction Commitments.* As of June 30, 2017, the College was not involved in any significant construction commitments.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### 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

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### 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

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### 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, 2017, there was \$2,501,534 of pledged receivables. Of this amount, \$2,480,000 relates to an estate contribution receivable. In July 2017, the Foundation received \$1,240,000 relating to this donation.

##### 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

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### Note 8. Component Unit Disclosures (continued):

#### Carl Sandburg College Foundation (continued)

##### Subsequent Events

The Foundation has evaluated subsequent events through September 14, 2017 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2017 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, 2017 consisted of the following:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Mutual Funds - equity	\$9,998,414	\$8,470,123	1,528,291
Mutual Funds - bonds	2,800,080	2,552,143	247,937
	\$12,798,494	\$11,022,266	\$1,776,228

##### 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, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Donor-restricted endowment funds		\$8,145,169	\$4,331,544	\$12,476,713
Unrestricted endowment funds:				
Board-designated	\$155,231			155,231
Unrestricted	3,005,370			3,005,370
	\$3,160,601	\$8,145,169	\$4,331,544	\$15,637,314

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### Note 8. Component Unit Disclosures (continued):

#### Carl Sandburg College Foundation (continued)

#### Endowment Funds (continued):

Changes in endowment net assets as of June 30, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total Endowment Assets
Endowment net assets, beginning of year, as restated	\$2,653,875	\$1,335,785	\$3,782,201	\$7,771,861
Contributions	299,606	6,533,265	101,769	6,934,640
Interest and dividend income	151,950	190,558	37,543	380,051
Net unrealized gain(loss) on investments	294,542	179,907	410,633	885,082
Realized gain on investment			(602)	(602)
Donated goods, services, facilities	125,839			125,839
Amounts appropriated for expenditure	(459,557)			(459,557)
Amounts released from restriction	94,346	(94,346)		0
	<u>\$3,160,601</u>	<u>\$8,145,169</u>	<u>\$4,331,544</u>	<u>\$15,637,314</u>

#### Temporarily Restricted Net Assets:

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

<u>Student scholarships currently available</u>	<u>\$8,145,169</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, 2017, permanently restricted net assets totaled \$4,331,544.

#### 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, 2017, totaling \$94,346.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### Note 8. Component Unit Disclosures (continued):

#### Carl Sandburg College Foundation (continued)

#### Fair Value of Financial Instruments:

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

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

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

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

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

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, 2017:

	Total	Fair Value Measurements at Reporting Date Using		
		(Level 1)	(Level 2)	(Level 3)
<b>Assets measured at fair value on a recurring basis:</b>				
Mutual Funds - equity	\$9,998,414	\$9,998,414		
Mutual Funds - bonds	2,800,080	2,800,080		
Contributions Receivable	1,240,000		\$1,240,000	
<b>Total</b>	<b>\$14,038,494</b>	<b>12,798,494</b>	<b>\$1,240,000</b>	<b>\$0</b>

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

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

**Contributions Receivable:** Fair value is estimated using the present value of expected cash flows based on the current housing market.



# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### Note 8. Component Unit Disclosures (continued):

#### Carl Sandburg College Foundation (continued)

#### Restatement of Beginning Net Assets:

During fiscal year 2017, the Foundation discovered an error in the restrictions of net assets relating to previous donations, interest allocations, and unrestricted scholarships. Due to the two year comparison, the financial statements reflect the restatement of beginning net position for the year ended June 30, 2016 to correct the errors discovered by management. The schedule below provides the changes to beginning net assets for each restriction category:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Endowment Assets
Net assets, July 1, 2015	\$1,073,535	\$937,990	\$3,440,573	\$5,452,098
Net restatement of net assets	(516,580)	246,559	270,021	0
Net assets, July 1, 2015 as restated	\$556,955	\$1,184,549	\$3,710,594	\$5,452,098

#### 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 \$74,795 of services, goods, and facilities to the Foundation during the year ended June 30, 2017. The Foundation paid the College \$180,467 for scholarships and project donations during the year ended June 30, 2017. In addition, there is a payable to the College for scholarships awarded for Fall 2017 in the amount of \$90,376 as of June 30, 2017.

#### 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, 2017, 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 temporary restricted donations of \$2,843,168 from Ann Asplund and \$3,695,200 from Walt Sampson of which \$2,480,000 was recorded as a pledged receivable as of June 30, 2017. The unspent balances of these donations are held as investments.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### Note 9. 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. 81, *Irrevocable Split-Interest Agreements* improves accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for reporting periods beginning after December 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* amends the required presentation to include the covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2017. The College has not determined the effect of this Statement.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes criteria for determining the timing and pattern recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations, and requires the current value of a government's asset retirement obligations to be adjusted for the effects of general inflation or deflation at least annually. The requirements of this Statement are effective for reporting period in which the measurement date of the pension liability is after June 15, 2018. The College has not determined the effect of this Statement.

GASB Statement No. 84, *Fiduciary Activities* establishes criteria for identifying fiduciary activities of all state and local governments. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. The College has not determined the effect of this Statement.

GASB Statement No. 85, *Omnibus 2017*, addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other post-employment benefits [OPEB]). 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.

GASB Statement No. 86, *Certain Debt Extinguishment Issues*, improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. 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.

# Carl Sandburg College – Community College District 518

## Notes to Financial Statements

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### **Note 9. Impact of Pending Accounting Pronouncements (continued):**

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The College has not determined the effect of this Statement.

### **Note 10. Subsequent Event:**

The College has evaluated subsequent events through September 13, 2017 which is the date these financial statement were available to be issued. All subsequent events requiring recognition as of June 30, 2017 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)

	2016	2015	2014	2012	2011	2010	2009	2008	2007	2006
Proportion percentage of the collective net pension liability	0%	0%	0%							
Proportion amount of the collective net pension liability	\$0	\$0	\$0							
Portion of nonemployer contributing entities' total proportion of collective net pension liability associated with the College	\$63,441,840	\$57,324,387	\$55,045,220							
College DB covered-employee payroll	\$8,852,780	\$9,945,359	\$10,504,206							
Proportion of collective net pension liability associated with the College as a percentage of covered-employee payroll	716.63%	576.39%	524.03%							
SURS plan net position as a percentage of total pension liability	39.57%	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)

	2017	2016	2015	2014	2012	2011	2010	2009	2008	2007
Federal, trust, grant and other contribution	\$33,300	\$41,768	\$38,128	\$34,477						
Contribution in relation to required contribution	33,300	41,768	38,128	34,477						
Contribution deficiency (excess)	\$0	\$0	\$0	\$0						
College covered-employee payroll	\$9,500,036	\$9,903,377	\$9,945,359	\$10,504,206						
Contribution as a percentage of covered-employee payroll	0.35%	0.42%	0.38%	0.33%						
Additional information:										
On-behalf payments for community college health insurance program	\$41,255	\$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

## Notes to Required Supplementary Information

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### Note 1. Changes of Benefit Terms:

There were no benefit changes recognized in the Total Pension Liability as of June 30, 2016.

### 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

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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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the college’s financial performance and well-being have changed over time.	55 - 57
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the College’s most significant local revenue source, the property tax.	58 - 59
<b>Debt Capacity</b> 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.	60 - 64
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the College’s financial activities take place.	65 – 66
<b>Operating Information</b> 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.	67 - 69

*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

	2017	2016	As Restated 2015	2014	As Restated 2013*	2012	2011	2010	2009	2008
Net investment in capital assets	\$8,008	\$8,096	\$10,958	\$9,793	\$8,109	\$10,120	\$10,152	\$11,085	\$9,641	\$7,933
Restricted - expendable:										
Debt Service	362	323	234	279	245	239	559	374	235	136
Grants and scholarships	425	0	0	0	0	0	0	0	0	0
Working cash	8,232	8,195	8,163	8,184	0	0	0	0	0	0
Unrestricted	5,518	3,457	2,815	2,961	10,739	8,026	5,849	3,259	2,422	1,586
Total net position	\$22,545	\$20,071	\$22,170	\$21,217	\$19,093	\$18,385	\$16,560	\$14,718	\$12,298	\$9,655

\*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

	2017	2016	As Restated 2015	2014	As Restated 2013*	2012	2011	2010	2009	2008
Operating expenses:										
Instruction	\$5,823	\$6,074	\$6,753	\$6,605	\$6,854	\$6,367	\$6,241	\$6,907	\$6,796	\$7,135
Academic support	391	408	453	475	414	400	340	350	318	323
Student services	2,825	2,727	2,669	2,610	2,667	2,303	2,189	2,112	2,256	1,844
Public services	135	182	260	364	407	438	550	619	692	650
Auxiliary services	631	618	686	1,096	1,162	1,138	1,165	1,132	1,068	1,027
Operation and maintenance of plant	1,366	1,464	1,586	1,527	1,724	1,677	1,422	1,453	1,343	1,339
Institutional support	11,450	9,981	9,300	8,505	8,750	8,356	8,514	8,381	7,357	6,874
Scholarships, student grants, and waivers	2,815	2,654	3,108	3,316	3,683	4,196	4,409	4,491	3,825	3,985
Depreciation	1,385	1,378	1,254	1,355	1,381	1,375	1,337	1,185	1,146	1,231
<b>Total operating expenses</b>	<b>26,821</b>	<b>25,486</b>	<b>26,069</b>	<b>25,853</b>	<b>27,042</b>	<b>26,250</b>	<b>26,167</b>	<b>26,630</b>	<b>24,801</b>	<b>24,408</b>
Operating revenues:										
Charges for services:										
Student tuition and fees	4,524	4,498	4,338	4,003	4,467	4,234	4,474	4,979	5,215	4,679
Chargeback revenue										9
Auxiliary enterprise	180	216	202	600	648	656	683	658	634	670
<b>Total operating revenue</b>	<b>4,704</b>	<b>4,714</b>	<b>4,540</b>	<b>4,603</b>	<b>5,115</b>	<b>4,890</b>	<b>5,157</b>	<b>5,637</b>	<b>5,849</b>	<b>5,358</b>
<b>Operating loss</b>	<b>(22,117)</b>	<b>(20,772)</b>	<b>(21,529)</b>	<b>(21,250)</b>	<b>(21,927)</b>	<b>(21,360)</b>	<b>(21,010)</b>	<b>(20,993)</b>	<b>(18,952)</b>	<b>(19,050)</b>
Nonoperating revenues (expenses):										
State grants	2,675	1,035	3,162	3,912	3,799	4,448	4,574	5,551	6,268	6,572
Federal grants	5,219	5,067	5,959	6,274	6,908	6,988	7,331	7,211	5,599	4,874
Property taxes	10,542	10,055	9,884	9,467	9,238	9,030	8,711	8,411	8,017	7,411
Personal property replacement tax	294	266	291	270	268	262	284	219	271	361
Local grants	52	150	12	20	9	15	24	34	331	120
Investment income	153	483	402	382	60	687	418	565	644	952
Other nonoperating revenues	6,517	5,102	4,646	4,042	3,846	2,902	2,569	2,858	1,627	1,385
Gain (loss) on disposal of assets	(288)	(2,776)	(785)	0	0	0	0	0	0	0
Interest expense	(572)	(709)	(1,090)	(992)	(1,274)	(1,146)	(1,060)	(1,436)	(1,163)	(1,235)
<b>Net nonoperating revenues</b>	<b>24,592</b>	<b>18,673</b>	<b>22,481</b>	<b>23,375</b>	<b>22,854</b>	<b>23,186</b>	<b>22,851</b>	<b>23,413</b>	<b>21,594</b>	<b>20,440</b>
Residual equity transfer										
<b>Change in net position</b>	<b>\$2,475</b>	<b>(\$2,099)</b>	<b>\$952</b>	<b>\$2,125</b>	<b>\$927</b>	<b>\$1,826</b>	<b>\$1,841</b>	<b>\$2,420</b>	<b>\$2,642</b>	<b>\$1,390</b>

\*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
2016	\$663,550,654	\$742,549,109	\$260,982,719	\$21,700,159	\$74,484,612	\$1,763,267,253	\$5,289,801,759	0.6673
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

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
2016	2017	\$11,199,394	\$4,092,846	36.55%		\$4,092,846	36.55%
2015	2016	10,542,391	10,454,014	99.16%		10,454,014	99.16%
2014	2015	10,078,115	10,044,230	99.66%	(3,194)	10,041,036	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)	9,240,133	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%

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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
City of Galesburg	1.7039	1.7828	1.6135	1.5472	1.5560	1.4157	1.4420	1.4055	1.4353	1.4638
Township of the City of Galesburg	0.1528	0.1574	0.1599	0.1614	0.1612	0.1624	0.1757	0.1932	0.2075	0.2166
Galesburg Unit School District 205	4.9576	4.7018	4.5915	4.4671	4.2200	4.2048	4.1994	4.2039	4.063	4.137
Knox County	1.3294	1.3245	1.3185	1.3157	1.1608	1.1625	1.1472	1.1282	1.108	1.0826
Knox County Soil & Water Conservator	0.0007	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000
Galesburg City Fire	1.0424	0.9500	0.9647	0.9425	0.8913	1.0498	1.0063	0.9927	0.9254	0.8782
Galesburg Sanitary District	0.3103	0.0000	0.3143	0.3125	0.3064	0.3005	0.2873	0.3063	0.304	0.3075
<b>Total Overlapping Rate</b>	<b>9.4971</b>	<b>8.9165</b>	<b>8.9622</b>	<b>8.7464</b>	<b>8.2957</b>	<b>8.2957</b>	<b>8.2579</b>	<b>8.2298</b>	<b>8.0432</b>	<b>8.0857</b>
<b>Carl Sandburg College Dist. 518</b>										
Educational	0.2757	0.2463	0.2181	0.2146	0.2088	0.2021	0.2000	0.2013	0.1953	0.2020
Building	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0500	0.0495
Bond and Interest	0.1661	0.1547	0.2103	0.2187	0.2202	0.2195	0.2244	0.2262	0.2193	0.2106
Audit	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
Tort Immunity	0.1104	0.1162	0.1199	0.1205	0.1220	0.1240	0.1225	0.1099	0.1070	0.1167
Protection, Health, and Safety	0.0500	0.0494	0.0059	0.0058	0.0060	0.0061	0.0060	0.0062	0.0264	0.0239
Social Security and Medicare	0.0101	0.0101	0.0100	0.0106	0.0108	0.0108	0.0108	0.0129	0.0110	0.0128
<b>Total</b>	<b>0.6673</b>	<b>0.6317</b>	<b>0.6192</b>	<b>0.6252</b>	<b>0.6228</b>	<b>0.6175</b>	<b>0.6187</b>	<b>0.6115</b>	<b>0.6140</b>	<b>0.6205</b>
<b>Total rate</b>	<b>10.1644</b>	<b>9.5482</b>	<b>9.5814</b>	<b>9.3716</b>	<b>8.9185</b>	<b>8.9132</b>	<b>8.8766</b>	<b>8.8413</b>	<b>8.6572</b>	<b>8.7062</b>
<b>Carl Sandburg College</b>										
Percentage of Total	6.57%	6.62%	6.46%	6.67%	6.98%	6.93%	6.97%	6.92%	7.09%	7.13%

(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	2017		2008	
		Taxable Assessed Value (approx.)	Percent District's Total EAV	Taxable Assessed Value (approx.)	Percent District's Total EAV
Burlington Northern Santa Fe	Railroad	\$71,968,375	1 4.08%	\$33,242,770	1 2.42%
Union Electric Co	Utilities	13,068,924	2 0.74%	12,247,507	2
Monmouth Property Dev LLC	Manufacturing	8,463,870	3 0.48%		0.00%
Wal-Mart Stores	Retailer	8,012,930	4 0.45%	2,546,010	8 0.19%
Galesburg Hospital Corporation	Hospital	7,272,550	5 0.41%	8,419,950	3
Consolidated Grain & Barge	Grain Elevator	5,747,555	6 0.33%	4,920,088	4
NTN USA Corporation	Manufacturing	5,235,399	7 0.30%		
Trigen LLC	Manufacturing	5,156,816	8 0.29%		
Aspen Court LLC	Rental Property	4,302,883	9 0.24%		
Western Grain Marketing LLC	Grain Elevator	3,641,925	10 0.21%		
Nauvoo Restoration Inc	Real Property			3,599,253	5 0.26%
Hy Vee Food Stores Inc.	Retailer			2,789,050	7 0.20%
United Facilities, Inc.	Shipping			3,573,510	6 0.26%
Lowes Home Centers, Inc.	Retailer			2,252,340	9 0.16%
Target Corporation	Retailer			2,159,310	10 0.16%
		\$132,871,227	7.54%	\$75,749,788	5.51%

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
2017	\$18,950,394	\$156,666	\$19,107,060	\$4,999,136,199	0.382%	104,639	181	\$2,511,424	0.76%
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%

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
2017	\$18,950,394	\$4,865,543,589	104,639	0.389%	181
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

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, 2017

TABLE I

Overlapping Agencies	Outstanding Debt	Percent (1)	Amount
Knox County	\$5,970,000	98.02%	\$5,851,794
Hamilton Park District	115,000	100.00%	115,000
Monmouth Park District	250,000	100.00%	250,000
City of Monmouth	36,247,000	100.00%	36,247,000
City of Galesburg	22,600,000	100.00%	22,600,000
Roseville-Swan-Point Pleasant-Ellison FPD	1,310,000	100.00%	1,310,000
Raritan Road District	130,000	100.00%	130,000
Mendon CUSD #4	1,405,000	1.62%	22,761
Schuyler-Industry CUSD #5	3,485,000	20.74%	722,789
Bushnell-Prairie City CUSD #170	400,000	76.27%	305,080
Avon CUSD #176	150,000	61.93%	92,895
Macomb CUSD #185	4,252,436	0.02%	850
Aledo CUSD #201	1,055,000	0.40%	4,220
Knoxville CUSD #202	5,285,000	100.00%	5,285,000
Galesburg CUSD #205	51,390,000	100.00%	51,390,000
ROWVA CUSD #208	7,945,000	95.03%	7,550,134
Abingdon CUSD #217	542,186	100.00%	542,186
Galva CUSD #224	1,125,000	0.25%	2,813
Alwood CUSD #225	2,235,000	0.24%	5,364
Monmouth-Roseville CUSD #238	6,483,000	100.00%	6,483,000
Farmington CUSD #265	3,290,641	19.71%	648,585
Alexis CUSD #304	6,070,000	85.33%	5,179,531
Warsaw CUSD #316	1,795,000	100.00%	1,795,000
Elmwood CUSD #322	3,095,000	0.14%	4,333
Nauvoo-Colusa CUSD #325	100,000	100.00%	100,000
Hamilton CUSD #328	280,000	100.00%	280,000
Dallas City CUSD #336	510,000	100.00%	510,000
LaHarpe Elementary District #347	2,150,000	100.00%	2,150,000
Mercer CUSD #404	0	1.70%	0
			149,578,334
Community College Dist. #518	<u>\$18,950,394</u>	<u>100.00%</u>	<u>18,950,394</u>
Total Direct & Overlapping General Obligation Bonded Debt			<u>\$168,528,728</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
2017	\$50,693,934	\$19,107,060	\$31,586,874	37.691%
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%

Assessed valuation - 2016 levy \$1,763,267,253

Debt limit (2.875% of total assessed value) \$50,693,934

Debt applicable to limit:

General obligation bonds 18,950,394

Capital leases 156,666

Total net debt applicable to limit 19,107,060

Legal debt margin \$31,586,874

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
2017	104,639	\$2,511,424	\$24,001	42.4	29,742	6.0%	1,927	17
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

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](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	2017			2008		
	Employees	Rank	Percentage of Total District Employment	Employees	Rank	Percentage of Total District Employment
Smithfield Foods (Farmland)	1,600	1	1.61%	1,350	1	2.01%
Burlington Northern Santa Fe Railroad	1,250	2	1.26%	1,115	2	1.66%
OSF (Galesburg, Monmouth)	856	3	0.86%	1,025	3	1.52%
Dick Blick Art Materials	670	4	0.68%	550	6	0.82%
Galesburg Cottage Hospital	615	5	0.62%	730	5	1.08%
Community School District #205	594	6	0.60%	542	7	0.80%
Hy-Vee Food Stores	578	7	0.58%	525	8	0.78%
Knox County	420	8	0.42%	420	10	0.62%
Carl Sandburg College	332	9	0.33%	454	9	0.67%
Bridgeway/Bridgeway Training	250	10	0.25%			
Method Electronics				800	4	1.19%
<b>Total</b>	<b>7,165</b>		<b>7.22%</b>	<b>7,511</b>		<b>11.16%</b>

Sources:

[http://www.knoxpartnership.com/top-employers/City\\_of\\_Galesburg](http://www.knoxpartnership.com/top-employers/City_of_Galesburg)

Source:

Illinois Department of Commerce and Economic Opportunity Community Profiles  
[http://www.ildceo.net/dceo/Bureaus/Business\\_Development/Resources+and+Support](http://www.ildceo.net/dceo/Bureaus/Business_Development/Resources+and+Support)  
 College records

Source: Labor Force Population

<http://www.ides.illinois.gov/Custom/Library/Statistic/QCEW/LWA14.pdf>  
[http://lehd.did.census.gov/cgi-bin/qwitop\\_main?xstate=il](http://lehd.did.census.gov/cgi-bin/qwitop_main?xstate=il)

See Accompanying Independent Auditor's Report.

# Carl Sandburg College - Community College District 518

## Full-Time Equivalent Employees

Last Ten Fiscal Years

TABLE M

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction-Faculty	86	83	95	109	116	113	112	119	110	112
Full-time	47	50	51	54	57	56	55	64	62	64
Part-time	39	33	44	55	59	57	57	55	48	48
Administrative Staff	22	22	23	23	21	19	20	20	20	21
Full-time	21	22	23	23	21	19	20	20	20	21
Part-time	1	0	0	0	0	0	0	0	0	0
Other Non-Teaching Professional	56	58	57	64	69	70	72	75	73	73
Full-time	56	56	56	62	65	66	67	70	69	69
Part-time	0	2	1	2	4	4	5	5	4	4
Classified Staff	52	51	50	53	56	56	55	52	54	58
Full-time	43	43	47	51	55	53	53	49	51	55
Part-time	9	8	3	2	1	3	2	3	3	3
Total	216	214	225	249	262	258	259	266	257	264

See Accompanying Independent Auditor's Report.

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

**TABLE N**

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
Instruction: <sup>1</sup>										
Annual unduplicated										
Headcount Enrollment:										
Bacc/Transfer	1,950	1,837	1,972	2,326	2,740	2,784	3,270	2,965	2,844	2,731
Vocational	0	0	0	0	0	2	19	23	26	85
Occupational	581	662	686	932	1,046	1,101	1,055	1,220	1,206	1,311
ABE	0	15	72	123	154	196	225	266	201	153
ASE	0	23	62	94	126	140	142	182	209	206
ESL	0	15	80	118	128	84	74	67	71	39
General Studies	0	0	0	0	0	0	0	1	0	2
General Associates	469	407	428	115	91	85	83	80	71	88
<b>Total</b>	<b>3,000</b>	<b>2,959</b>	<b>3,300</b>	<b>3,708</b>	<b>4,285</b>	<b>4,392</b>	<b>4,868</b>	<b>4,804</b>	<b>4,628</b>	<b>4,615</b>
Annual FTE Students <sup>2</sup>	1,229	1,258	1,339	1,450	1,599	1,644	1,737	1,772	1,641	1,682
Total Reimbursable Credit Hours <sup>3</sup>	36,863	37,748	40,172	43,511	47,972	49,316	52,113	53,174	49,219	50,471
Degrees awarded: <sup>4</sup>										
Associate (transfer)	231	206	178	167	148	129	118	106	108	102
Associate in applied science	106	135	135	134	156	140	119	122	118	123
Career & technical certificates	143	150	222	236	133	176	152	137	141	139
Average annual faculty salary <sup>5</sup>	\$ 56,853	\$56,285	\$54,159	\$54,670	\$52,907	\$55,771	\$62,269	\$49,074	\$47,889	\$48,158
Students per faculty <sup>6</sup>	17	17	15	15	16	16	17	17	16	11
Institutional support: <sup>7</sup>										
Operation and maintenance of plant:										
Utility cost per gross square feet	1.23	1.29	1.25	1.29	1.4	1.45	1.80	1.85	1.71	1.69

<sup>1</sup>Source: ICCB A1 Annual Student Enrollment and Completion

<sup>2</sup>Source: Total Reimbursable Credit Hours / 15 / 2

<sup>3</sup>Source: ICCB SU SR for each semester

<sup>4</sup>Source: ICCB A1 Annual Student Enrollment and Completion

<sup>5</sup>Source: ICCB C1 Faculty, Staff, Salary Data

<sup>6</sup>Source: IPEDS Fall Enrollment

<sup>7</sup>Source: 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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Instruction:										
Building - acres	6.2	6.4	6.9	6.9	6.9	6.9	6.9	6.9	6.9	6.6
Classroom - sq. ft.	44,975	43,938	48,340	45,898	47,195	45,756	47,128	46,167	45,938	46,327
Lab - sq. ft.	57,585	58,585	57,471	66,251	70,989	69,154	70,124	70,124	71,505	71,505
Academic support:										
Support - sq. ft.	4,268	4,284	3,595	3,763	3,530	3,530	3,530	3,385	3,385	3,385
Study - sq. ft.	17,184	17,654	18,044	18,760	17,750	18,784	18,784	18,784	19,349	19,349
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	11,694
General administration:										
Office - sq. ft.	31,133	32,840	33,528	36,954	37,154	37,154	37,154	37,025	39,963	39,574
Institutional support:										
Landscaped grounds - acres	34.6	34.7	37.9	37.9	37.9	37.9	37.9	37.9	37.9	36.5
Parking lots - acres	9.2	9.2	9.9	9.9	9.9	9.9	9.9	9.9	9.9	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**

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### **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, 2017

	Education Fund **	Operations and Maintenance Fund	Operations and Maintenance Fund (Restricted)	Capital Endowment
Fund balance (deficit) at July 1, 2016	\$2,896,616	\$585,321	(\$263,342)	\$7,555,357
Revenue:				
Local taxes	4,311,928	974,249	816,928	
All other local government				
ICCB grants	1,970,973	101,272		
All other state revenue				
Federal revenue				
Student tuition and fees	6,469,633	615,091		
All other revenue	116,392	16,832	1,385	26,692
<b>Total revenue</b>	<b>12,868,926</b>	<b>1,707,444</b>	<b>818,313</b>	<b>26,692</b>
Expenditures:				
Instruction	5,602,540			
Academic support	393,448			
Student services	2,288,737			
Public service	134,948			
Auxiliary services				
Operation and maintenance		1,362,580		
Institutional support	3,048,636	110,597		
Scholarships, student grants, and waivers	281,859			
Principal retirement		35,496		
Interest, service charges, and issuance costs		11,939		
Building construction, building improvements, and equipment	119,068		631,371	
<b>Total expenditures</b>	<b>11,869,236</b>	<b>1,520,612</b>	<b>631,371</b>	<b>0</b>
Sale of capital assets		142,000		
Transfers in	395,683	43,600		
Transfers out	(293,231)			(465,055)
	102,452	185,600	0	(465,055)
Fund balance (deficit) at June 30, 2017	\$3,998,758	\$957,753	(\$76,400)	\$7,116,994

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

Bond and Interest Fund	Auxiliary Enterprise Fund	Restricted Purpose Fund	Audit Fund	Liability Protection Funds	Sandburg Initiates Life-changing Opportunities	Non-Expendable Trust Fund	Total
\$322,557	\$119,481	\$419,497	(\$95,969)	\$2,974,324	\$1,103,687	\$8,194,744	\$23,812,273
2,561,095			82,725	2,088,306			10,835,231
		602,523					0
		5,219,398					2,072,245
							602,523
							5,219,398
							7,084,724
22,427	291,029	27,288	233	31,725	6,618	51,484	592,105
2,583,522	291,029	5,849,209	82,958	2,120,031	6,618	51,484	26,406,226
		220,477					5,823,017
		531,798					393,448
	646,158						2,820,535
							134,948
							646,158
4,666		22,637	61,554	1,869,354		625	1,362,580
		5,049,056					5,118,069
1,905,000							5,330,915
							1,940,496
634,423							646,362
		20,234		18,705			789,378
2,544,089	646,158	5,844,202	61,554	1,888,059	0	625	25,005,906
							142,000
	332,812						772,095
					0	(13,809)	(772,095)
0	332,812	0	0	0	0	(13,809)	142,000
\$361,990	\$97,164	\$424,504	(\$74,565)	\$3,206,296	\$1,110,305	\$8,231,794	\$25,354,593

# Carl Sandburg College - Community College District 518

## Uniform Financial Statement #2

### Summary of Fixed Assets and Debt\*

For the year ended June 30, 2017

	Fixed Assets/ Debt Account Groups July 1, 2016	Additions	Deletions	Reclassification	Fixed Assets/ Debt Account Groups June 30, 2017
Fixed assets:					
Land	\$405,483		\$59,358		\$346,125
Work in progress	140,241	\$104,473		(\$140,241)	104,473
Furniture and equipment	5,029,823	142,254	61,493	89,148	5,199,732
Land improvements	696,462	281,076		25,049	1,002,587
Buildings and additions	31,571,888	252,070	591,769	26,044	31,258,233
Vehicles	212,457	9,505			221,962
Infrastructure	3,376,418				3,376,418
Total fixed assets	41,432,772	789,378	712,620	0	41,509,530
Accumulated depreciation	23,528,334	1,384,627	282,185		24,630,776
Total net fixed assets	\$17,904,438	(\$595,249)	\$430,435	\$0	\$16,878,754
Fixed debts:					
Bonds payable	\$20,395,000		\$1,905,000		\$18,490,000
Capital leases	192,162		35,496		156,666
Other fixed liabilities	347,244	\$291,289	271,035		367,498
Total fixed debts	\$20,934,407	\$291,289	\$2,211,531	\$0	\$19,014,164

\* Carl Sandburg College had no tax anticipation warrants or tax anticipation notes outstanding during the year ended June 30, 2017.

# Carl Sandburg College - Community College District 518

## Uniform Financial Statement #3

### Operating Funds Revenues and Expenditures

For the year ended June 30, 2017

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating revenues by source:			
Local government:			
Local taxes	\$4,164,922	\$827,243	\$4,992,165
Corporate personal property replacement tax	147,006	147,006	294,012
Tuition chargeback revenue	0	0	0
Total local government	4,311,928	974,249	5,286,177
State government: *			
ICCB base operating grant	1,305,009	65,474	1,370,483
ICCB equalization grant	411,682	35,798	447,480
ICCB career and technical education formula grant	254,282	0	0
Total state government	1,970,973	101,272	2,072,245
Total federal government	0	0	0
Student tuition and fees:			
Tuition	6,132,272	505,464	6,637,736
Fees	337,361	109,627	446,988
Total tuition and fees	6,469,633	615,091	7,084,724
Other sources:			
Interest	19,298	3,021	22,319
Other	97,094	155,811	252,905
Total other sources	116,392	158,832	275,224
Total revenue	12,868,926	1,849,444	14,718,370
Less nonoperating items -			
Tuition chargeback revenue	0	0	0
Adjusted revenue	\$12,868,926	\$1,849,444	\$14,718,370

\* 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, 2017

	Education Fund *	Operations and Maintenance Fund	Total Operating Funds
Operating expenditures:			
By program:			
Instruction	\$5,620,333		\$5,620,333
Academic support	393,448		393,448
Student services	2,288,737		2,288,737
Public services	134,948		134,948
Operation and maintenance of plant		\$1,362,580	1,362,580
Institutional support **	3,149,911	158,032	3,307,943
Scholarships, student grants, and waivers	281,859		281,859
Total expenditures	11,869,236	1,520,612	13,389,848
Less nonoperating items -*			
Tuition chargeback	6,942	0	6,942
Adjusted expenditures	\$11,862,294	\$1,520,612	\$13,382,906
By object:			
Salaries	\$7,385,139	\$545,489	\$7,930,628
Employee benefits **	1,141,626	149,602	1,291,228
Contractual services	529,953	106,217	636,170
General materials and supplies	926,547	68,059	994,606
Conference and meeting expense	169,439	1,333	170,772
Fixed charges	114,491	49,132	163,623
Utilities	0	514,358	514,358
Capital outlay	42,444	2,898	45,342
Other	1,559,597	83,524	1,643,121
Total expenditures	11,869,236	1,520,612	13,389,848
Less nonoperating items -*			
Tuition chargeback	6,942	0	6,942
Adjusted expenditures	\$11,862,294	\$1,520,612	\$13,382,906

\* 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, 2017

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Revenue by source:

State government:	
Illinois Map Grant	\$588,791
ICCB - Program Improvement Grant	13,732
<hr/>	
Total state government	602,523
<hr/>	
Federal government:	
Department of Education:	
College Work Study Grants	35,327
Pell Grants	3,635,961
Supplemental Educational Opportunity Grant	107,337
Direct Loans	681,640
Trio-Student Support services	226,026
Trio-Upward Bound	262,871
Perkins Postsecondary-Federal Allocation	123,109
Career Pathways Enhancement Grant	5,000
CTE Pathways to Results Student Success Grant	5,000
Perkins Leadership Grant	10,000
UISFL Grant	3,681
Department of Labor:	
BioProgress Grant	123,184
Illinois Green Economy Network	262
<hr/>	
Total federal government	5,219,398
<hr/>	
Other sources	27,288
<hr/>	
Total restricted purposes fund revenues	\$5,849,209
<hr/> <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, 2017

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Expenditures by program:

Instruction	\$240,711
Student services	531,798
Public services	0
Institutional support	22,637
Scholarships, student grants, and waivers	5,049,056

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Total restricted purposes fund expenditures  
by program

\$5,844,202

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Expenditures by object:

Salaries	\$373,174
Employee benefits	101,961
Contractual services	17,961
General materials and supplies	77,446
Travel, conference and meeting expense	29,701
Student financial aid	5,049,056
Capital outlay	40,728
Other	154,175

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Total restricted purposes fund expenditures by object

\$5,844,202

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# Carl Sandburg College - Community College District 518

## Uniform Financial Statement #5

### Current Funds\* - Expenditures by Activity

For the year ended June 30, 2017

Instructional:	
Programs	\$4,676,226
Support	1,184,818
Total instructional	5,861,044
Academic support:	
Learning resource center	81,267
Instructional materials center	188,597
Other academic support	123,584
Total academic support	393,448
Student services:	
Admissions and records	141,673
Counseling and career guidance	586,445
Financial aid administration	211,827
Other student services	1,880,590
Total student services	2,820,535
Public service/continuing education:	
Community education	67,391
Customized training (instructional)	55,777
Community services	11,780
Other public service	0
Total public service/continuing education	134,948
Auxiliary services	646,158
Operations and maintenance of plant:	
Maintenance	410,937
Custodial	249,628
Grounds	136,067
Plant utilities	416,346
Other operations and maintenance	149,602
Total operations and maintenance of plant	1,362,580
Institutional support:	
Executive management	274,616
Fiscal operations **	658,634
Community relations	548,111
Administrative support services	1,722,307
Board of trustees	39,040
General institution	908,960
Institutional research	125,150
Administrative data processing	647,955
Other institutional support	355,420
Total institutional support	5,280,193
Scholarships, student grants, and waivers	5,330,915
Total current funds expenditures	\$21,829,821

\* 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 2018

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All fiscal year 2017 noncapital audited operating expenditures from the following funds:	
1 Education Fund	\$11,750,168
2 Operations and Maintenance Fund	1,473,177
3 Public Building Commission Operation and Maintenance Fund	0
4 Bond and Interest Fund	1,370,731
5 Public Building Commission Rental Fund	0
6 Restricted Purposes Fund	5,823,968
7 Audit Fund	61,554
8 Liability, Protection, and Settlement Fund	1,869,354
9 Auxiliary Enterprises Fund (subsidy only)	<u>0</u>
10 Total noncapital expenditures (sum of lines 1-9)	<u><u>\$22,348,952</u></u>
11 Depreciation on capital outlay expenditures (equipment, buildings, and fixed equipment paid) from sources other than state and federal funds	<u><u>\$924,236</u></u>
12 Total costs included (line 10 plus line 11)	<u><u>\$23,273,188</u></u>
13 Total certified semester credit hours for FY 2017	<u>36,863</u>
14 Per capita cost (line 12 divided by line 13)	\$631.35
15 All FY 2017 state and federal operating grants for noncapital expenditures, except ICCB grants	<u><u>\$5,776,734</u></u>
16 FY 2017 state and federal grants per semester credit hour (line 15 divided by line 13)	156.71
17 District's average ICCB grant rate (excluding equalization grants) for FY 2018	31.07
18 District's student tuition and fee rate per semester credit hour for FY 2018	<u>160.00</u>
19 Chargeback reimbursement per semester credit hour (line 14 less lines 16, 17, and 18)	<u><u>\$283.57</u></u>

Approved: \_\_\_\_\_  
Chief Financial Officer

9/13/2017  
Date

\_\_\_\_\_  
President

9/13/2017  
Date

## **Other Supplemental Financial Information**

# Carl Sandburg College - Community College District 518

## Balance Sheet - All Fund Types

June 30, 2017

<b>ASSETS AND DEFERRED OUTFLOWS</b>	<b>Education</b>	<b>Operations and Maintenance</b>	<b>Operations and Maintenance Restricted</b>	<b>Capital Endowment</b>
Cash and cash equivalents	\$6,607,419			
Deposits				
Investments			\$36,896	\$9,219,898
Receivables, net:				
Property taxes	2,847,249	\$552,212	552,212	
Government claims and grants	1,297,914	23,362		
Other	327,306			39,481
Advances to other funds		1,477,074	\$240,202	
Prepaid items	194,524			
Inventories				
Property and equipment, net				
Total assets	11,274,412	2,052,648	829,310	9,259,379
Deferred outflows of resources -				
Deferred pension				
Total assets and deferred outflows	\$11,274,412	\$2,052,648	\$829,310	\$9,259,379
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$711,605		\$34,261	
Accrued liabilities	39,968			
Advances from other funds	2,172,066			\$2,142,385
Unearned tuition and fees		\$223,446		
Accrued compensated absences				
Capital lease payable				
Bonds payable, net of amortized premiums (discounts)				
Total liabilities	2,923,639	223,446	34,261	2,142,385
Deferred inflows of resources:				
Deferred property taxes	4,352,015	871,449	871,449	
Deferred grant revenue				
Deferred concessions				
Total deferred inflows	4,352,015	871,449	871,449	0
Fund balance (deficit):				
Net investment in capital assets				
Restricted				
Unrestricted	3,998,758	957,753	(76,400)	7,116,994
Total fund balance (deficit)	3,998,758	957,753	(76,400)	7,116,994
Total liabilities, deferred inflows of resources and fund balances	\$11,274,412	\$2,052,648	\$829,310	\$9,259,379

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purposes	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
	\$650					\$4,094,119
\$6,757				\$4,030,041		551,652
1,834,669		\$816,853	\$55,221	1,330,389		3,281,178
1,415,865	4,055 124,556			11,853	\$1,110,305	7,544 297,301
	6,875 14,862					
3,257,291	150,998	816,853	55,221	5,372,283	1,110,305	8,231,794
<b>\$3,257,291</b>	<b>\$150,998</b>	<b>\$816,853</b>	<b>\$55,221</b>	<b>\$5,372,283</b>	<b>\$1,110,305</b>	<b>\$8,231,794</b>
	\$2,182 15,062					
	36,590	\$326,380	\$42,641	\$66,493		
\$0	53,834	326,380	42,641	66,493	\$0	\$0
2,895,301			87,145	2,099,494		
		65,969				
2,895,301	0	65,969	87,145	2,099,494	0	0
361,990	14,862	424,504				8,231,794
	82,302		(74,565)	3,206,296	1,110,305	
361,990	97,164	424,504	(74,565)	3,206,296	1,110,305	8,231,794
<b>\$3,257,291</b>	<b>\$150,998</b>	<b>\$816,853</b>	<b>\$55,221</b>	<b>\$5,372,283</b>	<b>\$1,110,305</b>	<b>\$8,231,794</b>

# Carl Sandburg College - Community College District 518

## Balance Sheet - All Fund Types - (Continued)

June 30, 2017

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		\$10,702,188				\$10,702,188
Deposits		551,652				551,652
Investments		16,574,770				16,574,770
Receivables, net:						
Property taxes		7,171,952				7,171,952
Government claims and grants		2,138,129				2,138,129
Other		390,239				390,239
Advances to other funds	\$84,662	4,749,965			(\$4,749,965)	0
Prepaid items		194,524				194,524
Inventories		6,875				6,875
Property and equipment, net		14,862	\$16,863,892			16,878,754
<b>Total assets</b>	<b>84,662</b>	<b>42,495,156</b>	<b>16,863,892</b>	<b>\$0</b>	<b>(4,749,965)</b>	<b>54,609,083</b>
Deferred outflows of resources:						
Deferred pension		0			33,300	33,300
Unamortized loss on refunding		0		27,005		27,005
<b>Total assets and deferred outflows</b>	<b>\$84,662</b>	<b>\$42,495,156</b>	<b>\$16,863,892</b>	<b>\$27,005</b>	<b>(\$4,716,665)</b>	<b>\$54,669,388</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$84,662	\$832,710				\$832,710
Accrued liabilities		55,030			(\$15,062)	39,968
Advances from other funds		4,749,965			(4,749,965)	0
Unearned tuition and fees		260,036			249,012	509,048
Accrued compensated absences		0			367,498	367,498
Capital lease payable		0		\$156,666		156,666
Bonds payable, net of amortized premiums (discounts)		0		18,950,394		18,950,394
<b>Total liabilities</b>	<b>84,662</b>	<b>5,897,741</b>	<b>\$0</b>	<b>19,107,060</b>	<b>(4,148,517)</b>	<b>20,856,284</b>
Deferred inflows of resources:						
Deferred property taxes		11,176,853				11,176,853
Deferred grant revenue		65,969				65,969
Deferred concessions		0			25,000	25,000
<b>Total deferred inflows</b>	<b>0</b>	<b>11,242,822</b>	<b>0</b>	<b>0</b>	<b>25,000</b>	<b>11,267,822</b>
Fund balance (deficit):						
Net investment in capital assets		14,862	16,863,892	(8,870,179)		8,008,575
Restricted		9,018,288				9,018,288
Unrestricted		16,321,443		(10,209,876)	(593,148)	5,518,419
<b>Total fund balance (deficit)</b>	<b>0</b>	<b>25,354,593</b>	<b>16,863,892</b>	<b>(19,080,055)</b>	<b>(593,148)</b>	<b>22,545,282</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$84,662</b>	<b>\$42,495,156</b>	<b>\$16,863,892</b>	<b>\$27,005</b>	<b>(\$4,716,665)</b>	<b>\$54,669,388</b>



# 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, 2017

	Education	Operations and Maintenance	Operations and Maintenance Restricted	Capital Endowment
<b>Revenues:</b>				
Local government	\$4,311,928	\$974,249	\$816,928	
State government	8,282,227	101,272		
Federal government				
Student tuition and fees	6,469,633	615,091		
Sales and service fees				
Interest	19,298	3,021	1,385	\$179,192
Net increase (decrease) in fair value of investments				(152,500)
Other	97,094	13,811		
<b>Total revenues</b>	<b>19,180,180</b>	<b>1,707,444</b>	<b>818,313</b>	<b>26,692</b>
<b>Expenditures/expenses:</b>				
<b>Current:</b>				
Instruction	5,620,333			
Academic support	393,448			
Student services	2,288,737			
Public services	134,948			
Auxiliary services				
Operation and maintenance of plant		1,362,580		
Institutional support	9,461,165	110,597	631,371	
Scholarships, student grants, and waivers	281,859			
Depreciation expense				
<b>Debt service:</b>				
Principal retirement		35,496		
Interest		11,939		
Bond issuance costs				
<b>Total expenditures/expenses</b>	<b>18,180,490</b>	<b>1,520,612</b>	<b>631,371</b>	<b>0</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>999,690</b>	<b>186,832</b>	<b>186,942</b>	<b>26,692</b>
<b>Other financing sources (uses):</b>				
Sale of capital assets		142,000		
Transfers in	395,683	43,600		
Transfers out	(293,231)			(465,055)
<b>Total other financing sources (uses)</b>	<b>102,452</b>	<b>185,600</b>	<b>0</b>	<b>(465,055)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>1,102,142</b>	<b>372,432</b>	<b>186,942</b>	<b>(438,363)</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>2,896,616</b>	<b>585,321</b>	<b>(263,342)</b>	<b>7,555,357</b>
<b>Fund balance (deficit) at end of year</b>	<b>\$3,998,758</b>	<b>\$957,753</b>	<b>(\$76,400)</b>	<b>\$7,116,994</b>

Bond and Interest	Auxiliary Enterprise Fund	Restricted Purposes	Audit	Liability Protection Funds	Sandburg Initiates Life-Changing Opportunities	Nonexpendable Trust
\$2,561,095		\$602,523 5,219,398	\$82,725	\$2,088,306		
22,427	\$179,931		233	49,078	\$6,618	\$72,759
	111,098	27,288		(27,059) 9,706		(21,275)
2,583,522	291,029	5,849,209	82,958	2,120,031	6,618	51,484
		240,711				
		531,798				
	631,373					
4,666		22,637 5,049,056	61,554	1,888,059		625
	14,785					
1,905,000 634,423						
2,544,089	646,158	5,844,202	61,554	1,888,059	0	625
39,433	(355,129)	5,007	21,404	231,972	6,618	50,859
	332,812					(13,809)
0	332,812	0	0	0	0	(13,809)
39,433	(22,317)	5,007	21,404	231,972	6,618	37,050
322,557	119,481	419,497	(95,969)	2,974,324	1,103,687	8,194,744
\$361,990	\$97,164	\$424,504	(\$74,565)	\$3,206,296	\$1,110,305	\$8,231,794

# 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, 2017

	Agency Fund	Totals	GASB			Adjusted Total
			General Fixed Assets Account	General Long Term Debt Account	Other Adjustments	
<b>Revenues:</b>						
Local government		\$10,835,231				\$10,835,231
State government		8,986,022			(\$6,311,254)	2,674,768
Federal government		5,219,398				5,219,398
Student tuition and fees		7,084,724			(2,560,286)	4,524,438
Sales and service fees		179,931				179,931
Interest		354,011				354,011
Net increase (decrease) in fair value of investments		(200,834)				(200,834)
Other		258,997			6,311,254	6,570,251
<b>Total revenues</b>	<b>\$0</b>	<b>32,717,480</b>	<b>\$0</b>	<b>\$0</b>	<b>(2,560,286)</b>	<b>30,157,194</b>
<b>Expenditures/expenses:</b>						
<b>Current:</b>						
Instruction		5,861,044	(38,027)		155	5,823,172
Academic support		393,448			(2,161)	391,287
Student services		2,820,535			4,950	2,825,485
Public services		134,948			(53)	134,895
Auxiliary services		631,373				631,373
Operation and maintenance of plant		1,362,580			3,324	1,365,904
Institutional support		12,180,674	(751,353)		20,745	11,450,066
Scholarships, student grants, and waivers		5,330,915			(2,515,954)	2,814,961
Depreciation expense		14,785	1,369,842			1,384,627
<b>Debt service:</b>						
Principal retirement		1,940,496		(1,940,496)		0
Interest		646,362		(74,164)		572,198
Bond issuance costs		0				0
<b>Total expenditures/expenses</b>	<b>0</b>	<b>31,317,160</b>	<b>580,462</b>	<b>(2,014,660)</b>	<b>(2,488,994)</b>	<b>27,393,968</b>
<b>Excess (deficiency) of revenues over expenditures/expenses</b>	<b>0</b>	<b>1,400,320</b>	<b>(580,462)</b>	<b>2,014,660</b>	<b>(71,292)</b>	<b>2,763,226</b>
<b>Other financing sources (uses):</b>						
Sale of capital assets		142,000	(430,435)			(288,435)
Transfers in		772,095				772,095
Transfers out		(772,095)				(772,095)
<b>Total other financing sources (uses)</b>	<b>0</b>	<b>142,000</b>	<b>(430,435)</b>	<b>0</b>	<b>0</b>	<b>(288,435)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>0</b>	<b>1,542,320</b>	<b>(1,010,897)</b>	<b>2,014,660</b>	<b>(71,292)</b>	<b>2,474,791</b>
<b>Fund balance/net position at beginning of year (deficit)</b>	<b>0</b>	<b>23,812,273</b>	<b>17,874,789</b>	<b>(21,094,715)</b>	<b>(521,856)</b>	<b>20,070,491</b>
<b>Fund balance (deficit) at end of year</b>	<b>\$0</b>	<b>\$25,354,593</b>	<b>\$16,863,892</b>	<b>(\$19,080,055)</b>	<b>(\$593,148)</b>	<b>\$22,545,282</b>

**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, 2017

	<b>Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
<b>Revenues:</b>			
Local government:			
Property taxes	\$4,073,207	\$4,164,922	\$91,715
Corporate personal property replacement tax	125,000	147,006	22,006
<b>Total local government</b>	<b>4,198,207</b>	<b>4,311,928</b>	<b>113,721</b>
State government:			
ICCB base operating grant	734,000	1,305,009	571,009
ICCB equalization grant	0	411,682	411,682
ICCB career and technical education formula grant	0	254,282	254,282
State of Illinois SURS on-behalf payments	0	6,311,254	6,311,254
<b>Total state government</b>	<b>734,000</b>	<b>8,282,227</b>	<b>7,548,227</b>
<b>Student tuition and fees</b>	<b>6,046,715</b>	<b>6,469,633</b>	<b>422,918</b>
<b>Interest</b>	<b>14,000</b>	<b>19,298</b>	<b>5,298</b>
<b>Miscellaneous - other</b>	<b>36,100</b>	<b>97,094</b>	<b>60,994</b>
<b>Total revenues</b>	<b>11,029,022</b>	<b>19,180,180</b>	<b>8,151,158</b>
<b>Expenditures:</b>			
Instruction:			
Salaries	4,529,931	4,552,871	(22,940)
Employee benefits	600,000	483,743	116,257
Contractual services	175,509	202,100	(26,591)
General materials and supplies	222,706	250,216	(27,510)
Conference and meeting expense	81,547	87,679	(6,132)
Capital Outlay	79,590	37,264	42,326
Other	74,550	6,460	68,090
<b>Total instruction</b>	<b>5,763,833</b>	<b>5,620,333</b>	<b>143,500</b>

# 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, 2017

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Academic support:			
Salaries	240,751	223,981	16,770
Employee benefits	35,000	34,649	351
Contractual services	83,050	84,412	(1,362)
General materials and supplies	57,101	50,096	7,005
Conference and meeting expense	1,904	310	1,594
Total academic support	417,806	393,448	24,358
Student services:			
Salaries	1,246,719	1,192,079	54,640
Employee benefits	207,000	189,777	17,223
Contractual services	19,000	28,075	(9,075)
General materials and supplies	32,285	29,706	2,579
Conference and meeting expense	35,511	22,486	13,025
Other	684,242	826,614	(142,372)
Total student services	2,224,757	2,288,737	(63,980)
Public services:			
Salaries	105,431	88,168	17,263
Employee benefits	20,000	16,453	3,547
Contractual services	16,100	19,184	(3,084)
General materials and supplies	11,985	5,471	6,514
Conference and meeting expense	1,800	2,184	(384)
Fixed charges	1,200	1,200	0
Other	1,150	2,288	(1,138)
Total public services	157,666	134,948	22,718
Institutional support:			
Salaries	1,351,074	1,328,040	23,034
Employee benefits	394,125	6,728,258	(6,334,133)
Contractual services	182,030	196,182	(14,152)
General materials and supplies	528,103	591,058	(62,955)
Conference and meeting expense	59,713	56,780	2,933
Fixed charges	125,795	113,291	12,504
Capital outlay	0	5,180	(5,180)
Other	115,750	442,376	(326,626)
Total institutional support	2,756,590	9,461,165	(6,704,575)

**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, 2017

	<b>Budget</b>	<b>Actual</b>	<b>Variance With Budget</b>
Expenditures (continued):			
Scholarships, student grants, and waivers -			
Other	0	281,859	(281,859)
Total scholarships, studen grants, and waivers	0	281,859	(281,859)
Total expenditures	11,320,652	18,180,490	(6,859,838)
Excess (deficiency) of revenues over expenditures	(291,630)	999,690	1,291,320
Other financing sources -			
Transfers in	590,000	395,683	(194,317)
Transfers out	(314,370)	(293,231)	21,139
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$16,000)</u>	1,102,142	<u>\$1,118,142</u>
Fund balance at beginning of year		<u>2,896,616</u>	
Fund balance at end of year		<u><u>\$3,998,758</u></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, 2017

	Budget	Actual	Variance With Budget
Revenues:			
Local government:			
Property taxes	\$826,879	\$827,243	\$364
Corporate personal property replacement tax	125,000	147,006	22,006
<b>Total local government</b>	<b>951,879</b>	<b>974,249</b>	<b>22,370</b>
State government:			
ICCB base operating grant	0	65,474	65,474
ICCB equalization grant	0	35,798	35,798
<b>Total state government</b>	<b>0</b>	<b>101,272</b>	<b>101,272</b>
Student tuition and fees	602,280	615,091	12,811
Interest	2,200	3,021	821
Other:			
Rent	5,000	9,068	4,068
Miscellaneous	0	146,743	146,743
<b>Total other revenue</b>	<b>5,000</b>	<b>155,811</b>	<b>150,811</b>
<b>Total revenues</b>	<b>1,561,359</b>	<b>1,849,444</b>	<b>288,085</b>
Expenditures:			
Operation and maintenance of plant:			
Salaries	565,066	545,489	19,577
Employee benefits	174,000	149,602	24,398
Contractual services	132,700	93,632	39,068
General materials and supplies	85,750	68,059	17,691
Conference and meeting expense	2,250	1,333	917
Fixed charges	1,500	1,697	(197)
Utilities	404,320	416,346	(12,026)
Capital outlay	6,000	2,898	3,102
Other	152,500	83,524	68,976
<b>Total operation and maintenance of plant</b>	<b>1,524,086</b>	<b>1,362,580</b>	<b>161,506</b>

**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, 2017

	Budget	Actual	Variance With Budget
Expenditures (continued):			
Institutional support:			
Contractual services	6,500	12,585	(6,085)
Principal retirement	0	35,496	(35,496)
Interest	0	11,939	(11,939)
Utilities	85,000	98,012	(13,012)
Total institutional support	91,500	158,032	(66,532)
Total expenditures	1,615,586	1,520,612	94,974
Excess (deficiency) of revenues over expenditures	(54,227)	328,832	383,059
Other financing sources (uses):			
Proceeds from capital leases	0	0	0
Transfers in	45,000	43,600	(1,400)
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(\$9,227)</u>	372,432	<u>\$381,659</u>
Fund balance at beginning of year		585,321	
Fund balance at end of year		<u>\$957,753</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, 2017

	Budget	Actual	Variance With Budget
Operating revenues:			
Student tuition and fees	\$0	\$0	\$0
Sales and service fees	191,700	179,931	(11,769)
Other	140,323	111,098	(29,225)
<b>Total operating revenues</b>	<b>332,023</b>	<b>291,029</b>	<b>(40,994)</b>
Operating expenses:			
Salaries	204,537	212,714	(8,177)
Employee benefits	34,800	30,991	3,809
Contractual services	55,452	47,615	7,837
General materials and supplies	227,776	203,949	23,827
Conference and meeting expense	46,833	48,073	(1,240)
Capital outlay	28,000	26,300	1,700
Depreciation	0	14,785	(14,785)
Other	64,440	61,731	2,709
<b>Total operating expenses</b>	<b>661,838</b>	<b>646,158</b>	<b>15,680</b>
Operating income before transfers in (out)	(329,815)	(355,129)	(25,314)
Transfers in	360,170	332,812	(27,358)
Net income	<u>\$30,355</u>	<u>(22,317)</u>	<u>(\$52,672)</u>
Fund balance at beginning of year		119,481	
Fund balance at end of year		<u>\$97,164</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, 2017

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	Auto Mechanics	Bookstore
Operating revenues:		
Student tuition and fees		
Sales and service fees	\$23,820	
Other		\$94,422
<hr/>		
Total operating revenues	23,820	94,422
<hr/>		
Operating expenses:		
Salaries		
Employee benefits		
Contractual services		
General materials and supplies	23,842	
Conference and meetings		
Capital outlay		
Depreciation		
Other		
<hr/>		
Total operating expenses	23,842	0
<hr/>		
Operating income (loss)	(\$22)	\$94,422

<b>Cosmetology</b>	<b>Dental Hygiene</b>	<b>Food Service</b>	<b>Athletics</b>	<b>Student Activities - Other Services</b>	<b>Totals</b>
				\$0	\$0
\$20,146	\$19,455			116,510	179,931
	230	\$6,861		9,585	111,098
20,146	19,685	6,861	\$0	126,095	291,029
			109,321	103,393	212,714
			30,991		30,991
1,121		58	43,453	2,983	47,615
1,457	22,647	3,590	44,823	107,590	203,949
			48,073		48,073
	0			26,300	26,300
				14,785	14,785
		29	13,356	48,346	61,731
2,578	22,647	3,677	290,017	303,397	646,158
\$17,568	(\$2,962)	\$3,184	(\$290,017)	(\$177,302)	(\$355,129)

# Carl Sandburg College - Community College District 518

## Combining Balance Sheet - Liability Protection Funds

June 30, 2017

A S S E T S	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Investments			\$4,030,041	\$4,030,041
Receivables, net:				
Property taxes		\$1,330,389		1,330,389
Other			11,853	11,853
<b>Total assets</b>	<b>\$0</b>	<b>\$1,330,389</b>	<b>\$4,041,894</b>	<b>\$5,372,283</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities -				
Advances from other funds	\$2,903	(\$50,424)	\$114,014	\$66,493
Deferred inflows of resources -				
Deferred property taxes		2,099,494		2,099,494
Fund balance -				
Unrestricted	(2,903)	(718,681)	3,927,880	3,206,296
<b>Total fund balance</b>	<b>(2,903)</b>	<b>(718,681)</b>	<b>3,927,880</b>	<b>3,206,296</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$0</b>	<b>\$1,330,389</b>	<b>\$4,041,894</b>	<b>\$5,372,283</b>

**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, 2017

	Employee Insurance	Liability, Protection, and Settlement	Insurance Reserve	Totals
Revenues:				
Local government		\$2,088,306		\$2,088,306
Interest		6,140	\$42,938	49,078
Net (decrease) in fair value of investments			(27,059)	(27,059)
Other	\$9,706			9,706
<b>Total revenues</b>	<b>9,706</b>	<b>2,094,446</b>	<b>15,879</b>	<b>2,120,031</b>
Expenditures -				
Current -				
Institutional support	11,639	1,876,420	0	1,888,059
Excess (deficiency) of revenues over expenditures	(1,933)	218,026	15,879	231,972
Other financing sources -				
Transfers in (out)	0	15,878	(15,878)	0
Excess (deficiency) of revenues and other financing sources over expenditures	(1,933)	233,904	1	231,972
Fund balance (deficit) at beginning of year	(970)	(952,585)	3,927,879	2,974,324
Fund balance (deficit) at end of year	(\$2,903)	(\$718,681)	\$3,927,880	\$3,206,296

**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, 2017

	Budget	Actual	Variance With Budget
Revenues -			
Other	\$17,000	\$9,706	(\$7,294)
Expenditures -			
Employee benefits	19,771	11,639	8,132
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(\$2,771)</u>	(1,933)	<u>\$838</u>
Fund balance (deficit) at beginning of year		(970)	
Fund balance (deficit) at end of year		<u>(\$2,903)</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, 2017

	Budget	Actual	Variance With Budget
Revenues:			
Property taxes	\$2,097,450	\$2,088,306	(\$9,144)
Interest income	4,600	6,140	1,540
<b>Total revenues</b>	<b>2,102,050</b>	<b>2,094,446</b>	<b>(7,604)</b>
Expenditures:			
Salaries	1,152,111	1,165,627	(13,516)
Employee benefits	308,200	250,758	57,442
Contractual services	261,018	189,171	71,847
General materials and supplies	24,086	12,585	11,501
Conference and meetings	4,000	3,182	818
Fixed charges	265,000	236,247	28,753
Other	3,731	18,850	(15,119)
<b>Total expenditures</b>	<b>2,018,146</b>	<b>1,876,420</b>	<b>141,726</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>83,904</b>	<b>218,026</b>	<b>134,122</b>
Other financing sources (uses) -			
Transfer in	0	15,878	15,878
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b><u>\$83,904</u></b>	<b>233,904</b>	<b><u>\$150,000</u></b>
<b>Fund balance (deficit) at beginning of year</b>		<b>(952,585)</b>	
<b>Fund balance (deficit) at end of year</b>		<b><u>(\$718,681)</u></b>	

**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, 2017

	Budget	Actual	Variance With Budget
Revenues:			
Interest income	\$58,500	\$42,938	(\$15,562)
Net increase (decrease) in fair value of investments	0	(27,059)	27,059
<b>Total revenues</b>	<b>58,500</b>	<b>15,879</b>	<b>11,497</b>
Expenditures -			
Other	0	0	0
<b>Excess (deficiency) of revenues over expenditures</b>	<b>58,500</b>	<b>15,879</b>	<b>11,497</b>
Other financing sources (uses) -			
Transfers out	0	(15,878)	(15,878)
<b>Excess (deficiency) of revenues over expenditures and other financing sources (uses)</b>	<b><u>\$58,500</u></b>	<b>1</b>	<b><u>(\$58,499)</u></b>
<b>Fund balance at beginning of year</b>		<b><u>3,927,879</u></b>	
<b>Fund balance at end of year</b>		<b><u><u>\$3,927,880</u></u></b>	



# Carl Sandburg College - Community College District 518

## Assessed Valuations, Tax Rates, Tax Extensions and Tax Collections

Levy Years 2016, 2015, and 2014

	2016	2015	2014
<b>Assessed Valuations:</b>			
Knox County	\$765,254,890	\$732,822,548	\$716,594,314
Fulton County	16,705,104	16,186,927	15,194,246
Hancock County	301,486,680	286,824,688	279,070,152
Henderson County	146,259,758	138,387,335	133,347,546
Henry County	3,654,212	3,729,849	3,816,410
McDonough County	167,435,102	160,923,502	156,048,262
Mercer County	23,680,062	22,834,512	22,168,590
Schuyler County	3,544,791	3,311,723	3,023,881
Stark County	162,615	149,978	143,037
Warren County	335,084,039	301,207,671	292,441,425
<b>Total assessed valuations</b>	<b>\$1,763,267,253</b>	<b>\$1,666,378,733</b>	<b>\$1,621,847,863</b>
<b>Tax Rate (per \$100 assessed valuation):</b>			
Educational Accounts	0.2757	0.2463	0.2181
Operations and Maintenance Accounts	0.1000	0.0994	0.0559
Bond and Interest Fund	0.1661	0.1547	0.2103
Audit Fund	0.0050	0.0050	0.0050
Liability, Protection, Settlement, Social Security, and Medicare Accounts	0.1205	0.1263	0.1299
<b>Total tax rate</b>	<b>0.6673</b>	<b>0.6317</b>	<b>0.6192</b>
<b>Tax Extensions:</b>			
Educational Accounts	\$4,550,752	\$4,090,897	\$3,518,875
Operations and Maintenance Accounts	1,742,897	1,650,476	900,775
Bond and Interest Fund	2,895,301	2,569,309	3,393,029
Audit Fund	87,145	83,047	80,671
Liability, Protection, Settlement, Social Security, and Medicare Accounts	2,099,494	2,097,602	2,096,159
<b>Total tax extensions</b>	<b>\$11,375,589</b>	<b>\$10,491,331</b>	<b>\$9,989,509</b>

# Carl Sandburg College - Community College District 518

## Assessed Valuations, Tax Rates, Tax Extensions

### and Tax Collections (Continued)

Levy Years 2016, 2015, and 2014

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	2016	2015	2014
Tax Collections to June 30:			
Education Fund	\$1,690,933	\$4,076,346	\$3,538,521
Operations and Maintenance Fund	306,695	827,516	811,085
Bond and Interest Fund	1,018,964	2,560,170	3,411,422
Audit Fund	30,669	82,751	81,108
Protection, Health, Safety	306,695	817,090	94,572
Liability, Protection, and Settlement Fund	738,890	2,090,141	2,107,522
<b>Total tax collections</b>	<b>\$4,092,846</b>	<b>\$10,454,014</b>	<b>\$10,044,230</b>
Percent of extensions collected	35.98%	99.64%	100.55%

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## **State Grant Activity and Schedule of Enrollment Data**



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

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Career and Technical Education-Program Improvement Grant of Carl Sandburg College – Community College District 518 (the College) as of and for the year ended June 30, 2017, and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Career and Technical Education-Program Improvement Grant of Carl Sandburg College – Community College District 518 (the College) as of June 30, 2017, and the changes in financial position thereof and for the year ended in accordance with accounting principles generally accepted in the United States of America.

### **Compliance**

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

### **Emphasis of Matter**

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

*Wipfli LLP*

Sterling, Illinois  
September 13, 2017

# Carl Sandburg College - Community College District 518

## Balance Sheet

### Career and Technical Education Program Improvement Grant

June 30, 2017

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#### ASSETS

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Cash	\$0
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#### LIABILITIES AND FUND BALANCE

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Liabilities	\$0
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Fund balance	0
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Total liabilities and fund balance	\$0
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**Carl Sandburg College - Community College District 518**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Career and Technical Education Program Improvement Grant**  
For the year ended June 30, 2017

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Revenues -	
State sources	\$13,732
<hr/>	
Expenditures -	
Supplies	13,732
<hr/>	
Excess of revenues over expenditures	0
<hr/>	
Fund balance at beginning of year	0
<hr/>	
Fund balance at end of year	\$0
<hr/> <hr/>	

# Carl Sandburg College – Community College District 518

## Notes to ICCB Grant Programs Financial Statements

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### **Note 1. Summary of Significant Accounting Policies:**

#### **General**

The accompanying statements include only those transactions resulting from the Career and Technical Education-Program Improvement Grant. These transactions have been accounted for in the College's Restricted Purpose Fund.

#### **Basis of Accounting**

The statements have been prepared on the modified accrual basis of accounting. Expenditures include all accounts payable representing liabilities for goods and services actually received as of June 30, 2017. Funds obligated for goods prior to June 30, for which the goods are received prior to August 31, are recorded as encumbrances. Unexpended funds are reflected as a reduction to fund balance and a liability due to the Illinois Community College Board by October 15.

#### **Fixed Assets**

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

### **Note 2. Payment of Prior Year's Encumbrances:**

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



# Carl Sandburg College – Community College District 518

## Background Information on State Grant Activity

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### Restricted Grants

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



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

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

We have examined the accompanying Schedule of Enrollment Data and Other Bases Upon Which Claims Are Filed of Carl Sandburg College – Community College District 518 (the College) for the year ended June 30, 2017. 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, 2017, in conformity with the Illinois Community College Board's *Fiscal Management Manual*.

*Wipfli LLP*

Sterling, Illinois  
September 13, 2017

# 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, 2017

	Total Semester Credit Hours by Term *							
	Summer		Fall		Spring		Total	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Categories:								
Baccalaureate	2,237.5		12,070.0		10,970.5		25,278.0	0.0
Business Occupational	385.0		587.5		632.0		1,604.5	0.0
Technical Occupation	43.5		1,116.0		1,010.0		2,169.5	0.0
Health Occupational	699.5		2,629.5		2,161.5		5,490.5	0.0
Remedial Development	164.0		1,384.0		772.0		2,320.0	0.0
Adult Basis Education/ Adult Secondary Education	0.0		0.0		0.0		0.0	0.0
Total credit hours certified	3,529.5	0.0	17,787.0	0.0	15,546.0	0.0	36,862.5	0.0

	Attending In-District	Attending Out-of-District on Chargeback or Contractual Agreement	Total
Semester credit hours	<u>30,955.0</u>	<u>0.0</u>	<u>30,955.0</u>
	Dual Credit	Dual Enrollment	
Reimbursable semester credit hours (all terms)	<u>4,268.5</u>	<u>31.0</u>	
District equalized assessed valuation			<u>\$1,763,267,253</u>

	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	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>

\* 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, 2017

Reconciliation of Total Semester Credit Hours For the year ended June 30, 2017						
	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	25,278.0	25,278.0	-	-	-	-
Business Occupational	1,604.5	1,604.5	-	-	-	-
Technical Occupation	2,169.5	2,169.5	-	-	-	-
Health Occupational	5,490.5	5,490.5	-	-	-	-
Remedial Development	2,320.0	2,320.0	-	-	-	-
Adult Basis Education/Adult Secondary Education	0.0	0.0	-	-	-	-
<b>Total</b>	<b>36,862.5</b>	<b>36,862.5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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	30,955.0	30,955.0	-
Out-of-districts on chargeback or contractual agreement	0.0	0.0	-

	Total Reimbursable	Total Reimbursable Certified to ICCB	Difference
Dual credit	4,268.5	4,268.5	-
Dual enrollment	31	31	-

Reconciliation of Total Correctional Semester Credit Hours For the year ended June 30, 2017			
	Total Correctional Credit Hours	Total Correctional Credit Hours Certified to the ICCB	Difference
Categories:			
Baccalaureate	-	-	-
Business Occupational	-	-	-
Technical Occupation	-	-	-
Remedial Development	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

# **Carl Sandburg College – Community College District 518**

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

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### **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, 2017 and 2016, 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 13, 2017. The financial statements of Carl Sandburg College Foundation were not audited in accordance with *Government Auditing Standards*.

**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 13, 2017





**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, 2017. 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, 2017.

## **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 13, 2017

# Carl Sandburg College - Community College District 518

## Schedule of Expenditures of Federal Awards

For the year ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures	Passed Through to Subrecipients
<b>U.S. Department of Agriculture -</b>				
Pass-through the Illinois State Board of Education - Summer Food Service Program	10.559	2016-4225-00	\$1,221	\$0
<b>U.S. Department of Labor:</b>				
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	\$123,185	\$0
<b>U.S. Department of Education:</b>				
Direct awards:				
Student Financial Assistance:				
Federal Supplemental Educational Opportunity Grants (m)	84.007	P007AXX1115	\$107,337	\$0
Federal Work Study Program (m)	84.033	P033AXX1115	35,327	0
Federal Pell Grant Program (m)	84.063	P063XXX0511	3,641,926	0
Federal Direct Loan Program (m)	84.268	P268KXX0511	681,640	0
Total student financial assistance cluster			4,466,230	0
Pass-through Joliet Junior College -				
International and Foreign Language Studies - Undergraduate International Studies and Foreign Language Program	84.016	P016A14067	3,681	0
Pass-through Southeastern Community College:				
TRIO - Student Support Services	84.042	P042A150024	37,391	0
TRIO - Student Support Services	84.042	P042A150024 - 16	188,537	0
Direct awards -				
TRIO - Upward Bound - Crossing the Bridge to Success	84.047	P047A1212X	261,652	0
Total TRIO cluster			487,580	0
Pass-through Illinois Community College Board -				
Career and Technical Education Programs - Perkins Postsecondary Grants	84.048	CTE51817	143,110	0
Total U.S. Department of Education			\$5,100,601	\$0
<b>Total federal awards expended</b>			<b>\$5,225,007</b>	<b>\$0</b>

(m) Denotes major program

# Carl Sandburg College – Community College District 518

## Notes to the Schedule of Expenditures of Federal Awards

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- **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. The College elected to not use the 10% de minimis indirect cost rate during the year ended June 30, 2017.
- **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)	\$4,466,260
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- **Subrecipient Payments** – The College did not provide any federal payments to subrecipients during the year ended June 30, 2017.
- **Non-Cash Assistance** - The College did not expend any federal awards in the form of non-cash assistance during the year ended June 30, 2017.
- **Other Federal Award Information** – The College did not receive or administer any insurance, loans or loan guarantees during fiscal year ended June 30, 2017.

**Carl Sandburg College – Community College District 518**  
**Schedule of Findings and Questioned Costs**

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**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

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### 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

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### Prior Year Findings:

#### June 30, 2016

- 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, 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

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

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